



## **DRA**

*Division of Ratepayer Advocates  
California Public Utilities Commission*

505 Van Ness Avenue  
San Francisco, California 94102  
Tel: 415-703-2381  
Fax: 415-703-2057

**JOSEPH P. COMO**  
Acting Director

<http://dra.ca.gov>

April 19, 2012

Honorable Kevin De Leon  
California State Senate  
State Capitol, Room 5108  
Sacramento, CA 95814

**RE: SB 998 (De Leon) – Support if amended**

Dear Senator De Leon:

DRA (Division of Ratepayer Advocates) is the independent consumer advocate within the California Public Utilities Commission (CPUC). DRA's statutory mandate is to obtain the lowest possible rate for utility service consistent with reliable and safe service levels. In support of this objective, DRA advocates for customer and environmental protections in connection with utility service.

DRA supports if amended your SB 998, as amended on April 17, 2012, which would establish on-bill repayment (OBR) programs intended to increase access to clean energy improvements, create incentives for private investors to invest in these improvements and stimulate the State economy by creating jobs.

DRA is concerned that SB 998 would have the unintended consequence of putting customers, in particular middle- and low-income customers, at greater risk for incurring disconnections. It is clear from the comments of bankers and other panelists at the CPUC's Financing Workshop held in February that this is not necessarily a requirement for OBR to work. Furthermore, SB 998 would remove important protections provided by Sections 779.2 and 777.1(e)(3), which prohibit utilities from terminating service for delinquent payment or non-payment of non-utility services. Energy service is an essential service that should not be denied for non-payment of a non-essential service. As it is, low-income customers experience disconnection at a rate that is three times higher than the average rate. For the same reasons DRA also objects to the provision of the bill that allows for proration of the OBR bill and utility billing (Section 2834(g)). A split in repayment obligation to essential and non-essential services will result in customers accumulating arrearages owed to the utility. We do not support placing repayment of non-essential services on par with those of essential services.

SB 998 would also require OBR programs to be established by July 2013. The establishment of OBR programs will likely require more time and a premature launching of OBR programs could be detrimental to clean energy industry objectives. Other states' experiences and the discussion in the multi-stakeholder CPUC Financing Workshop that took place in February make it clear that OBR is a complex program which requires consideration of potential legal hurdles and clarification of roles and responsibilities that have yet to be established, changes to utility billing systems, the development of dispute management criteria, responding to the nuances in the real

estate and rental sectors, and evaluating the impact of current economic conditions before a full-fledge program is even possible. DRA recognizes the important environmental, economic and ratepayer benefits that can be achieved from effective OBR programs, and support your laudable efforts here, but we want to continue to work with you to ensure these programs are established in the best interest of customers.

DRA suggests that SB 998 be amended to remove any references or actions with regard utility customer disconnections. This important change will further protect customers by allowing the CPUC to publicly hear from stakeholders, build a balanced record, and be better prepared to make a well-informed decision on this important issue. We also look forward to further working with you on the date by which OBR programs would be established.

Thank you for continuing to work with DRA on this important bill. If you have any questions or would like to discuss this matter further, please call DRA's Legislative Director Matthew Marcus, at (916) 327- 3455 or me at (415) 703- 2381.

Respectfully,

Joseph P. Como, Acting Director  
Division of Ratepayer Advocates

By  
Matthew Marcus  
Legislative Director