

CALIFORNIA ARREARAGE PAYMENT PROGRAM – ELECTRICAL/ENERGY

City Council Meeting
January 11, 2022
Item 3.6

Presenters:

John Kachmanian, Deputy Director

Revenue Management Division, Finance Department

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San José Community Energy Department



BACKGROUND

- The San José Clean Energy (“SJCE”) Community Choice Aggregation program (“CCA”) serves approximately 350,000 customer accounts, including more than 320,000 residential accounts, in the City.
 - Pacific Gas & Electric Company provides electrical delivery services and remits SJCE’s portion of customer payments to SJCE on a monthly basis
- SJCE Customer Assistance Programs since March 2020 COVID-19 Emergency Declarations
 - State of California April 2020 moratorium on utility disconnections for nonpayment expired September 30, 2021.
 - Subsequently, residential customers with arrearages over 60 days were enrolled in 24-month payment plans and small commercial customers with monthly installments not exceeding 10% of their average bill amount
- Financial hardship due to the COVID-19 pandemic continues for many San José residents and businesses
 - In December 2019, SJCE customers had a cumulative outstanding balance of approximately \$938,000 for unpaid bills older than 120 days; this balance has grown to approximately \$9.6 million as of June 2021.



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- The State of California requested \$1 Billion in American Rescue Plan Act (“ARPA”) funding to establish the California Arrearage Payment Program (“CAPP”)
- The California Department of Community Services & Development (“CDCSD”) is the cognizant agency
- CAPP distributes funding to eligible electrical/energy providers with accrued residential and commercial arrearages during the relief period of March 2020 through June 2021 (“Relief Period”)



PROGRAM TERMS & CONDITIONS

- Participating Electrical/Energy Providers must:
 - Allocate payments as bill credits to customer accounts within 60 days of receiving payment;
 - Waive customer late fees for any arrearages accrued during the Relief Period;
 - Notify customers of the amount credited, and offer to enroll customers with remaining debt into a payment plan;
 - Not discontinue electrical service until the customer defaults on the payment plan or misses the deadline to enroll in the payment plan;
 - Report on expenditures and customer credits.



SAN JOSÉ ALLOCATION

Customer Type	Service Arrearages	Late Fees (to be waived)	Total
Electrical – Single Family	\$ 7,065,679	\$ 0	\$ 7,065,679
Electrical – Commercial	2,549,454	0	2,549,454
<i>Subtotal Arrearages (Submitted)*</i>	<i>\$ 9,615,133</i>	<i>\$ 0</i>	<i>\$ 9,615,133</i>
*Estimated as of September 15, 2021			
Total Program Funding Allocated	\$ 4,348,501		

Given limited funding, the CDCSD has determined active residential customers will receive the same percentage of their eligible balances credited/forgiven, with funding prioritized as follows:

- Priority Group 1: Active residential accounts with a past due balance of 60 days or more and at risk of disconnection
- Priority Group 2: Active residential accounts with a past due balance of 60 days or more
- Priority Group 3: Inactive residential accounts with a past due balance of 60 days or more
- Priority Group 4: All commercial customers with a past due balance of 60 days or more



STAFF RECOMMENDATION

- a) Accept the staff report regarding the California Arrearage Payment Program (“CAPP”).
- b) Adopt a resolution:
 - 1) Ratifying the City of San José application for the CAPP, and authorizing the City Manager, Director of Finance, or their designees to negotiate and execute the necessary documents, including any amendments or revisions, and take all other actions to accept the grant and fulfill the Program terms and conditions; and
 - 2) Accepting up to \$4,348,501, or the amount awarded, in CAPP funding; and
 - 3) Authorizing the Director of Finance or her designee to waive any late or other fees and accrued interest for customers that are awarded benefits in compliance with CAPP requirements; and
 - 4) Authorizing the City Manager, Director of Finance, or their designees to apply for, negotiate and execute any documents, and take other actions necessary to receive CAPP funds for electric arrearage, if additional funding becomes available, including the waiver of interest or late and other fees

