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CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

CALIFORNIA ARREARAGE PAYMENT PROGRAM (CAPP)

CAPP PROGRAM NOTICE NO. 2022-02

The purpose of this official correspondence is to provide implementation information and guidance to the general public and state energy utility service providers regarding the California Arrearage Payment Program (CAPP) administered by the Department of Community Services and Development (CSD).

CAPP PROGRAM NOTICE NO. 2022-02

TO: ALL ENERGY UTILITY COMPANIES

SUBJECT: CALIFORNIA ARREARAGE PAYMENT PROGRAM (CAPP)
CUSTOMER BENEFIT DISBURSEMENT

DATE: February 17, 2022

REFERENCE: Government Code Section 16429.5
Assembly Bill 135 (Chapter 85, Statutes of 2021)
[CAPP-PN 2021-06](#)
[CAPP-PN 2021-06-E2](#)
[CAPP-PN 2021-07](#)

The purpose of this CAPP Program Notice (CAPP-PN) is to clarify the general requirements and processes for completing successful and compliant disbursement of California Arrearage Payment Program (CAPP) benefits to eligible customers. The Department of Community Services and Development (CSD) recognizes this guidance is being issued when Utility Applicants have already, or are immediately in the process of, disbursing CAPP benefits to eligible customer accounts. Therefore, this guidance is not intended to impose new requirements, but is issued as a matter of clarification.

BACKGROUND

CAPP-PN 2021-06 and CAPP-PN 2021-06-E2 communicated the results of the CAPP Utility Survey and individual Utility Applicant allocations of CAPP funds (also referred to as CAPP Allocations), and established guidelines for prioritizing the distribution of CAPP benefits to customer accounts, also referred to as the “Waterfall” method. In addition, CAPP-PN 2021-07 provided an overview of the CAPP Application process, key information and documentation requirements, CAPP General Terms and Conditions, and other core responsibilities that accompany the administration of CAPP funds by state energy utility companies, including instruction for prioritizing and determining the level of CAPP assistance to eligible customers.

ADDITIONAL GUIDANCE

In accordance with CAPP Terms and Conditions and program requirements, Utility Applicants maintain responsibility for completing CAPP Application requests for CAPP funds, administering CAPP awards, and disbursing CAPP assistance (in the form of a bill credit) to eligible customer accounts to offset arrearages incurred during the COVID-19 pandemic bill relief period. When completing a CAPP Application request for CAPP funds, Utility Applicants provided an electronic data file (“CAPP application data file”) detailing eligible customer accounts and corresponding arrearages identified by the Utility Applicant to receive CAPP assistance. The CAPP application data file also included information identifying the amount of CAPP assistance a customer account is

to receive, which in total substantiated the Utility Applicant's total request for CAPP funds.

Prompted by recent inquiries received from Utility Applicants regarding CAPP Application approval and disbursing CAPP benefits to eligible customers, CSD is issuing the following guidance to clarify general guidelines and processes for completing successful and compliant issuance of CAPP benefits to eligible customers.

1. Utility Applicants rely on account information from internal billing systems to define eligible customer arrearages, identify customer priority for CAPP assistance, and apply CAPP benefits to eligible customer accounts. Utility Applicants can elect to use either the CAPP application data file or compile a new electronic data file, after the receipt of the CAPP warrant check ("post-application CAPP data file"), as the basis for issuing CAPP benefits to eligible customers. Recognizing that customer arrearages are not static and may change on a daily basis, and in order to issue CAPP benefits based on the most current data, it is CSD's preference that Utility Applicants use a post-application CAPP data file to facilitate the disbursement of CAPP benefits to customer accounts. However, CSD recognizes this option may not be administratively feasible for all Utility Applicants to perform and that publication of this guidance occurred when some Utility Applicants have already issued CAPP benefits to eligible accounts or are immediately in the process of doing so. Therefore, Utility Applicants have the option of using either one of these two sources – the CAPP application data file or a post-application CAPP data file – as the basis for making eligibility and CAPP benefit determinations and issuing CAPP benefits to eligible customer accounts. Utility Applicants relying on a post-application CAPP data file to facilitate the issuance of CAPP benefits to customers must retain a copy of the file for future reference and review by CSD or its designee.
2. In issuing CAPP credits to customer accounts, Utility Applicants undoubtedly will encounter or already have encountered circumstances where the issuance of CAPP benefit credits occurs near the same time or within the same billing cycle as other forms of account payments. This is because each Utility Applicant has unique billing system requirements, such as billing frequency, system capabilities, customer account source information, and other relevant factors related to the posting of payments ("natural operation of utility billing systems"). To accommodate the natural operation of utility billing systems and the issuance of CAPP credits, Utility Applicants have the discretion to complete the steps of confirming a customer's CAPP-eligible arrearages, determining a customer's CAPP benefit, and issuing the CAPP benefit credit to eligible customer accounts at the appropriate time. Other payments or credits posted to an account during the natural operation of utility billing systems may apply to any remaining CAPP eligible arrearages or may be applied to arrearages outside the pandemic bill relief period so CAPP credits can be issued to eligible arrearages.
3. As outlined in the CAPP Terms and Conditions, Utility Applicants must maintain documents related to their CAPP Survey, CAPP Application, CAPP Allocation, and CAPP expenditures for five years after CSD's approval of the utility's Final CAPP

Report. To ensure preparedness for future audit and compliance review by CSD or its designees, Utility Applicants are instructed to maintain records of source information and processes used to confirm customer eligibility for CAPP assistance and facilitate the issuance of CAPP benefits to eligible customer accounts. Such source information includes but is not limited to: the CAPP application data file or post-application CAPP data file, documented procedures and processes used by the Utility Applicant to identify and issue CAPP benefits to eligible customer accounts, and methods for extending statutorily required customer protections to utility customers receiving CAPP assistance.

If you have questions or need additional guidance regarding CAPP benefit disbursement, please contact CSD at CAPP@csd.ca.gov.

A handwritten signature in blue ink, appearing to read 'D. Scribner', with a long horizontal line extending to the right.

DAVID SCRIBNER
Director