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CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

CALIFORNIA ARREARAGE PAYMENT PROGRAM (CAPP)

CAPP PROGRAM NOTICE NO. 2021-01

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. 2021-01

TO: ALL ENERGY UTILITY COMPANIES

SUBJECT: CALIFORNIA ARREARAGE PAYMENT PROGRAM (CAPP)

DATE: July 19, 2021

REFERENCE: Government Code Section 16429.5
Assembly Bill 135 (Chapter 85)

The purpose of this CAPP Program Notice (CAPP-PN) is to provide a general introduction and overview of the newly established California Arrearage Payment Program (CAPP), which offers financial assistance to help reduce past due energy bill balances accrued during the COVID-19 pandemic. CAPP will be administered by the California Department of Community Services and Development (CSD) with implementation involving four distinct program phases. To successfully administer CAPP, each program phase will require the direct interaction and participation of public utilities, investor-owned utilities, electric cooperative utilities, and Community Choice Aggregators, hereafter referred to collectively as energy utilities.

ACTION ITEM: All energy utilities must provide CSD a point of contact to receive the Utility Survey that will be released on August 2, 2021. Energy utilities can register their Utility Survey contact with CSD by emailing the Department at CAPP@csd.ca.gov.

BACKGROUND

Since March 4, 2020, California has been under a State of Emergency declaration as a result of the COVID-19 pandemic. In response to the COVID-19 pandemic, California took steps to limit economic impacts on residents, which included statewide moratoriums on electric and natural gas utility disconnections to protect households that may have fallen behind on their energy utility bills. Due to the economic impact of the COVID-19 pandemic many utility customers have accrued significant energy debt and face potential energy service disconnection if delinquent account balances are not resolved. In response to the energy debt Californians are facing today, the State Budget Act of 2021 appropriated \$1 billion from the federal American Rescue Plan Act of 2021 to support the establishment of CAPP. CAPP is designed to provide financial assistance to active and inactive residential and commercial customer accounts reflecting delinquent balances incurred during the COVID-19 pandemic relief period covering March 4, 2020 through June 15, 2021.

PROGRAM OVERVIEW

As CSD continues its efforts to complete the rollout of CAPP, the Department has divided program implementation into four distinct phases. Each phase represents an

important step in overall CAPP administration and are direct touchpoints that require some form of action or contribution from energy utilities. In order to expedite the release and distribution of CAPP assistance to eligible residential and commercial utility customers, CSD will require the assistance of energy utilities.

- During Phase One – Quantify total residential energy arrearages statewide along with other data points outlined in the Utility Survey;
- During Phase Two – Submit a CAPP application on behalf the energy utility’s residential and commercial customers eligible for CAPP assistance;
- During Phase Three – Apply CAPP benefits directly to eligible residential and commercial customer accounts in order of priority as defined in Government Code Section 16429.5; and
- During Phase Four – Submit required reports to CSD to confirm the outcome of delivered CAPP benefits.

Having energy utilities apply for CAPP benefits directly with CSD will result in a streamlined program that removes the need for utility customers to apply to the Department for CAPP assistance. Below provides a brief overview of each CAPP phase:

1. UTILITY SURVEY PHASE

On or around August 2, 2021, CSD will release a Utility Survey in order to calculate the total statewide residential and commercial energy utility arrearage. The survey data will be used to formulate CAPP allocations for each energy utility consistent with Government Code Section 16429.5. CSD will issue a CAPP-PN along with the Utility Survey to provide energy utilities with instructions for completing and submitting survey responses to CSD. Energy utilities will have 30 days to return their survey responses to CSD.

Following CSD’s review of survey responses, the Department will issue a CAPP-PN informing all energy utilities of their respective CAPP allocation ahead of the CAPP application phase.

IMPORTANT NOTE: Participation in the Utility Survey and submittal of a complete CAPP Application are required in order to receive a CAPP allocation.

2. CAPP APPLICATION PHASE

CSD will issue a CAPP-PN advising and instructing energy utilities on the release and completion of the CAPP Application. Energy utilities have 60 days to complete and submit a CAPP Application to CSD. There will be no grace period for the CAPP Application phase.

The CAPP Application requires energy utilities to provide details regarding total arrearages experienced by their customers during the pandemic period, account numbers, balances owed for those customers the utility is applying for assistance on behalf of, and additional supporting documentation as requested by CSD. Approval of an energy utility's CAPP Application will be conditioned on the following:

- CSD's review for completeness of the application and supporting documentation;
- Verification that the energy utility applicant's submission of eligible and commercial customer accounts supports the total amount of financial assistance requested within the CAPP application; and
- Confirmation that the CAPP funding request does not exceed the utility applicant's CAPP allocation amount.

CSD will use a condensed application for energy utilities to submit their request for a CAPP allocation. The CAPP Application will outline specific terms and conditions for the receipt of funds, a description of utility responsibilities, and instructions for submitting the CAPP Application to CSD.

IMPORTANT NOTE: Incomplete applications will be returned to the energy utility for corrections or modifications consistent with CSD's application guidance. Within 30 days of receiving, reviewing, and approving an energy utility CAPP Application, CSD will communicate results and disburse funds directly to energy utility applicants, as described below.

3. CAPP AWARDS

Upon approving an energy utility CAPP Application, CSD will disburse the CAPP allocation award to the energy utility applicant. CAPP benefits to eligible residential and commercial accounts shall be delivered within 60 days of receiving a CAPP allocation in the form of a bill credit with a statement that the source of the credit is California's CAPP funding. Energy utilities shall prioritize CAPP assistance according to the following:

1. Active residential customers with past due balances and are at risk of disconnection due to nonpayment of balances incurred during the COVID-19 pandemic bill relief period;
2. Active residential customers with past due balances incurred during the COVID-19 pandemic bill relief period;
3. Inactive residential customers with past due balances incurred during COVID-19 pandemic bill relief period; then
4. Commercial customers with past due balances incurred during the COVID-19 pandemic bill relief period.

IMPORTANT NOTE: Energy utilities shall not disconnect CAPP benefit recipients for 90 days after benefit application. If a customer account has a remaining balance after a

CAPP benefit is applied, energy utilities shall notify the customer of the option to enter into an extended payment plan with late fees and penalties waived.

4. OUTCOMES REPORTING PHASE

As outlined in Government Code 16429.5, energy utilities shall submit documentation as requested by CSD to assist the Department in preparing its final CAPP report to the Legislature that outlines, among other things, benefit outcomes for residential and commercial accounts assisted. CSD will issue a CAPP-PN to instruct energy utilities regarding the Department's data needs in order to comply with Government Code Section 16429.5. In addition, CSD will perform a review of CAPP allocation expenditures that may lead to additional reporting or audit of an energy utility's CAPP expenditures.

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CSD's implementation of CAPP is ongoing and as a result the Department, as outlined above, will issue regular communications to energy utilities in the lead-up to program roll out, and throughout the duration of the program. All CAPP-PNs, along with release dates of key CAPP implementation phases as well as energy utility responses, will be posted on CSD's public-facing internet [website](#).

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

Sincerely,



DAVID SCRIBNER
Director