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**AB-1180 Rates and charges for water service: payment transaction fees.** (2015-2016)

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**Assembly Bill No. 1180**

**CHAPTER 254**

An act to add and repeal Sections 755.5 and 915 of the Public Utilities Code, relating to utility service.

[ Approved by Governor September 09, 2016. Filed with Secretary of State September 09, 2016. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 1180, Cristina Garcia. Rates and charges for water service: payment transaction fees.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical, gas, and water corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law authorizes an electrical, gas, or water corporation to offer credit card and debit card bill payment options, if approved by the commission, and, upon approval, authorizes an electrical, gas, or water corporation to recover, through an individual customer transaction fee, reasonable transaction costs incurred by the electrical, gas, or water corporation from those customers that choose those methods of payment. Existing law includes statements of legislative intent relative to electrical, gas, and water corporations offering customers the option to pay by credit card or debit card.

This bill would, until January 1, 2022, authorize a water corporation with more than 10,000 service connections to seek commission approval, through its general rate case application, to operate a pilot program designed to evaluate customer interest in, and utilization of, bill payment options, including, but not limited to, credit card, debit card, and prepaid card bill payment options, and to assess the cost-effectiveness of, and customer interests served by, customer access to those bill payment options. The bill would limit the duration of a pilot program to the duration of the water corporation's rate case cycle. The bill would require the commission to allow a water corporation to recover the reasonable expenses incurred by the water corporation in providing its customers with these bill payment options, and to allow water corporations to not impose a transaction fee on its customers for using these bill payment options. The bill would prohibit the costs of a pilot program from being collected from low-income customers who participate in specified programs, and would require a water corporation that is operating a pilot program to provide certain notifications to its customers. The bill would require the commission, in consultation with the Low-Income Oversight Board, by July 1, 2020, to submit a report to specified legislative committees that, based on specified assessments, evaluates the usefulness of an individual customer transaction fee and includes a recommendation regarding individual customer transaction fees for credit card, debit card, and prepaid card bill payments accepted by water corporations.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 755.5 is added to the Public Utilities Code, to read:

**755.5.** (a) A water corporation with more than 10,000 service connections that seeks to operate a pilot program designed to evaluate customer interest in, and utilization of, bill payment options, including, but not limited to, credit card, debit card, and prepaid card bill payment options, and to assess the cost-effectiveness of, and customer interests served by, customer access to those bill payment options, shall do so by requesting commission approval through its general rate case application. A pilot program adopted pursuant to this subdivision shall be limited to the duration of the water corporation's rate case cycle.

(b) Notwithstanding Section 755, the commission shall allow a water corporation to recover the reasonable expenses incurred by the water corporation in providing to its customers bill payment options pursuant to subdivision (a) and shall not require the water corporation to impose a transaction fee on its customers.

(c) The costs of a pilot program adopted pursuant to subdivision (a) may not be recovered from customers participating in the California Alternate Rates for Energy (CARE) program established pursuant to Section 739.1 or in a water rate relief program for low-income ratepayers established pursuant to Section 739.8.

(d) The commission shall require a water corporation that is operating a pilot program to notify its customers that the water corporation is participating in a pilot program and that the pilot program may not continue, pending an assessment of the costs and benefits of the pilot program to customers.

(e) The commission shall ensure that accepting bill payment options pursuant to subdivision (a) neither increases nor decreases the rate of return of the water corporation.

(f) This section shall remain in effect only until January 1, 2022, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2022, deletes or extends that date.

**SEC. 2.** Section 915 is added to the Public Utilities Code, to read:

**915.** (a) By July 1, 2020, the commission, in consultation with the Low-Income Oversight Board established pursuant to Section 382.1, shall submit to the Assembly Committee on Utilities and Commerce and the Senate Committee on Energy, Utilities and Communications a report on the pilot programs operated by water corporations pursuant to Section 755.5 that includes an assessment of the use of credit cards by low-income customers to avoid service disconnections, an assessment of the impact of the use of credit cards for customer bills on household debt burden, and an assessment of data, considered on an aggregated basis, regarding customer utilization and the cost-effectiveness of the bill payment options. Based on these assessments and an assessment of the customers' interests served by providing these bill payment options, the report shall evaluate the usefulness of the individual customer transaction fee required by Section 755, and include a recommendation regarding individual customer transaction fees for credit card, debit card, and prepaid card payments accepted by water corporations.

(b) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.