

RESOLUTION NO.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN JOSE AUTHORIZING ACTIONS RELATED TO THE
CALIFORNIA ARREARAGE PAYMENT PROGRAM**

WHEREAS, San José Clean Energy (“SJCE”) is a Community Choice Aggregation program operated by the City of San José’s (“City”) Community Energy Department and serves approximately 350,000 customer accounts, including more than 320,000 residential accounts; and

WHEREAS, SJCE customers are billed for SJCE charges monthly by Pacific Gas & Electric Company (“PG&E”) and remit payment for SJCE charges to PG&E, and in turn, PG&E remits SJCE’s portion of customer payments to SJCE; and

WHEREAS, the economic hardships caused by the COVID-19 pandemic has led to an increase in unpaid utility bills; and

WHEREAS, in December 2019, prior to the COVID-19 pandemic, SJCE customers owed approximately \$938,000 for unpaid bills older than 120 days and this balance has grown to approximately \$9.6 million as of June 2021; and

WHEREAS, in early 2020, the State of California (“State”) enacted a moratorium on utility disconnections for nonpayment, which ended on September 30, 2021; and

WHEREAS, SJCE residential customers with arrearages over 60 days were automatically enrolled in 24-month payment plans, and small business customers were automatically enrolled in payment plans with monthly installments not exceeding 10 percent of their average bill amount; and

WHEREAS, the federal government adopted the American Rescue Plan of 2021 (“ARPA”) to provide support and relief for Americans affected by the COVID-19 pandemic, and the State, via the California Department of Community Services & Development (“CDCSD”), requested ARPA funding to establish the California Arrearage Payment Program (“CAPP”); and

WHEREAS, the CAPP intends to distribute funding to eligible electric providers that have accrued residential and commercial arrearages during the relief period of March 2020 through June 2021; and

WHEREAS, the CDCSD surveyed all energy utility providers between August and September 2021 to determine statewide accrued residential and commercial arrearages; and

WHEREAS, on September 15, 2021, SJCE staff submitted a response to the CDCSD survey and reported \$9,615,133 in eligible residential and commercial arrearages, and on November 2, 2021, CDCSD released CAPP Notice No. 2021-06-E2, which showed that \$4,348,501 would be allocated to the City as a credit to be distributed amongst these arrearages; and

WHEREAS, SJCE staff, in collaboration with PG&E, will submit a final application by January 7, 2022 that includes then-current customer arrearages that are expected to exceed the \$4,348,501 in allocated CAPP funds and will include a categorization of residential and commercial electric accounts with arrearage amounts, as of the application date; and

WHEREAS, staff will provide bill credits to eligible customer accounts within 60 days of receiving CAPP funding and will implement all other CAPP requirements, including customer notification, reporting, payment arrangements, and waiving of late fees; and

WHEREAS, staff recommends that the City authorize the actions required for participation in the CAPP so the City can provide customer relief for unpaid electric bills and participate in any future opportunities for assistance for electric arrearages;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- (1) The City of San José's application for the CAPP is hereby ratified, and the City Manager, Director of Finance or their designees are hereby authorized to negotiate and execute the necessary documents, including any amendments or revisions to the application, and take all other actions to accept the grant and fulfill the CAPP terms and conditions; and
- (2) The City hereby accepts up to \$4,348,501, or the amount awarded, in CAPP funding; and
- (3) The Director of Finance or her designee is hereby authorized to waive any late or other fees and accrued interest for customers that are awarded benefits in compliance with CAPP requirements; and
- (4) The City Manager, Director of Finance or their designees are hereby authorized to apply for, negotiate and execute any documents, and take other actions necessary to receive CAPP funds for electric arrearage, including the waiver of interest or late and other fees, if additional funding becomes available.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk