

CONCURRENCE IN SENATE AMENDMENTS

AB 1945 (Hadwick)

As Amended August 21, 2026

Majority vote

SUMMARY

Authorizes a municipal utility district (MUD) providing electrical service to less than 100,000 customers to offer a prepay option for electrical service.

Senate Amendments

- 1) Limit prepay option to residential customers.
- 2) Provide, in addition to other conditions that must be met for a prepay option to be offered to customers, that for a customer that is a new residential applicant applying for electrical service on or before January 1, 2027, the customer has paid the deposit, as specified. A customer that has a current deposit held by the district shall be eligible to participate in the prepay option.
- 3) Clarify that a customer who elects to participate in and complies with the arrearage plan shall not be converted to prepay service while the customer remains in compliance with the plan.
- 4) Clarify that, notwithstanding 3), above, a customer that is participating in, and in compliance with, an arrearage payment plan may elect to convert to prepay service only if their deposit is equal to, or greater than, the amount of the delinquency. Upon conversion to prepay service, the district shall apply the customer's deposit to the amount of the delinquency and any remainder of the deposit shall be applied as a credit to the customer's account.
- 5) Make other technical changes.

COMMENTS

- 1) *MUDs.* Governed by the MUD Act, there are five MUDs statewide: East Bay, Lassen, Sacramento, South Placer, and Southern San Joaquin. MUDs can provide various utility services, including electricity, water, sewer, garbage disposal, transportation, and communications. Currently, only Sacramento Municipal Utility District (SMUD) and Lassen Municipal Utility District provide electrical service in the State. SMUD delivers power to over 1.5 million customers and LMUD serves approximately 10,000 customers. LMUD was created by the voters in 1986. Prior to this vote, the area received electric service from CP National Corporation (CPN). On May 10, 1988, LMUD acquired electrical facilities from CPN. LMUD is governed by five members elected by the voters.

The MUD Act allows MUDs furnishing light, heat, water, or power to terminate residential service due to nonpayment of a delinquent account, but it requires a robust notification process prior to termination of a service. First, the MUD must give notice of delinquency and impending termination, at least 10 days prior to the proposed termination, by means of a mailed notice to the customer to whom the service is billed no earlier than 19 days from the date of mailing the MUD's bill for services. The 10-day period must not start until 5 days after mailing the notice of termination.

MUDs are also required to make a reasonable attempt to contact an adult residing at the premises of the customer, by telephone or personal contact, at least 24 hours prior to any termination of service. If telephone or personal contact cannot be accomplished, the MUD must give, by mail, in person, or by posting, a notice of termination of service, at least 48 hours prior to termination. For customers who are 65 years of age or older and dependent adults, a MUD must make available a third-party notification service. Each notice must also contain certain information.

- 2) *Prepay Programs.* While it appears no MUD currently provides a prepay program for electrical service, other types of electrical providers do. For instance, the Truckee Donner Public Utility District currently operates "pay-as-you-go" prepaid services. The Truckee Donner website explains that the customer may set the payment plan and the amounts that fit their budget. There are no late, connection or reconnection fees. If a subsequent payment is made, the power will be reconnected. If an account balance is running low, the customer will receive an alert by text, email, or via the district's mobile app. If the account balance falls below zero, service will be subject to disconnection at any time. There is no traditional bill once a month and usage is calculated on a daily basis.

According to the Author

"Assembly Bill 1945 gives rural, low-income ratepayers another tool to manage household energy costs. In Lassen County, customers have asked for a voluntary prepay option so they can pay for electricity in advance, track usage more closely, and avoid the financial shock of a larger monthly bill or costly stop-and-start service fees. Current law does not give Lassen Municipal Utility District clear authority to offer that option. AB 1945 preserves traditional billing, requires informed consent and customer safeguards, and expands consumer choice for communities that want more flexibility in how they pay for essential utility service."

Arguments in Support

According to LMUD, the sponsors of this bill, "As a Municipal Utility District committed to affordability, transparency, and inclusion, LMUD recognizes the growing demand for flexible billing options. Pre-pay service models are common throughout the electric industry. They allow customers to pay for service in advance, monitor their usage, and avoid deposits, late fees, or untimely suspension of service. These programs are especially beneficial for income-challenged customers and customers seeking greater control over their energy budgets.

"The current language in the Public Utilities Code presents a significant barrier to implementing pre-pay programs. The PUC's mandatory mail notification procedures prior to service suspension are incompatible with the automated, opt-in nature of pre-pay service. LMUD believes that customers who voluntarily choose pre-pay should be exempt from these requirements, provided that LMUD offers clear disclosures, usage tracking, and proactive low-balance alerts.

"This amendment would not only modernize LMUD's operations—it would also align with California's broader energy affordability goals, including recent initiatives to reduce costs, expand customer choice, and support equitable access to affordable energy."

Arguments in Opposition

None on file.

FISCAL COMMENTS

None.

VOTES:**ASM LOCAL GOVERNMENT: 10-0-0**

YES: Carrillo, Ta, Johnson, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

ASM UTILITIES AND ENERGY: 18-0-0

YES: Petrie-Norris, Patterson, Boerner, Calderon, Chen, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

ASSEMBLY FLOOR: 73-0-7

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Berman, Boerner, Bonta, Bryan, Calderon, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Ward, Wicks, Zbur, Rivas

ABS, ABST OR NV: Arambula, Bennett, Caloza, Chen, Flora, Wallis, Wilson

UPDATED

VERSION: August 21, 2026

CONSULTANT: Jimmy MacDonald / L. GOV. / (916) 319-3958

FN: 0004122