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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider  
New Approaches to Disconnections and  
Reconnections to Improve Energy Access  
and Contain Costs.

Rulemaking 18-07-005

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION  
COMMENTS ON THE PROPOSED DECISION ON PHASE I DECISION  
ADOPTING RULES AND POLICY CHANGES TO REDUCE RESIDENTIAL  
CUSTOMER DISCONNECTIONS FOR THE LARGER CALIFORNIA-  
JURISDICTIONAL ENERGY UTILITIES**

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## SUMMARY OF RECOMMENDATIONS

The IOUs' Emergency Customer Protection Plans in response to the COVID-19 pandemic suspend disconnection, implement payment plans, waive deposit requirements and implement other customer protections through April 16, 2021. As a result, the implementation of the PD to protect vulnerable customers is no longer urgent. These plans thus give the Commission the opportunity to press "pause" in order to further develop key elements of the PD through working groups and to incorporate lessons learned from the COVID-19 crisis as it unfolds. The Commission should take advantage of the opportunity provided by the Protection Plans to further refine certain elements of the PD.

The Commission should take time to further analyze and refine the Arrearage Management Plan program elements to provide a foundation for participation by CCAs and their customers, including the following:

- ✓ Determine how the program will be applied to unbundled customers, including allocation between the IOU and CCA of cost responsibility for the forgiven debt.
- ✓ Establish an income threshold for the Arrearage Management Plan program to ensure non-participating bundled and unbundled customers do not unnecessarily subsidize debt forgiveness.
- ✓ Modify the IOU tariffs to provide for *pro rata* allocation between the affected IOU and the CCA of partial payments by unbundled residential customers, consistent with the IOUs' Emergency Customer Protection Plans, to ensure CCAs participating in the Arrearage Management Plan program do not bear a disproportionate share of forgiven debt.

The Commission also should take time to further analyze and refine the PD's proposed maximum disconnection rate of 30 percent in any zip code, which is not adequately supported by the record.

The Commission should correct the PD's incorrect characterization of CalCCA's position regarding the incentives created by accounting treatment of uncollectibles.

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JURISDICTIONAL ENERGY UTILITIES**

The California Community Choice Association (“CalCCA”)<sup>1</sup> respectfully submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure on the May 6, 2020, proposed *Phase I Decision Adopting Rules And Policy Changes To Reduce Residential Customer Disconnections For The Larger California-Jurisdictional Energy Utilities* (“PD”).

**I. INTRODUCTION**

CalCCA wholeheartedly supports the PD’s aim to reduce “electric service disconnections for nonpayment by residential customers” and promote customers’ “economic and social stability and well-being.” In taking this aim, the PD identifies numerous existing challenges for customers facing disconnection and reconnection and proposes thoughtful solutions. Several solutions stand out from CalCCA’s perspective:

- CalCCA urged the Commission to address disconnection risk not only for vulnerable customers under assistance plans but for other customers who nonetheless are under

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<sup>1</sup> California Community Choice Association represents the interests of 20 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

financial stress.<sup>2</sup> The PD protects these “gap” customers, prohibiting disconnections of residential customers living in subsidized housing or having children under the age of 12-months in the household,<sup>3</sup> customers who “qualify for medical baseline and/or are above 65 years old, if the customer agrees to a payment plan,”<sup>4</sup> and customers under extreme weather conditions.<sup>5</sup>

- CalCCA supported elimination of a deposit requirement for, at a minimum, CARE, FERA, and Medical Baseline Customers.<sup>6</sup> The PD eliminates deposits for all residential customers, not just CARE/FERA/Medical Baseline and rejects PG&E's request for a memorandum account for eliminated deposits.<sup>7</sup>
- CalCCA supported removal of reconnection fees for, at a minimum, CARE/FERA customers.<sup>8</sup> The PD eliminates reconnection fees, allowing the lost revenues to be addressed in the investor-owned utilities' General Rate Cases.<sup>9</sup>
- CalCCA sought greater data transparency from the IOUs regarding bundled customers' disconnection status.<sup>10</sup> The PD addresses community choice aggregators' (“CCAs”) concerns, requiring the IOUs and CCAs to execute confidentiality agreements to improve access to information. It further provides for automatic notification to CCAs when a customer receives a 15 day and/or 48-hour shut-off notice and gets reconnected and ongoing access to information about the customers that have been disconnected.<sup>11</sup>

These and numerous other solutions will benefit the vulnerable customers served by all LSEs.

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<sup>2</sup> *Response of the California Community Choice Association on the Administrative Law Judge's Ruling Requesting Responses To Questions*, June 14, 2019 (“CalCCA Comments June”), at 4-6; *Response of the California Community Choice Association on the Administrative Law Judge's Ruling Setting Workshops, Issuing Staff Reports and Questions Along with Other Data, and Request for Comments and Reply Comments*, July 10, 2019 (“CalCCA Comments July”), at 4; *Response of the California Community Choice Association to the Administrative Law Judge's Ruling Issuing Staff Reports and Request for Comments and Reply Comments*, Oct. 28, 2019 (“CalCCA Comments Oct.”), at 3-4; *California Community Choice Association Response to the Administrative Law Judge's Ruling Requesting Comments and Reply Comments to Six Questions and Comments and Reply Comments on Five Attachments*, Dec. 6, 2019 (“CalCCA Comments Dec.”), at 4-5.

<sup>3</sup> PD, Conclusion of Law 3, at 126.

<sup>4</sup> PD, Conclusion of Law 7, at 126.

<sup>5</sup> PD, Conclusion of Law 8, at 126.

<sup>6</sup> CalCCA Comments June at 14; *Reply Comments of the California Community Choice Association on the Administrative Law Judge's Ruling Requesting Responses to Questions*, July 1, 2019 (“CalCCA Comments July”), at 9; CalCCA Comments Oct., at 7.

<sup>7</sup> PD at 37 and Ordering Paragraphs 9-10, at 132-133.

<sup>8</sup> CalCCA Comments June, at 14; CalCCA Comments July, at 10; CalCCA Comments Oct., at 7.

<sup>9</sup> PD at 45 and Ordering Paragraph 17, at 134.

<sup>10</sup> See PD at 69.

<sup>11</sup> PD at 71 and Ordering Paragraphs 43-45, at 138-139.

Despite CalCCA’s general support for the PD, the urgent need to implement many of the PD’s solutions has softened. The investor-owned utilities (“IOUs”), both independently and in response to Resolution M-4842, have implemented Emergency Customer Protection Plans (“Protection Plans”) in the context of the COVID-19 crisis. The Protection Plans implement many protections like those identified by the PD through April 16, 2021; they suspend disconnections, adopt new payment plans, waive deposits, make reconnection fees moot, and implement other customer-supportive measures.<sup>12</sup> As a result, the Protection Plans allow the Commission to press “pause” to refine the PD in critical areas and integrate the lessons load-serving entities (“LSEs”) are learning through the COVID-19 crisis. CalCCA thus proposes that the Commission limit the scope of any final decision to those issues not otherwise addressed by the Protection Plans.

In light of the space provided by the Protection Plans, two issues should be further explored. First, and most critically, the Arrearage Management Plan (“AMP”) program lacks sufficient detail for implementation. The PD overlooks the need for an income threshold for program participation; debt forgiveness should be limited to those customers whose financial circumstances make it difficult to clear their arrearage. Additionally, the AMP lacks any detail on how the program could be applied for an unbundled customer whose procurement needs are met by a CCA. Indeed, combined with other tariffs, the AMP creates a risk that the debt forgiven for these customers would be owed disproportionately to the CCA. Further consideration should also be given to how the AMP will be used in the transition following termination of the Protection Plans.

Second, CalCCA recommends changes to the maximum disconnection rate by zip code. The PD adopts a maximum disconnection rate of 30 percent in any zip code, a value that is unsupported by the record. Further analysis is required to ensure adoption of a reasonable cap and to avoid interfering with the IOU’s ability to meet its target disconnection levels.

Finally, CalCCA proposes two additional modifications that do not require further analysis.

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<sup>12</sup> See Resolution M-4842 at 5-6; PG&E Advice 5784-E and 5816-E, at 9; SDG&E Advice 3516 E-A, at 6-7.

- While CalCCA supports the PD’s directive for IOUs to share certain customer information without the need for formal data requests, there is no need for a nondisclosure agreement to enable the information transfer CCAs are governed by the same customer privacy requirements as the IOUs, which should ensure customer protection.
- CalCCA requests that the Commission correct the PD’s inadvertent mischaracterization of CalCCA’s position regarding the incentives created by accounting treatment of uncollectibles.

Proposed finding of fact, conclusions of law and ordering paragraphs are provided in Appendix A.

**II. THE IMPLEMENTATION OF THE IOU PROTECTION PLANS PROVIDES THE COMMISSION THE OPPORTUNITY TO PRESS PAUSE AND REFINE THE PD’S RECOMMENDATIONS**

The overarching objective of the PD is to reduce customer disconnections and relieve other financial strain on vulnerable customers. The Protection Plans directed by Resolution M-4842 address many of the same issues through April 16, 2021, and thus have eliminated the urgent need to implement the PD’s measures. With this breathing space, CalCCA recommends that the Commission use the opportunity to refine the proposed programs and incorporate lessons learned from the COVID-19 crisis.

The issues addressed by the PD fall roughly into four general categories: (1) measures to reduce disconnections, (2) payment plans to assist customers in paying their bills, (3) reducing other financial service barriers such as deposits and reconnection fees, and (4) enforcement measures to ensure IOU compliance with the new rules. As mandated by Resolution M-4842, the Protection Plans, like the PD:

- ✓ Address disconnection and, indeed, go even further than the PD by suspending disconnections for all residential customers.<sup>13</sup>
- ✓ Implement new payment plans for residential customers.<sup>14</sup>
- ✓ Waive deposit requirements for residential customers.<sup>15</sup>

While the Protection Plans do not lay out new enforcement mechanisms, the Commission currently holds all authority necessary to enforce Resolution M-4842.

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<sup>13</sup> See Resolution M-4842 at 5, item (6).

<sup>14</sup> See *id.*, item (5).

<sup>15</sup> See *id.*, item (1).

With customers protected through April of next year, the Commission has time to consider challenging aspects of the PD more carefully. For example, while CCAs and their customers may be interested in participating in the AMP and PIPP programs, the PD does not adequately address cost responsibility for unbundled customers under these programs. CCA participation thus would create an unknown financial risk absent further development of cost recovery principles. Addressing cost recovery before implementing the AMP will create a more stable foundation for CCA participation.

For these reasons, CalCCA urges the Commission to limit the scope of the PD to issues not otherwise addressed by the Protection Plans.

### **III. IF THE COMMISSION MOVES FORWARD, IT SHOULD PROVIDE GREATER CERTAINTY FOR BOTH IOUS AND CCAS PARTICIPATING IN THE DEBT FORGIVENESS PROGRAMS AND ALIGN ITS CONCLUSIONS WITH THE RECORD**

#### **A. The Commission Should Defer Adoption of the AMP Until Foundational Implementation Details Have Been Resolved**

The PD appears to implement the AMP as a debt forgiveness *program*,<sup>16</sup> rather than an IOU *pilot* as recommended by most stakeholders.<sup>17</sup> While CalCCA supports the AMP in concept, there are significant concerns regarding adopting the PD's proposal as a program. The PD extends the program to unbundled customers<sup>18</sup> yet provides no guidance on how cost responsibility and communication between the CCA and IOU will be handled for these customers. Moreover, by failing to limit program eligibility to customers in need of financial support, it exposes participating LSEs (and their other customers) to much higher levels of "bad debt" than is necessary. The Commission should defer adoption of the AMP until these and other details have been resolved or, at a minimum, limit the AMP to a pilot program.

#### **1. AMP Eligibility Should Be Tied to Income**

The AMP is a debt forgiveness program that renders delinquent balances uncollectible bad debt. It forgives past delinquent charges when a customer demonstrates a sustained ability to pay current charges. It consists of a "12-month payment plan that forgives 1/12 of a customer's arrearage after each on-time payment of the existing month's bill is adopted. After twelve on-

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<sup>16</sup> See PD at 86, 94-95.

<sup>17</sup> PD at 91 ("SCE indicates that they agree with TURN, CalCCA, Public Advocates, CCES, PG&E, SDG&E, and SoCalGas that the AMP should be a pilot and that it should be phased.").

<sup>18</sup> PD at 92.

time payments of an individual month's bills, the customer's pre-existing debt will be fully forgiven."<sup>19</sup> The PD states that after five years, the Commission will initiate a proceeding to reauthorize the AMP program.

The PD does not set an income threshold for program participation. As the PD observes, "CalCCA proposed that AMP eligibility should be tied to income, and income levels should be tied to local cost of living."<sup>20</sup> There is good reason for this recommendation. By allowing IOUs recovery of the forgiven debt through their general rate cases,<sup>21</sup> the Commission asks non-program participants to subsidize those customers whose debt is forgiven. While not addressed in the PD, as it stands, CCAs likewise would need to recover the revenue shortfall from non-program participants. Asking other customers to bear this burden in the case of customers in need is reasonable, but asking them to subsidize the AMP for customers who are fully able to pay their arrearage is not.

The Commission should require an income threshold for AMP program participation. The current record, however, does not point to a particular threshold level. This question should be resolved in a working group prior to any implementation of the AMP.

## **2. Cost Responsibility for the Forgiven Debt of Unbundled Customers Participating in the AMP Must Be Addressed Prior to Program Implementation**

In its rush to implement the AMP, the PD overlooks a foundational factor that will influence program participation by CCAs and their customers: cost recovery. While the PD concludes that "any costs associated with the AMP should be addressed in the utilities next GRC,"<sup>22</sup> it fails to address the allocation between the IOU and CCA of cost responsibility for unbundled customer participation.<sup>23</sup> Failing clarity, the rules provide insufficient notice of cost responsibility for CCAs to securely participate in this program.

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<sup>19</sup> PD at 91.

<sup>20</sup> PD at 80 (*citing* CalCCA June 14 Comments at 16).

<sup>21</sup> *See* PD at 95-98.

<sup>22</sup> PD at 94.

<sup>23</sup> As a part of this inquiry, CalCCA recommends in comments considering "the creation of a fund to pay for debt forgiveness." *See Reply Response of the California Community Choice Association to the Administrative Law Judge's Ruling Requesting Comments and Reply Comments to Six Questions and Comments and Reply Comments on Five Attachments*, Dec. 13, 2019, at 2-3.

Implementation of the AMP program should be deferred until cost responsibility for unbundled customer revenue shortfalls and the cost recovery mechanism are resolved. CalCCA requests that the Commission modify the PD to direct consideration of AMP cost recovery through a working group process, including at a minimum IOU and CCA representatives. One possible approach for the working group to consider is recovering all revenue shortfalls resulting from the AMP -- whether arising from IOU or CCA debt forgiveness -- through a nonbypassable public purpose program charge collected by the IOU. Given the potential importance of the AMP post-COVID-19, CalCCA urges the Commission to direct a working group to provide a proposed solution not later than August 31, 2020.

CalCCA also notes that the cost recovery mechanism developed for the AMP should also be applied for the PIPP program. While the initial PIPP program will be an IOU pilot, cost responsibility for this program must be resolved to enable CCAs and their customers to participate in the program. CalCCA sees no reason why the same cost responsibility principles ultimately should not be applied to both the AMP and PIPP programs.

### **3. Changes to IOU Partial Payment Waterfalls Are Needed to Provide a Sound Foundation for Program Participation by CCAs and Their Customers**

The COVID-19 crisis revealed a weakness in utility tariffs that places CCAs and their customers at greater financial risk in strained economic conditions when residential customer payments slow. Due to the existing “utility first” partial payment waterfall for residential customers and the prohibition on disconnecting service for an unpaid CCA bill, CCA recovery of delinquent charges will naturally lag IOU recovery. CCAs, together with PG&E and SDG&E, resolved this problem by providing *pro rata* allocation for all partial payments made by customers under the IOUs’ Protection Plans. Similar problems arise, however, in the context of the payment plans established by the PD. Both the AMP and PIPP programs create a shortfall in revenue recovery, and the existing partial payment waterfall for residential customers could place CCAs at greater financial risk when their customers participate in these programs.

The Commission should take the opportunity to address these issues now to ensure that all LSEs – including CCAs – are securely positioned to support their customers’ participation in AMP and PIPP programs. Specifically, CalCCA requests that the Commission direct the IOUs to modify their tariffs to provide that *all* residential customer partial payments will be allocated

*pro rata* between IOUs and CCAs. In addition, CalCCA asks the Commission to clarify that all payments received under an AMP or PIPP will likewise be subject to *pro rata* allocation.

**a. The IOU COVID-19 Protection Plans Recognize and Resolve the Financial Risk to CCAs Presented by Partial Residential Customer Payment**

The IOUs filed advice letters on March 19, 2020, proposing Emergency Customer Protection Plans for the COVID-19 crisis.<sup>24</sup> The Protection Plans suspend disconnections, enable new forms of payment plans, and implement other customer protection measures such as deposit waivers. Following the submissions of the Protection Plans, the Commission issued.<sup>25</sup> This resolution more broadly directed utilities from all sectors to implement a suite of customer protections during the crisis. The IOUs responded either with a new responsive advice letter or a supplement to their letters largely reiterating their previously articulated Protection Plans.<sup>26</sup> The supplemental filings, among other things, provide for *pro rata* application of unbundled residential customer partial payments between IOUs and CCAs.

Because IOUs currently are required to bill for services CCAs provide,<sup>27</sup> the Commission recognized in Resolution M-4842 the need for the IOUs to consult with CCAs regarding “their roles and responsibilities for each emergency customer protection.”<sup>28</sup> As a part of these and earlier consultations between CCAs and the IOUs, the disproportionate risk to CCAs for partial payments from residential customers was identified as an issue. CalCCA raised this issue in its protests to the PG&E and SDG&E advice letters, and both IOUs resolved the issue for the duration of the Protection Plans through their supplemental advice letters.<sup>29</sup>

The problem arises from the current IOU “partial payment waterfalls.” The current IOU tariffs, while differing in terminology, result in partial payments from residential customers being applied first to delinquent IOU balances before application of any funds to

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<sup>24</sup> See PG&E Advice 4227-G/5784-E; SDG&E Advice 3516-E/2854-G; and SCE Advice 4174-E.

<sup>25</sup> Resolution M-4842, *Emergency Authorization and Order Directing Utilities to Implement Emergency Customer Protections to Support California Customers During the Covid-19 Pandemic*, April 17, 2020

<sup>26</sup> See PG&E Advice 5816-E; SDG&E Advice 3516 E-A; and SCE Advice 4205-E.

<sup>27</sup> CAL. PUB. UTIL. CODE §779.2

<sup>28</sup> Resolution M-4842, at 6.

<sup>29</sup> PG&E Advice 5816-E, at 5-6; SDG&E Advice 3516 E-A, at 10.

a CCA's balance. Taking PG&E as an example, Rule 23.R.2. establishes a general rule for allocation of partial payments by customers.

Except as provided below in Section 3, if a customer makes only a partial payment for a service account, the payment shall be allocated proportionally between PG&E's charges and the CCA's charges.

The only exception, as this provision notes, is Rule 23.R.3, which provides:

In evaluating a delinquent residential Service Account for service termination and to the extent required by law or Commission regulations, partial payments shall be allocated first to delinquent disconnectable charges.

Because service cannot be disconnected for the nonpayment of CCA charges,<sup>30</sup> this means that all partial payments go first to satisfy delinquent IOU charges.

PG&E's and SDG&E's Protection Plans now reasonably addresses this issue. They provide that partial payments by a residential customer – whether simply a short pay or a payment under an approved payment plan – will be applied *pro rata* to IOU and CCA customer balances. CalCCA appreciates PG&E's and SDG&E's assistance in this resolution, which provides a blueprint for action related to the AMP and PIPP programs.

**b. Applying Lessons Learned in the COVID-19 Context, the Commission Should Modify the IOUs' Partial Payment Waterfalls to Create a Solid Foundation for Program Participation by CCAs and Their Customers**

Before the COVID-19 crisis, the potential financial impact of existing tariffs governing partial payments was identified but not yet raised as in a proceeding. CalCCA highlighted the need for *pro rata* payment allocation of payments in the limited context of the PIPP.<sup>31</sup> COVID-19 crisis, however, has driven home the critical importance of *pro rata* allocation in *all* settings, and the PD should be modified to ensure that all LSEs are positioned securely to participate in the payment programs that protect economically challenged and vulnerable customers.

The PD establishes two payment plan structures aimed to “forgive” a portion of a customer's charges. The AMP forgives past delinquent charges when a customer demonstrates a sustained ability to pay current charges, and the PIPP limits the charges imposed on vulnerable

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<sup>30</sup> CAL. PUB. UTIL. CODE §779.2 prevents disconnection of utility service for delinquent balances owed to “a person or corporation other than the electrical, gas, heat, telephone or water corporation demanding payment therefore.”

<sup>31</sup> See PD at 108 (citing CalCCA Comments Dec. 6, 2019, at 11).

customers in excess of income-correlated levels. In other words, both the AMP and the PIPP plans contemplate payments by residential customers that are less than their total charges accumulated. While the PD considers cost recovery for IOU bundled customer revenue shortfalls, it does not address how unbundled customer shortfalls would be allocated between IOUs and CCAs. Neither does it consider the risk created by the existing “utility first” partial payment tariff that could result in a larger proportion of unpaid CCA charges.

The PD recommends the AMP as “a valuable tool in assisting residential customers to eliminate unmanageable arrears and incentive timely payments.”<sup>32</sup> To incentivize timely payments, the plan promises forgiveness of the customer’s arrearage in exchange for 12 on-time payments of current charges.<sup>33</sup> It states that “[b]oth bundled and unbundled customers are eligible for this payment plan.”<sup>34</sup>

For unbundled customers, the “utility first” payment waterfall could result in CCAs being disproportionately affected by the debt forgiveness under an AMP. A customer participating in an AMP quite likely will have made partial payments on the road leading to the AMP arrearage. If the existing “utility first” partial payment waterfall has been applied, it is likely that the percentage of the arrearage constituting CCA debt will be higher going into the AMP than the percentage of IOU debt. The PD does not recognize or address this risk.

A similar problem arises with the PIPP. Under a PIPP, customers receive levelized monthly bills based on a percentage of their income.<sup>35</sup> Customers will pay a monthly bill of 2 percent to 4 percent of their total income, depending upon the percentage the income represents of the federal poverty level.<sup>36</sup> It is unclear how the payments from unbundled customers would be allocated between the IOU and CCA in the context of a PIPP. To avoid any disadvantage to CCAs in the allocation of the customers’ payments, CalCCA requested that PIPP payments from unbundled customers be split proportionally between the IOU and CCA.<sup>37</sup> The PD does not address this issue; instead, it allows the IOUs to propose in their applications for the PIPP pilot a cost recovery mechanism for pilot costs.<sup>38</sup>

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<sup>32</sup> PD, Finding of Fact 18, at 125.

<sup>33</sup> PD, Conclusions of Law 60-64, at 141-142.

<sup>34</sup> PD at 92.

<sup>35</sup> PD at 101.

<sup>36</sup> PD, Ordering Paragraphs 100-104, at 147-48.

<sup>37</sup> See PD at 108.

<sup>38</sup> PD, Ordering Paragraph 122, at 151.

The debate around COVID-19 payment plans has surfaced the higher financial risk CCAs face in the absence of reasonable rules for allocation of partial payments by residential customers. The Commission should seize the opportunity to address this risk in the broader context of the programs established by the PD. Specifically, CalCCA requests that the Commission direct the IOUs, as a part of their Tier 2 advice letter filing implementing the AMP, to modify their tariff addressing their partial payment waterfalls. To prevent placing CCAs and their customers at a disproportionate financial risk at the inception of any AMP, all unbundled customer payments must be allocated *pro rata* between IOUs and CCAs, regardless of customer class or the aging of the charges paid. A full *pro rata* allocation will also ensure that the burden of the customer subsidy is ultimately proportionately shared between CCAs and IOUs, encouraging program participation by all LSEs.

**B. The Commission Should Defer Adoption of a Percentage Cap on Disconnections in a Zip Code Until an Adequate Record Can Be Developed**

CalCCA supports sub-rules for disconnection rate caps to “focus on decreasing the disconnection rate of zip codes with the highest disconnection rates as the primary strategy for lowering the average rate across the state.”<sup>39</sup> Noting that “zip codes with the highest disconnection rates are typically low-income vulnerable customers,”<sup>40</sup> the PD limits the disconnections that can occur in any zip code to 30 percent.<sup>41</sup> While CalCCA appreciates the PD’s step in the right direction, it does not go far enough. First, there is no record supporting 30 percent as the right level of disconnection cap. Second, setting the disconnection cap of zip codes at 30 percent appears inappropriate given that this number is 10 times larger than the average of the 2024 disconnection caps for each utility.<sup>42</sup> This issue should be deferred for further record development through the workshop process. The workshop likewise could consider, as other parties proposed, “why certain zip codes have higher disconnection rates.”<sup>43</sup>

**C. The Commission Should Correct the PD’s Mischaracterization of CalCCA’s Position Regarding IOU Incentives to Disconnect Customers**

The PD addresses whether allowing the IOUs to recover forecasted uncollectibles in rates creates a financial incentive to disconnect customers quickly in order to create headroom

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<sup>39</sup> PD at 32 (citing *CalCCA Workshop Report II Opening Comments*, Oct. 28, 2019 at 2-3).

<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

<sup>42</sup> PD, Ordering Paragraph 1, at 129.

<sup>43</sup> *See id.* (citing CforAt and NCLC Comments, June 14, 2019, at 5-9).

between uncollectible cost recovery and actual uncollectible costs.<sup>44</sup> In addressing this issue, it summarizes CalCCA's position as follows:

While CalCCA agrees that the accounting treatment of uncollectibles may theoretically incentivize the IOUs to disconnect sooner, they note that CCAs have not necessarily observed the IOUs disconnecting customers at the earliest possible moment.<sup>45</sup>

The PD inadvertently misstates CalCCA's position. In fact, CalCCA has not expressed a point of view on whether the IOUs are incentivized to disconnect customers quickly.<sup>46</sup> The Commission should correct this error in the final decision.

#### IV. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein. Proposed Conclusions of Law and Ordering Paragraphs are Provided in Appendix A.

Respectfully submitted,



Evelyn Kahl  
General Counsel to the  
California Community Choice Association

May 26, 2020

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<sup>44</sup> See PD at 95-98.

<sup>45</sup> PD at 98.

<sup>46</sup> See CalCCA Comments June, at 20.

**ATTACHMENT A**  
**Proposed Changes to Findings of Fact, Conclusions of Law and Ordering Paragraphs**

**FINDINGS OF FACT**

No proposed changes.

**CONCLUSIONS OF LAW**

**Conclusion of Law 15:** The rules set forth below should be ~~adopted and made effective upon adoption of this decision~~ **after the expiration of the Emergency Customer Protections set forth in Resolution M-4842 issued in response to the coronavirus (COVID-19) pandemic.**

**New Conclusion:**

**Add Conclusion of Law 25:** **In line with the long-term goals of SB 598, it is reasonable for the Commission to further consider what an appropriate disconnection rate for zip codes should be.** Further analysis should be undertaken by a working group to establish a reasonable rate.

**ORDERING PARAGRAPHS**

**Ordering Paragraph 30:** Online portals shall contain the following information: account number; service address; account holder name; current total charges; total amount due **to the relevant IOU as well as to the relevant CCA, if the customer is an unbundled customer;** number of billing days in the current billing cycle; status of disconnection; minimum amount needed to avoid disconnection if the customer is not already disconnected; the minimum amount needed to reconnect if already disconnected; total arrears; bill history for the last 12-months; 15-day notice issuance; 48-hour notice issuance; pledge acceptance or rejection status; the last bill; and a tracking number for each pledge.

**Ordering Paragraph 52:** After an eligible residential customer who has been a customer for a minimum of six months and made at least one on-time payment and has a balance which reaches \$500 in arrears, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall enroll the eligible residential customer in the arrearage management payment plan. **If this eligible residential customer is an unbundled customer, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company must notify the relevant Community Choice Aggregator that their customer has been enrolled in the program.**

**Ordering Paragraph 53:** Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall provide eligible residential customers with all information concerning the arrearage management payment plan. **This information shall clearly specify how the arrearage management payment plan will be applied to generation charges for customers who are also customers of a Community Choice Aggregator.**

**Ordering Paragraph 82.** ~~To implement the arrearage management payment (AMP) plan, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company must each file a Tier 2 Advice Letter within 90 days of this decision to implement the AMP plan.~~

**Ordering Paragraph 85.** ~~The rules set forth in this decision regarding the arrearage management payment (AMP) plan will remain effective until the Commission issues a decision reauthorizing, modifying, or rescinding the AMP.~~

**New: To prevent forgiveness of debt to customers able to extinguish their arrearages, an income eligibility threshold is required. The threshold shall developed in the PIPP working group.**

**New: The percentage of income payment plan working group shall also discuss implementation of the arrearage management program and work to determine appropriate cost recovery of forgiven arrears for both CCAs and IOUs.**