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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  
REPLY 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 CALCCA RECOMMENDED CHANGES TO THE PROPOSED DECISION

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 protections 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 implement the Arrearage Management Plan program as an IOU pilot program, subject to an income threshold to ensure non-participating customers do not unnecessarily subsidize debt forgiveness. During the pilot period, the Commission should undertake the following actions to ensure a solid foundation for realizable participation in the AMP by CCAs and their customers:

- ✓ Determine how the program will be applied to unbundled customers, including allocation between the IOU and CCA of cost responsibility for the forgiven debt.
- ✓ 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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The California Community Choice Association (“CalCCA”)<sup>1</sup> respectfully submits these reply comments pursuant to Rule 14.3(d) 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 commends the Commission’s efforts to reduce customer disconnections and other financial barriers to electric service for vulnerable customers. The Commission’s mission is particularly compelling in the face of what may be a long-road to recovery for the economy following the COVID-19 pandemic. As CalCCA observed in opening comments, however, the investor-owned utilities’ (“IOUs”) COVID-19 Emergency Customer Protection Plans (“Plans”) will ensure critical protections are in place through April 16, 2021.<sup>2</sup> The Plans thus provide the

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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.

<sup>2</sup> See *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*, Mar. 26, 2020 (“CalCCA Comments”) at 4-5.

Commission the opportunity to shore up elements of the PD that may not yet be ready for prime time.

The Arrearage Management Plan (“AMP”) program is one of the elements requiring further consideration. CalCCA raised concerns in opening comments, recommending that the Commission take time to develop income thresholds and rules for application to unbundled customers before fully launching the program.<sup>3</sup> The Public Advocates’ Office (“CalAdvocates”), Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”), and San Diego Gas & Electric Company (“SDG&E”) also contend that further consideration of the AMP is necessary; they recommend implementation of the AMP as a pilot program to enable further exploration. CalCCA’s reply comments support adoption of the AMP as an IOU bundled customer pilot program, with an income threshold, to inform program development and allow time to develop rules for unbundled customer participation.

CalCCA also addresses in these reply comments PG&E’s proposal concerning the recording of uncollectibles in memorandum and balancing accounts. The PD adopts a two-way balancing account, to be established in each IOU’s next general rate case (“GRC”), to record the difference between actual and authorized uncollectibles. PG&E goes beyond the record, however, requesting permission to transfer the uncollectible balances arising during the COVID-19 Protection Plans into the two-way balancing account when established. CalCCA opposes PG&E’s proposal at this time. The Commission should, instead, retain the separation of uncollectibles under the Protection Plans, also recording the uncollectibles of other load-serving entities, to enable the Commission to fully track COVID-19 impacts on customer payments.

## **II. THE COMMISSION SHOULD ADOPT THE AMP PROGRAM AS A PILOT FOR IOU BUNDLED CUSTOMERS PENDING FURTHER PROGRAM DEVELOPMENT**

CalCCA observed in opening comments that the “PD appears to implement the AMP as a debt forgiveness *program*,<sup>4</sup> rather than an IOU *pilot* as recommended by most stakeholders.”<sup>5</sup> CalCCA highlighted three key issues that required resolution before a program could be fully

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<sup>3</sup> CalCCA Comments at 5-11.

<sup>4</sup> See PD at 86, 94-95.

<sup>5</sup> See *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*, Mar. 26, 2020 (“CalCCA Comments”) at 5-11.

implemented: (1) adoption of an income threshold;<sup>6</sup> (2) changes in partial payment allocation rules to ensure CCAs do not bear a disproportionate share of debt forgiven for unbundled customers;<sup>7</sup> and (2) general rules for allocation cost responsibility for unbundled customer debt forgiveness.<sup>8</sup> Other parties agree that further development is necessary, proposing implementing the AMP as a pilot program.<sup>9</sup> CalCCA supports a pilot program for IOU bundled customers, subject to establishment of an income threshold to ensure non-participating customers do not unnecessarily subsidize participating customers' debt forgiveness.

The IOUs raise a range of concerns regarding the AMP:

- A root cause analysis of residential disconnections should be performed before concluding that AMPs to all residential customers successfully addresses payment and disconnection concerns;<sup>10</sup>
- “There are many unknowns for the economy due to COVID-19...”;<sup>11</sup>
- The PD does not address how to enroll customers served by third-party providers, such as CCAs;<sup>12</sup>
- The PD does not address why the AMP should not be targeted to low-income customers;<sup>13</sup> and
- The PD does not address potential cost shifting and cost-tracking issues.<sup>14</sup>

Considering the many issues raised by CalCCA and the IOUs, the Commission should build a proper foundation for the AMP before full implementation, moving forward cautiously until these issues have been addressed. A pilot program for bundled IOU customers would allow time for the analysis and development needed to work out the abovementioned complexities in preparation for full bundled and unbundled participation in the program.

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<sup>6</sup> CalCCA Comments at 5-6.

<sup>7</sup> *Id.* at 7-11.

<sup>8</sup> *Id.* at 6-7.

<sup>9</sup> See *Pacific Gas and Electric Company's (U39M) Opening Comments* (“PG&E Comments”) at 2-4; *Southern California Edison Company's (U 338-E) Opening Comments* (“SCE Comments”) at 5-6; *Comments of Southern California Gas Company (U 904 G) and San Diego Gas & Electric Company (U902 M)* (“SDG&E Comments”) at 7-9.

<sup>10</sup> PG&E Comments at 3; SCE Comments at 6; SDG&E Comments at 7.

<sup>11</sup> SDG&E Comments at 8.

<sup>12</sup> PG&E Comments at 4; SCE Comments at 6-7.

<sup>13</sup> PG&E Comments at 4; SDG&E Comments at 9.

<sup>14</sup> PG&E Comments at 5-6; SCE Comments at 6-7.

### **III. THE COMMISSION SHOULD REJECT PG&E'S PROPOSAL TO TRANSFER THEIR COVID-19 UNCOLLECTIBLES TO THE PERMANENT TWO-WAY BALANCING ACCOUNT**

The PD requires the IOUs to establish a two-way balancing account to account for differences between the uncollectible revenue recovery authorized in the IOU's GRC and the IOU's actual uncollectibles.<sup>15</sup> The aim of this approach, in part, is to prevent an IOU from profiting when uncollectibles are lower than authorized. PG&E takes the PD's proposal one step further, proposing to roll in uncollectible balances recorded under its COVID-19 plan to the balancing account for recovery.<sup>16</sup> While CalCCA does not oppose PG&E's ultimate recovery of uncollectible balances from its customers under the Plan, the COVID-19 uncollectibles should be tracked separately until after the transition from the Plan to the new rules is completed.

As an initial matter, addressing the transition between the IOUs' COVID-19 Plans and the PD's proposed rules merits further deliberations. The PD, while acknowledging the Plans, does not address how the two sets of rules will fit together, nor does it have the record necessary to do so. Until the transition procedures can be determined, the Plans and the new rules should be separately maintained.

In addition, further consideration should be given to how uncollectibles arising during the COVID-19 crisis should be addressed. CalCCA proposed in response to PG&E's advice letter proposing its Plan the possibility of coordinating collections during the COVID-19 crisis for all LSEs.<sup>17</sup> In addition, following discussions between PG&E and CalCCA regarding the IOU's Plan, PG&E filed Advice 5816-E addressing this issue. PG&E stated: "PG&E and CalCCA will continue to discuss ... whether there are alternatives that would support CCA cost recovery through PG&E collections and uncollectible cost recovery processes."<sup>18</sup> One approach, for example, would be for PG&E to track uncollectibles arising from COVID-19 for all LSEs in its memorandum account or other accounts. This would give the Commission a full view of the impacts of the crisis and enable consideration of options to address these impacts for all LSEs in the transition to the new rules.

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<sup>15</sup> PD at 98.

<sup>16</sup> PG&E Comments at 10.

<sup>17</sup> See *California Community Choice Association Protest to PG&E Advice 5784-E*, Apr. 8, 2020, at 7-8.

<sup>18</sup> PG&E Advice 4244-G/5816-E at 6.

PG&E has authority to track its COVID-19 uncollectibles today in the COVID-19 Pandemic Protects Memorandum Account. While it may ultimately be the right approach to roll them into uncollectible accounting more generally, they should remain in the authorized account until further consideration has been given to the post- COVID-19 transition.

**IV. CONCLUSION**

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed in its opening and reply comments.

Respectfully submitted,



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June 1, 2020