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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 (Filed July 12, 2018)

RESPONSE OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION TO THE ADMINSTRATIVE LAW JUDGE'S E-MAIL RULING REQUESTING RESPONSES FROM THE PARTIES TO SEVEN QUESTIONS

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OF THE STATE OF CALIFORNIA

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The California Community Choice Association (CalCCA)[1] respectfully submits these comments in response to the *Administrative Law Judge's E-Mail Ruling Requesting Responses From Parties to Seven Questions* (ALJ Ruling) issued November 24, 2020.

I. INTRODUCTION

CalCCA represents the interests of operating community choice aggregators (CCAs) and additional affiliated cities and counties interested in exploring the opportunities of community choice energy. CCAs' local focus makes them keenly aware that electricity is a basic necessity in Californians' daily lives and critical to the economic and social health of the state. CalCCA's members strongly support this proceeding's aim to reduce the number of customers experiencing

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[1] California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

disconnection after nonpayment and to improve the reconnection processes and outcomes for customers that have been disconnected.

In Decision (D.) 20-06-003, the Phase 1 Decision, the Commission explored the potential adoption of a Percentage of Income Payment Plan (PIPP) to make ratepayers' "monthly utility bills manageable."[2] The Phase 1 Decision framed a PIPP program in which customers "would receive levelized monthly bills that are based on a percentage of their income."[3] Parties provided comments on a number of issues, including eligibility, program design, outreach and enrollment, evaluation metrics, and other related issues.[4] The Commission recognized, however, that it would not implement a PIPP program, but would direct further consideration in this new phase of the proceeding.[5]

The ALJ Ruling has initiated further exploration in this phase with seven questions. CalCCA offers in these comments responses to the questions. CalCCA recommends the following:

1 The Commission should establish a PIPP pilot followed by a thorough post-pilot evaluation to confirm if the program meets proceeding objectives;

2 The Commission should adopt a twelve to eighteen-month pilot program;

3 The pilot program should generally include the elements described in D.20-06-003, and utilize Area Median Income instead of Federal Poverty Guidelines

4 The PIPP program should have an income verification method that builds, through collaboration with CBOs, on existing methods employed by the IOUs for other programs, such as the California Alternate Rates for Energy (CARE) program and the Low Income Home Energy Assistance Program (LIHEAP);

5 Outreach for the pilot program should be done by the IOU and its outreach partners such as CBOs, extending to local governments in the permanent program; and

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2 D.20-06-004, *Phase I Decision Adopting Rules and Policy Changes to Reduce Residential Customer Disconnections for the Larger California-Jurisdictional Energy Utilities* (Phase 1 Decision) at 4.

3 *Id.* at 118.

4 *See id.* at 115-130.

5 *Id.*, Finding of Fact 19 at 141.

6 The IOUs should file reports at the conclusion of the pilot with a range of factual information, enabling evaluation of the program's effectiveness and impacts on non-participating customers.

While the ALJ's Ruling did not pose a question regarding cost recovery for discounts provided under a PIPP, CalCCA also comments on this issue. Resolution E-5114, adopting the Arrearage Management Plans (AMPs) of the major gas and electric IOUs, provide for a common cost recovery process for forgiven customer arrearages for all load-serving entities (LSEs) through the Public Purpose Program Charge (PPPC). Taking the same approach in implementing a PIPP will eliminate any differences in risk posed by the program among LSEs.

II. RESPONSES TO QUESTIONS

1. Should the Commission establish a Percentage of Income Payment Plan (PIPP)?

CalCCA supports implementation of a PIPP pilot program to determine if the program meets the proceeding's goal: reduce disconnections while improving reconnection processes for disconnected customers. The purpose of the pilot is to ensure the PIPP program structure and implementation plan works for customers currently facing economic hardships in this State. The pilot can help evaluate, among other things, the following program attributes:

A. *Program Structure*. The pilot will guide the Commission if the PIPP program structure encourages on-time bill payment therefore reducing the risk of high arrears and customer disconnection.[6]

B. *Eligibility*. Decision 20-06-003 states that customers who reside in the "ten zip codes with the highest rates of recurring disconnection in each large IOU's service territory," and meet a household income below or at 250% of federal poverty level are eligible for this program.[7] CalCCA suggests adopting the Arrearage Median Income index to set program eligibility threshold. Regardless of which index or metric is used, the post-pilot evaluation should help determine if these eligibility requirements are too limited in scope or broadly defined. For example, can an eligible customer meet these program rules or is there still non-payment due to income or geographic status?

[6] D.20-06-003, Paragraph 17 at 115.
[7] D.20-06-003, Paragraph 17.1 at 116.

C. *Energy Usage Impacts.* Concerns of increased energy usage due to decoupling bills can be addressed post-pilot. Stakeholders in this proceeding have stressed the importance of studying how the bill cap may signal a change in energy usage.

CalCCA supports setting up a pilot that will help ensure the proceeding objectives are met. When the pilot has ended, the Commission should perform a robust post-pilot evaluation reviewing the success and lessons learned of the program structure, eligibility, and energy usage impacts. If the pilot is deemed successful, then CalCCA suggests deploying an established program to more customers.

2. Should the PIPP be a pilot and how long should the pilot be?

Yes, the Commission should adopt a pilot program for twelve to eighteen months that will provide insight to the program's ability to reduce a customer's disconnection risk. During a twelve- to eighteen-month pilot program, the IOUs and its partners would support customer outreach and program implementation. Additionally, an in-depth evaluation period must be conducted after the pilot, so the Commission and parties better understand the feasibility, lessons learned, and successes of PIPP.

3. How should the Commission implement the PIPP and what details should be included in the PIPP?

The PIPP pilot should be small and offered to bundled customers at this time. Currently, IOUs have existing income data and a verification process that will allow expedited pilot implementation. IOUs have data and income verification processes set up for programs such as CARE, FERA, and LIHEAP. CalCCA suggests using similar processes to reduce administrative and program costs, while offering the program to customers expeditiously. Once the pilot is deemed successful, PIPP can be expanded to enable CCAs to participate with their customers in the program.

The pilot program should generally include the elements described in D.20-06-003,[8] such as[9] plan duration,[10] outreach and enrollment processes[11] that collaborate with designated community-based organizations (CBOs)[12] and that leverage the IOUs' existing data and verification program process. The pilot should also outline a PIPP evaluation process with clear metrics to determine whether the initial pilot program elements are suited for a longer-term program.

CalCCA recommends utilizing the Housing and Urban Development's (HUD) Area Median Income (AMI) data to identify who is eligible for the PIPP program. Cost of living should be highly considered across California, which the Federal Poverty Level Guideline does not support. The CPUC's Environmental and Social Justice Plan Version 1.0 encourages the Commission to consider other indices such as AMI, which includes cost of living adjustments calculated in different regions.[13] Low-income households are defined as meeting or below 80% AMI, which would include communities and households who have been historically underserved. Utilizing HUD's AMI data as part of the income threshold to determine PIPP eligibility will prevent more households at risk of disconnection, a core proceeding goal.

4. Who should be eligible to participate in the PIPP and what should the eligibility requirements be?

PIPP is aimed to relieve customers and households who are experiencing extreme hardships paying their utility bills. There is insufficient information in the record to support

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8 *See* D.20-06-003 at 115-121.

9 *See* D.20-06-003 at 115 (citing *Administrative Law Judge's Ruling Requesting Comments and Reply Comments to Six Questions and Comments and Reply Comments on Five Attachments*, Nov. 14, 2019, Attachment 1).

10 *Id.* at 119.

11 *Id.* at 117.

12 *Id.* at 117.

13 CPUC Environmental and Social Justice Action Plan Version 1.0 at 9-10

robust eligibility requirements. To advance a pilot program, however, CalCCA suggests including a small group of bundled customers who live in the top ten zip codes and are below or meet 80% Area Median Income. As noted in Question 3, HUD's AMI thresholds consider cost of living adjustment, which would include more households eligible for PIPP that have been struggling due to non-payment of bills. CalCCA is alignment with the CPUC's ESJ Plan to broadly look at communities that have been long underserved, especially at a time with increased financial hardships due to Covid-19. Critical to long-term success, however, is the opportunity for stakeholder review and analysis of eligibility requirements after the pilot has been conducted through an evaluation process as described below in response to Question 7.

5. How will eligibility be verified, what will verification consist of, and who should do the verification? Does eligibility need to be reverified? If so, how frequently? Should the utilities do the verification or should it be third parties? Are there any issues with having third parties do the verification?

IOUs have developed an approach to verifying household income for programs such as CARE and FERA. CalCCA supports the Decision's suggestion that the IOUs contract CBOs to handle income verification for the program, [14] provided that the IOUs can rely on existing verification processes for purposes of the pilot. Procedures for reverification can be deferred for implementation until a more permanent program is adopted.

6. Should the utilities do outreach on the PIPP? What should this outreach consist of and how will it be done?

Yes, outreach should be done through the IOUs and its CBO outreach partners consistent with the framework discussed by D.20-06-003.[15] Ultimately, in a permanent program including CCA customers, local governments should also be engaged in the outreach process.

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[14] D.20-06-003 at 116.

[15] *Id.* at 116-118.

7. How and when should the Commission evaluate the effectiveness of the proposed PIPP?

CalCCA proposes that the program should be evaluated after the first twelve to eighteen months. A three-month stakeholder process should be held to evaluate pilot data and results. This can be conducted through workshops and/or a PIPP working group.[16]

The IOUs should provide post-pilot reports with the information described in D.20-06-003, including:

- Number of customers enrolled in the PIPP;
- Locations of those customers (numbers of customers in each zip code);
- Number of customers entering the program with arrears;
- Average amount of arrears per customer with arrears;
- Number and percentage of customers that receive arrearage forgiveness; and
- Number and percentage of customers that reach three months, six months, nine months, and twelve months of consecutive on-time payments.

In addition, it should include information regarding the relative PIPP customer energy usage, comparing the year preceding the pilot with the pilot program usage and the amount of collective discounts provided through the program.

The Commission should use this and other information in a post-pilot evaluation. The evaluation should consider the following:

- Number and percentage of PIPP households more or less likely to stay current on their bills when on the pilot;
- Number and percent of PIPP households whose energy usage increased (broken down by percent increase in energy use);
- Whether the program reduced the number of customers eligible for disconnection in the pilot areas;

[16] *Id.* at 114.

- Whether eligibility requirements created a reasonable program scope; and
- Whether the program produced cost benefits for non-participating customers or, if not, the extent of the cost imposed on these customers.

The Commission also should evaluate the interaction between the PIPP, CARE and LIHEAP programs to better understand how they fit together in addressing customer hardship.

8. How should the costs of discounts be recovered?

The ALJ Ruling did not request comments on cost recovery. CalCCA wishes to emphasize, however, that resolving cost recovery before inviting CCA participation in any PIPP program is critical.

The Commission determined in Resolution E-5114 that the costs of bill forgiveness incurred by LSEs under the AMP program should be recovered through the PPPC.[17] CalCCA proposes the same approach for the PIPP program discounts under a permanent program to maximize participation by both IOUs and CCAs.

III. CONCLUSION

CalCCA appreciates the Commission's consideration of this response and looks forward to continuing to work with the Commission and other stakeholders on the critical issues addressed herein.

Respectfully submitted,

Evelyn Kahl
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California Community Choice Association

Dated: January 8, 2021

[17] Resolution E-5114, Dec. 17, 2020, at 3.