BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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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 ADMINISTRATIVE LAW JUDGE'S E-MAIL RULING REQUESTING COMMENTS ON PERCENTAGE OF INCOME PAYMENT PLAN'S IMPLEMENTATION AND COORDINATION WITH EXISTING PROGRAMS

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The California Community Choice Association[1] (CalCCA) respectfully submits these comments in response to the *Administrative Law Judge's E-Mail Ruling Requesting Comments on Percentage of Income Payment Plan's Implementation and Coordination with Existing Programs* (ALJ Ruling), issued April 20, 2021.

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. CalCCA's members strongly support this proceeding's aim to reduce the number of customers experiencing disconnection after nonpayment. CalCCA supported the implementation of a Percentage of Income Payment Plan (PIPP) pilot in its January 8, 2021

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[1] California Community Choice Association represents the interests of 23 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, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

response to the first PIPP Ruling in the PIPP phase of this proceeding. Subsequently, the Administrative Law Judge issued two (2) additional rulings on energy usage, cost recovery, and CCA participation. CalCCA recommended that unbundled customers be included in the PIPP pilot, if the pilot duration exceeds 1.5 years, recommended that the PIPP be implemented as a bill credit, advocated for testing the concept of an energy usage cap in the pilots by applying a maximum PIPP bill credit to an experimental group of customers, and recommended that the PIPP pilot be funded through revenue collected from the Public Purpose Programs charge.

CalCCA offers in this response comments to some of the questions (#1, #2, #4, #6, and #8) posed in the ALJ Ruling. CalCCA recommends the following:

1. The PIPP should be designed with an arrearage forgiveness component;
2. PIPP enrollment outreach efforts should be focused on customers at risk of being disconnected and involve community-based organizations;
3. A PIPP working group should be formed to determine whether and how customers on special tariffs should be eligible to enroll in the PIPP; and
4. The PIPP should be designed to have a payment deferral feature in order to provide customers with more flexibility.

II. RESPONSES TO QUESTIONS

1. Should PIPP participants have the opportunity to concurrently enroll in the existing Arrearage Management Plan, or should the PIPP program design include arrearage forgiveness? If the PIPP program includes arrearage forgiveness, how should the arrearage component differ from the Arrearage Management Plan?

The PIPP should be designed in a manner that does not confuse a customer or make it more difficult for them to understand payment plan options. The Arrearage Management Plan (AMP) and PIPP programs serve two (2) different purposes. However, there are customers who are not able to enroll in the AMP that would be eligible for PIPP and that could benefit from arrearage forgiveness. Therefore, the PIPP program design should include arrearage forgiveness to provide debt forgiveness benefits to customers who are not enrolled in California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA). PIPP participants should not be allowed to concurrently enroll in the existing AMP program if the PIPP is ultimately adopted with an arrearage forgiveness component in order to prevent duplicative enrollment in programs that have arrearage forgiveness features. Eligibility for enrollment in the current AMP is limited to customers that are already enrolled in either CARE or FERA. However, eligibility for enrollment in the PIPP, as discussed thus far in the proceeding, will not be tied to enrollment in either the CARE or FERA programs; it will be tied to income. Because the PIPP is designed to benefit a group of customers beyond those enrolled in CARE and FERA, the California Public Utilities Commission (Commission) has an opportunity to offer debt forgiveness to customers who need financial support and have been overlooked by the AMP eligibility design, i.e., they face financial hardship but may be just above income eligibility for enrollment in CARE/FERA, and thus the AMP. CalCCA surveyed some of its members to gather data about the size of arrears of non-CARE/FERA customers as of April 2021.[2] CalCCA found that balances in arrears range from $134 to $780 in average size per CCA. However, these balances are for CCA-only charges and do not include the transmission and distribution charges a customer must also pay. Thus, they are smaller than the actual representation of the debt.

The inclusion of an arrearage forgiveness component in the PIPP will expand eligibility for arrearage forgiveness to customers that are in need, beyond just CARE and

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[2] Eight (8) CCA's were surveyed. This is an illustrative example, not representative of the entire CalCCA membership.

FERA customers. There are two (2) benefits to this: 1) the PIPP can assist customers that cannot receive arrearage forgiveness through other means because they are not eligible for the AMP, and 2) customers enrolled in the PIPP will have an additional incentive for staying current on their monthly bills. In the COVID-19 Debt Relief proceeding (R.21-02-014), CalCCA advocated for assisting customers outside of the CARE/FERA eligibility threshold, through the expansion of the AMP benefit.[3] Ultimately, if R.21-02-014 does not expand the AMP benefit to assist customers outside of CARE/FERA, these customers are highly unlikely to have the means to pay down their debt. Furthermore, the PIPP benefit of having stable monthly bills would be enhanced by the incentivizing customers to stay current on their adjusted monthly bills by offering arrearage forgiveness. Nonetheless, the arrearage forgiveness component of the PIPP should differ from the AMP by having a different cap on total debt that can be forgiven. CalCCA recommends that the debt forgiveness allowance for customers enrolled in PIPP be a maximum of $4,000 (i.e., half of the total allowance for the AMP program) because the PIPP's primary concern is not alleviating debt, it is making monthly bills more manageable and thus more likely to be paid.

2. Should PIPP prioritize outreach to customers at risk of disconnection due to arrearages?

Customers who are at risk of disconnection, provide an indication that they cannot pay their monthly bills. Paying a percentage of their income may lower their bills and make it more likely that they are able to pay their bills in full. At the same time, the COVID-19 emergency order prohibiting disconnections began in March of 2020 and is

3 *California Community Choice Association Reply Brief*, Apr. 30, 2021, at 2-3.

scheduled to end June 30, 2021. During the moratorium on disconnections, the investor-owned utilities (IOUs) have been tracking the arrearages and could prioritize PIPP enrollment outreach to customers based on the age of their outstanding arrears. For example, the customers with the earliest date that debt began accruing would be prioritized for enrollment in the PIPP. These debts are not only the oldest, but also tend to have larger accumulated balances.

Initiating proactive engagement with these customers is a prudent course of action that would lead to a reduction in the size of larger outstanding balances. However, while enrollment may be offered and early outreach should be targeted to those with the oldest arrears who are closer to disconnection, CalCCA notes that it does not support automatic enrollment, as it stated in its opening brief in R.21-02-014, because auto-enrollment could be detrimental to some customers who cannot meet the obligations of the program and whose day-to-day finances and cash flow do not lend themselves to enrollment. [4]

Furthermore, a PIPP program that has an arrearage forgiveness component to it will be especially beneficial to customers at risk of disconnection because these are the customers who have failed to pay their bill over several billing cycles and who thus have arrears that could be forgiven.

4. Should a PIPP participant be allowed to remain enrolled in rate programs for solar, electric vehicle charging, or other types of demand side management?

The PIPP should be a supportive program, not a punitive program that affects the rate classes a customer can choose to be a part of. Additionally, the PIPP will not affect the rate a customer is enrolled on; the PIPP should function as a bill credit on the

[4] *California Community Choice Association Opening Brief*, Apr. 23, 2021, at 6.

normally calculated bill based on the customer rate class. However, if the PIPP has an arrearage forgiveness component to it, there are challenges with implementation for certain types of customers, such as those on net energy metering tariffs, due to differences in billing and carry-over balance practices across different utilities' net energy metering tariffs. Because of these concerns, CalCCA recommends that enrollment eligibility in the PIPP for customers on these types of tariffs be determined as part of a PIPP working group.

6. How should the PIPP be designed to advance specific goals of the Commission's Environmental and Social Justice (ESJ) Action Plan or protect the health and safety of participants?

The PIPP should be designed to enhance outreach and public participation opportunities to ESJ communities so that they can meaningfully participate and benefit from PIPP. CalCCA recommends that a component of the PIPP outreach strategy plan require the IOUs to contract with community-based organizations (CBOs) to support outreach coordination and informational resource development. A CBO's role is vital to helping lend credibility to the PIPP, addressing program scam issues preventatively by building materials to recognize scams and reassuring customers that the PIPP is not a scam, and re-establishing contact with customers after COVID-19 restrictions reduced outreach to low-income customers.

8. What should happen if a PIPP participant misses one or more payments?

The PIPP sequential missed payment repercussion should align with that of the AMP. Participants in the PIPP should be allowed to miss up to two (2) payments in a row. Additionally, CalCCA is open to supporting a payment deferral program feature, which would eliminate the risk of disconnection, for up to three (3) consecutive months to encourage more payment flexibility in the design of the PIPP. CCA's have heard directly from their communities that utility bills can present financial challenges. Some of our customers have shared that they have done their best to stay current, but the on-time payment requirement, especially for programs like the AMP, PIPP, or other twelve (12) -month payment plans, can be prohibitive. To address the difficulties customers are having with meeting strict payment timelines, CalCCA suggests that the Commission design the PIPP so that it contains an allowance for late payments. Adopting an allowance for up to three (3) consecutive missed payments along with an easy mechanism for customers to notify the IOU that they wish to defer their payment (e.g., a text message or a "click here to defer" in an e-bill) would result in the design of a PIPP that is flexible and helpful. This approach accommodates the fluidity and dynamic nature of economic recovery during which customers may be switching jobs, finding new employment, etc.

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,

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