

**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

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
COMMENTS ON ASSIGNED COMMISSIONER'S PHASE 2
SCOPING MEMO AND RULING**

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SUMMARY OF RECOMMENDATIONS

- ✓ The Commission should require the investor-owned utilities (IOUs) to include with the Arrearage Management Plan (AMP) remittance payments to community choice aggregators (CCAs) an identification of the customer statement and invoice to which the payment applies to allow for accurate CCA accounting of debt forgiveness;
 - ✓ The Commission should relax the requirements for customers to remain enrolled in AMP, while retaining the incentives for timely payment of bills;
 - ✓ Customers needing extra time to pay arrearages should continue to be enrolled in long term payment plans (LTTPs), as long as the payment of past due amounts are applied proportionally to IOUs and CCAs;
 - ✓ The IOU Medical Baseline Study should examine methods to increase communications with Medical Baseline customers;
 - ✓ The Commission should consider in Phase 2 making permanent the proportional allocation between IOUs and CCAs of all types of payments made on past-due electric utility bills, currently set to expire in September 2024; and
 - ✓ The Commission should require the IOUs to enhance their customer outreach and increase transparency regarding disconnection risk, process, and steps to avoid being disconnected.
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**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
COMMENTS ON ASSIGNED COMMISSIONER'S PHASE 2
SCOPING MEMO AND RULING**

The California Community Choice Association¹ (CalCCA) submits these Comments in response to the *Assigned Commissioner's Phase 2 Scoping Memo and Ruling* (Ruling), issued on July 15, 2022.

I. INTRODUCTION

The Commission opened this proceeding in July 2018 with the goal of “adopting policies and rules that reduce disconnections and improve reconnection processes and outcomes for disconnected customers.”² Recognizing that “energy access is critical to economic and social stability and well-being,” the proceeding intends to address overall rising disconnection rates.³ Disconnections have been suspended during the COVID pandemic and during the allocation of California Arrearage Payment Program (CAPP) funds. The California Public Utilities

¹ California Community Choice Association represents the interests of 23 community choice electricity providers in California: Apple Valley Choice Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Orange County Power Authority, 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, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² See *Order Instituting Rulemaking*, R.18-07-005 (July 12, 2018), at 1.

³ *Id.* at 4.

Commission (Commission) has also established payment programs to address arrearages and assist customers in staying current on bills to prevent future disconnections, including: (1) the Arrearage Management Plan (AMP),⁴ (2) COVID Long Term Payment Plans (LTTP),⁵ and (3) Percentage of Income Payment Plan Pilot Programs (PIPP).⁶

Community choice aggregators (CCAs) have a strong interest in ensuring that customers stay current on their bills, are not involuntarily returned to the investor-owned utility (IOU) for non-payment, and are not disconnected by the IOU. Many CCAs participate in the AMP and/or the PIPP programs, and eligible CCA and IOU customers are automatically enrolled in LTTPs.

CalCCA provides the following recommendations in response to the questions scoped in the

Ruling:

- ✓ The Commission should require the IOUs to include with their AMP remittance payments to CCAs an identification of the customer statement and invoice to which the payment applies to allow for accurate CCA accounting of payments for debt forgiveness;
- ✓ The Commission should relax the requirements for customers to remain enrolled in AMP, while retaining the incentives for timely payment of bills;
- ✓ Customers needing extra time to pay arrearages should continue to be enrolled in LTTPs, as long as the payments of past due amounts continue to be allocated proportionally to IOUs and CCAs;
- ✓ The IOU Medical Baseline Study should examine methods to increase communications with Medical Baseline customers;
- ✓ The Commission should include within the Phase 2 scope and make permanent the proportional allocation between IOUs and CCAs of all types of payments made on past-due electric utility bills, currently set to expire in September 2024; and

⁴ See D.20-06-003, *Phase I Decision Adopting Rules and Policy Changes to Reduce Residential Customer Disconnections for the Larger California-Jurisdictional Energy Utilities*, R.18-07-005 (June 11, 2020) (AMP Decision).

⁵ See D.21-06-036, *Decision Addressing Energy Utility Customer Bill Debt Via Automatic Enrollment in Long Term Payment Plans*, R.21-02-014 (June 24, 2021) (Covid Debt Decision).

⁶ See D.21-10-012, *Decision Authorizing Percentage of Income Payment Plan Pilot Programs*, R.18-07-005 (Oct. 7, 2021) (PIPP Decision).

- ✓ The Commission should require the IOUs to enhance their customer outreach and increase transparency regarding disconnection risk, process, and steps to avoid being disconnected.

II. CALCCA ANSWERS TO RULING QUESTIONS

A. **AMP: Is the AMP program meeting its objectives? If not, what modifications do you recommend for the AMP program? What additional information do you need to refine your recommendations?**

Many eligible CCA customers are participating in the AMP program, which is mitigating the need to return them to the IOUs for nonpayment (and potentially disconnection). However, the Commission should adopt the following modifications to improve the AMP program: (1) require IOUs to include with remittance payments to CCAs the corresponding customer statement/invoice number to allow for accurate accounting of remittances for debt forgiveness; and (2) relax the requirements for customers to remain enrolled in AMP. In addition, CalCCA supports the Commission scheduling a workshop to allow stakeholders to further discuss potential modifications and improvements to the AMP program.

1. **IOU AMP Remittance Payments to CCAs Should Contain Sufficient Customer and Invoice Identification Information to Ensure Accurate CCA Accounting**

The Commission should require IOUs to provide sufficient information with remittance payments for CCAs to identify the account and statement/invoice for which the payment applies. Pursuant to Resolution E-5114, the IOUs recover both IOU and CCA costs for forgiven arrearages for customers enrolled in AMP through the Public Purpose Program Charge (PPPC).⁷ The IOUs provide monthly remittance payments to each CCA to compensate for the cost of forgiving generation-related debt under AMP.⁸ Cost recovery and the IOU to CCA remittance

⁷ CPUC Resolution E-5114, *Approval of Arrearage Management Plans for Large Investor-Owned Electric and Gas Utilities* (Dec. 17, 2020) (AMP Resolution).

⁸ *Id.* at 6, 10.

payments began one year *after* AMP began (as a result of IOU cost recovery through an annual true-up process).⁹ The IOUs provide a weekly “4013” report to the CCAs which includes information on CCA customer AMP enrollment status, amount of forgiven arrears, and number of missed payments. However, the actual remittance payments do not contain sufficient information, including the customer statement or invoice number, to identify where to apply the payments. For example, a CCA may receive funds in one month greater than the forgiven arrears for the applicable month, and there is no accompanying information from the IOU to identify the applicable customer invoice to apply the funds.

In response to feedback from the CCAs regarding this issue, PG&E has committed to improving its communications in its remittance payment information. However, the Commission should require all the IOUs to provide information identifying customer account and statement/invoice information with each remittance payment to allow for accurate CCA reconciliation of arrearage forgiveness and remittances.

2. The Commission Should Relax the Requirements for Customers to Remain Enrolled in the AMP Program

AMP success depends on both enrollment *and* retention of customers in the program to ensure full arrearage forgiveness. Customers receive arrearage forgiveness equal to 1/12th of their beginning arrearage balance for every on-time payment of a current monthly bill up to a maximum of \$8,000 over 12 months of payments.¹⁰ However, customers who miss two consecutive or three non-consecutive monthly payments are removed from the program (but are not required to return the already forgiven amounts associated with on-time bill payments).¹¹ In addition, customers who exit the program either for non-payment or successful completion of all

⁹ *Id.* at 12.

¹⁰ AMP Decision at 158-159, OP 61-62, 69; AMP Resolution at 5.

¹¹ AMP Decision at 158-159, OP 64-65; AMP Resolution at 5.

12 monthly payments may not re-enroll for 12 months.¹² During that time of non-enrollment, a customer could be subject to disconnection (when the IOUs resume disconnecting customers) for non-payment and carrying an arrearage (which a customer who falls out of the program will continue to carry).

CCAs have found that months nine and ten are when customers are typically removed from the program for missed payments. For example, East Bay Community Energy (EBCE) found that for its customers enrolled in AMP between February and May 2021, EBCE (i.e., generation-related) average debt was \$322. Half of its customers made it to month seven to see on average \$188 in debt forgiveness. However, only one percent of these customers completed the program at 12 months (and some continued past 12 months due to missing payments but stayed enrolled):

EBCE AMP Enrollment Rates (Enrollment Beginning Feb.-May 2021):

Drop Month	Average Amount Forgiven at Dropout	Customer Count Enrolled	Program Participation Rate
0		2,934	100%
1	\$ 27	2,926	91%
2	\$ 54	2,684	87%
3	\$ 81	2,547	81%
4	\$ 108	2,366	74%
5	\$ 134	2,168	67%
6	\$ 161	1,978	63%
7	\$ 188	1,835	55%
8	\$ 215	1,602	37%
9	\$ 242	1,100	21%
10	\$ 269	607	6%
11	\$ 296	175	1%
12	\$ 323	29	1%
>12 months	\$ 323	18	

¹² AMP Decision at 158-169, OP 63, 66; AMP Resolution at 5.

CalCCA recognizes the competing goals built into the AMP program of keeping eligible parties enrolled to realize the benefits of debt forgiveness (and reducing the rate of disconnections) as well as retaining incentives for on-time monthly payments. However, given the difficulties customers are experiencing remaining in the AMP program, especially given the financial strain caused by the COVID pandemic, CalCCA recommends that the Commission relax the conditions for remaining enrolled in AMP. The following recommendations will increase AMP customer retention while ensuring AMP customers remain incentivized to keep their monthly payments current.

First, payments of 50 percent or more of a monthly amount due should qualify as an “on-time payment,” but for no more than two months of the 12-month AMP period. A customer may not always be able to pay the full monthly amount, which under the current rules results in “non-payment.” Current rules allow the customer to remain in the AMP program for only two consecutive or three non-consecutive months of “non-payment.” As a “non-payment,” the customer is not eligible for debt forgiveness in that month (but is given a corresponding month or months at the end of the 12-month period to become current and receive the debt forgiveness). Allowing the 50 percent or more payment to qualify as an “on-time payment” allows the customer to receive its 1/12th debt forgiveness for that month, and allows the customer to utilize this opportunity twice during the AMP period. Any additional arrearage created would not be added to the debt being forgiven, and would not be eligible for future AMP forgiveness, to incentivize customers to remain current.

Adding the ability to receive AMP debt forgiveness for partial (50 percent or more) payment adds a layer of protection and time for struggling customers that will further enhance their ability to complete the AMP program and receive full debt forgiveness. As an example, a

customer enrolled in AMP with \$1,200 in debt would be eligible to pay 50 percent of their current bill twice during the 12-month period, and in those months still get the 1/12 debt forgiveness (i.e., \$100) in each of those months because the 50 percent or more payment would be considered on-time. After using the two chances to only partially pay, if a customer misses, is late, or only partially pays a monthly amount due, the existing AMP rules will subject the customer to a “non-payment” which is only allowed twice consecutively or three times non-consecutively before a customer falls out of the program. The change proposed therefore provides additional opportunities for customers to remain enrolled in AMP, and hopefully finish the program to ensure full debt forgiveness.

A second recommendation to relax the AMP eligibility rules is reducing the “waiting period” for re-enrollment (for both customers that drop out, and customers who successfully complete the AMP programs) from 12 to six months. Such a reduction will increase AMP enrollment and allow customers a “second chance” sooner to benefit from the program, while continuing to incentivize customers to keep current on their bills.

Finally, while the AMP program allows customers to request their monthly payments be “levelized” for the 12 months of the program, the Commission should also allow a “sliding scale” in which payments ramp up over the 12 months to encourage customers to gradually increase their monthly payment. Such a sliding scale may be more attractive for customers beginning the program and learning how to successfully manage their finances.

B. Long-Term Payment Plans: What were the results of the requirements of D.21-06-036 for utilities to automatically enroll residential customers in long-term payment plans? Should the requirement to enroll residential customers in long-term payment plans prior to disconnecting customers continue?

1. The Commission Should Allow the Continuing Enrollment of Residential Customers in Long-Term Payment Plans as Long as Past Due Payments Continue to Be Applied Proportionally to IOUs and CCAs

The COVID-19 LTPPs, along with the disconnection moratorium, have been a crucial component of assisting customers with the financial strain caused by the COVID pandemic. The LTPPs allow customers to amortize arrearages, and prevent disconnections, while crucial federal and state assistance is distributed through CAPP and other programs. Those customers needing extra time to pay arrearages should continue to have the option of enrolling in LTPPs, as long as the payment of past due amounts is distributed proportionally to IOUs and CCAs as required by D.21-11-014 and discussed in Section D. below.¹³

C. Medical Baseline Study: Should the Commission modify any of the terms of the Large Utilities' proposal for a study of the eligible Medical Baseline population in each utility's service territory? Should the study review the eligibility requirements for the Medical Baseline program? How should the Commission review the design of the study, e.g. through the proposed Tier 3 Advice Letter process? Is the proposed budget reasonable? How should the costs of the study be recovered?

1. The Commission Should Require the IOUs to Include in their Medical Baseline Study an Examination of Methods to Increase Communication with Medical Baseline Customers

In addition to studying eligible Medical Baseline populations, the Commission should require that the study include an examination of methods to increase communication with Medical Baseline customers. Such customers often do not receive messages sent by the IOUs or

¹³ D.21-11-014, *Decision Directing Allocation of Payment on Past-Due Bills Between Investor-Owned Utilities and Community Choice Aggregators*, R.21-02-014 (Nov. 18, 2021) (Covid Past-Due Payments Decision).

CCAs, either by email or U.S. mail. Therefore, as part of identifying the population, the IOUs should also examine ways to effectively communicate with Medical Baseline customers.

D. Additional Issues: Should the Commission consider additional issues in Phase 2 of this proceeding or a future phase of this proceeding? If so, please explain how the issue is relevant for this proceeding and the urgency of addressing the issue.

1. The Commission Should Make Permanent the Proportional Allocation of Past Due Payments Between IOUs and CCAs

A significant issue temporarily resolved in the COVID Past-Due Payments Decision was directing the IOUs to allocate all past-due payments proportionally between the IOUs and CCAs through September 2024.¹⁴ The underlying proceeding is now closed, requiring a new venue for resolving the permanent allocation of past-due payments. The Commission should consider in Phase 2 making permanent the proportional allocation of payments between IOUs and CCAs.

The Commission recognizes that Public Utilities Code section 779.2 does not require the prioritization of payments first to utility charges and second to non-utility charges.¹⁵ In addition, prioritizing payments to the utility shifts the financial risk to the CCA, who must continue serving the customers in question without collecting revenue and leaving the CCA at disproportionate financial risk. As set forth in the COVID Past Due Payments Decision, the interest of all customers requires the Commission ensure the financial viability of both IOUs *and* CCAs, which the Commission has determined to be “in the public interest in that CCAs allow for a publicly-managed alternative to private utility procurement of resources.”¹⁶ The Commission found that “[w]e have determined that the shift of financial risk from individual customer to CCA is not in the interest of customers as a whole, therefore, we will continue proportional

¹⁴ *Id.*

¹⁵ *Id.* at 9.

¹⁶ *Id.* at 11.

allocation of payments [during the COVID relief period until September 2024].”¹⁷ For the same reasons set forth in the COVID Past-Due Payments Decision, the Commission should make permanent in Phase 2 the proportional allocation of past due payments between IOUs and CCAs.

2. The Commission Should Require the IOUs to Enhance their Customer Outreach and Increase Transparency Regarding Disconnection Risk, Process, and Steps to Avoid Being Disconnected

The Commission should require the IOUs to enhance their customer outreach, and increase transparency around, the risks and processes surrounding disconnection, and steps for customers to avoid being disconnected. Many customers face barriers to comprehending the potential for disconnection of electric service. The roadblocks include language and cultural barriers, inability to differentiate between genuine utility outreach and scams, and ill timing of collection messages when customers may be working multiple jobs. Greater outreach by IOUs, and increased transparency on the disconnection procedures of the IOUs, should be required to prevent disconnections to the extent possible.

III. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of its recommendations and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,



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August 5, 2022

¹⁷ *Id.* at 12.