



**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 ADMINISTRATIVE LAW JUDGE'S RULING RELATING TO THE
PHASE 2 WORKSHOP IN OCTOBER 2022**

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SUMMARY OF RECOMMENDATIONS

CalCCA recommends that the Commission:

- Order the conclusion of automatic enrollment in long-term payment plans, and instead determine in this proceeding the most effective customer engagement to tailor payment plans to individual customer needs;
 - Modify the Arrearage Management Plan (AMP) to better serve struggling customers by: (1) allowing payments of 50 percent or more of the monthly amount due to qualify as an “on time payment” for two months out of the 12-month period; (2) providing the option of a “sliding scale” in which payment amounts ramp up over the 12-month period to encourage customers to gradually increase their monthly obligations; (3) reducing the “waiting period” for re-enrollment in AMP from 12 to six months; and (4) allowing customers removed from AMP for system/automation issues that are not the fault of the customer to be immediately re-enrolled;
 - Make permanent the proportional allocation between investor-owned utilities (IOUs) and community choice aggregators (CCAs) of any payments made on past-due bills, currently set to expire in September 2024; and
 - Require the IOUs to place alerts on CCA customer accounts regarding customer participation in the Community Based Organization (CBO) Arrears Case Management Pilot (CBO Pilot), including any communications between the CBOs, IOUs and the CCA customer, to provide CCAs with insight into CCA customer participation in the CBO Pilot.
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**CALIFORNIA COMMUNITY CHOICE ASSOCIATION’S
COMMENTS ON ADMINISTRATIVE LAW JUDGE’S RULING RELATING TO THE
PHASE 2 WORKSHOP IN OCTOBER 2022**

The California Community Choice Association¹ (CalCCA) submits these Comments in response to the *Administrative Law Judge’s Ruling Relating to the Phase 2 Workshop in October 2022* (Ruling), issued November 10, 2022, requesting party comments on questions in sections 4 and 5 of the Ruling.

I. INTRODUCTION

CalCCA appreciates the Ruling’s thoughtful questions for both investor-owned utilities (IOUs) and other parties following the October 17, 2022 workshop in this proceeding on “Managing Customer Arrearages and Disconnections Amid Rising Rates” (Workshop). Presentations and discussion at the Workshop, as well as party Comments on the Phase 2

¹ California Community Choice Association represents the interests of 24 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, Energy For Palmdale’s Independent Choice, 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.

Scoping Memo and Ruling,² demonstrate the complexities of preventing disconnections amidst the economic fallout from the Covid pandemic and likely underutilized web of programs available for assistance. As the California Public Utilities Commission (Commission) gears up to add two additional customer assistance programs – the Percentage of Income Payment Program pilot (PIPP pilot) and the Community-Based Organization (CBO) Arrears Case Management pilot (CBO Pilot) – a focus on ensuring customer clarity on all available programs is critical for effective arrearage reduction and disconnection prevention. This is especially the case given distribution of the California Arrearage Payment Program (CAPP) funds is concluding, and arrearages from before, during, and after the pandemic remain, placing customers at risk.

The following provides CalCCA’s responses to the “Questions for Party Comments” in the Ruling, with overall recommendations for the Commission to:

- Order the conclusion of automatic enrollment in long-term payment plans (LTPPs), and instead determine in this proceeding the most effective customer engagement to tailor payment plans to individual customer needs;
- Modify the Arrearage Management Plan (AMP) to better serve struggling customers by: (1) allowing payments of 50 percent or more of the monthly amount due to qualify as an “on time payment” for two months out of the 12-month period; (2) providing the option of a “sliding scale” in which payment amounts ramp up over the 12-month period to encourage customers to gradually increase their monthly obligations; (3) reducing the “waiting period” for re-enrollment in AMP from 12 to six months; and (4) allowing customers removed from AMP for system/automation issues that are not the fault of the customer to be immediately re-enrolled;
- Make permanent the proportional allocation between IOUs and community choice aggregators (CCAs) of any payments made on past-due bills, currently set to expire in September 2024; and
- Require the IOUs to place alerts on CCA customer accounts regarding customer participation in the CBO Pilot, including any communications between CBOs, IOUs and the CCA customer, to provide CCAs with insight into CCA customer participation in the CBO Pilot.

² R.18-07-005, *Assigned Commissioner’s Phase 2 Scoping Memo and Ruling* (Scoping Ruling) (July 15, 2022).

II. CALCCA RESPONSES TO RULING QUESTIONS ON PAYMENT PLANS

1. **Some workshop participants raised concerns about automatic enrollment in long-term payment plans causing confusion for participants. Is automatic enrollment inherently problematic, or is it a matter of how much ME&O is paired with automatic enrollment?**

The Commission should order the conclusion of any automatic enrollment in LTPPs, while at the same time increasing customer communications and engagement to ensure customers in need are enrolled in payment plans tailored to their needs. The current automatic enrollment in LTPPs is problematic as it: (1) causes customer confusion due to unexplained higher bills; (2) increases the risk that a customer is unfairly unenrolled from a payment plan for non-payment despite their not having knowledge of enrollment in the payment plan in the first place, or non-payment for systems issues such as failed automatic payments; and (3) increases financial risks for load-serving entities (LSEs) given customers financially able to pay an arrearage may only pay what is required under the payment plan and therefore cash flow to LSEs is unnecessarily delayed. Instead of auto-enrollment, the Commission should order increased Marketing, Education, and Outreach (ME&O) paired with robust customer service to establish payment programs tailored to the needs of individual customers.

CCAs have found auto-enrollment to be ineffective with their customers, causing confusion and setting customers up to be ineligible for payment plans when they are unknowingly dropped from a plan for nonpayment. CCAs have found that customers are confused about automatic higher bills after being automatically enrolled in a LTPP. Customers have also contacted CCAs who unknowingly were removed from a payment plan because their automatic payment from their bank was not acknowledged by an IOU billing system. Finally, other customers who are financially able to pay their entire bill plus any past due amounts may unknowingly be auto-enrolled in a LTPP with an amortized payment schedule for the debt. The

LSE in that case does not receive past due payments at the time it would normally receive them had the customer not been auto-enrolled, impacting cash flow for the LSE.

Instead of auto-enrollment, the Commission has an opportunity to order effective ME&O and customer engagement to ensure all customers have access to payment plans tailored to their situation. Through the data requested in the Ruling, as well as the information gathered through the Meet and Confer ordered by the Ruling, a better understanding of the most effective customer communication to tailor different payment plans for particular customers and prevent disconnection can be obtained. The Commission should further identify the best forms of communication to engage and educate customers of their eligibility for existing programs that meet their needs.

- 2. A workshop participant asserted that AMP is best for customers who can afford to pay their bills, and the underlying problem is that many AMP-eligible customers can't afford to pay their bills. Could the design of AMP be modified to better serve customers who can't afford to pay their bills? Or should utilities not recommend AMP for certain types of customers?**

The AMP design can be immediately modified to better serve customers who struggle to remain current on their bills. Successful completion of the AMP program requires staying current on bills during the 12-month program (with the allowance of up to two sequential, or three non-sequential, missed payments, as long as the customer makes up the payment on the next bill due date). While some customers may be better suited for a different payment plan based on their inability to comply with the AMP rules, CalCCA previously proposed two AMP modifications to assist some customers who are narrowly missing payments and therefore not successfully completing the AMP program.³

³ See R.18-07-005, *California Community Choice Association's Comments on Assigned Commissioner's Phase 2 Scoping Memo and Ruling* (Aug. 5, 2022), at 4-7.

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.⁴ A customer may not always be able to pay the full monthly amount, which under the current rules results in a “non-payment.” As stated above, 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. 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 incentive 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

⁴ *Id.* at 6-7.

provides additional opportunities for customers to remain enrolled in AMP, and hopefully finish the program to ensure full debt forgiveness.

Second, the Commission should allow a “sliding scale” in which payments ramp up over the 12-month AMP period to encourage customers to gradually increase their monthly obligations.⁵

Both of these proposed modifications can provide some additional assistance to those customers currently falling out of AMP for narrowly missing their payments, without removing the payment incentives built into the AMP program.

3. In light of COVID and CAPP payment impacts on arrearages and disconnections, should the Commission wait before making changes to the AMP and/or COVID Long-Term Payment Plans? Or should the Commission modify these programs soon to ensure that these programs serve customers at risk of disconnection?

The Commission should modify AMP now to ensure customers can realize full arrearage forgiveness under the program. In addition to CalCCA’s proposed modifications discussed in response to question 2., above, the Commission should also make the following modifications to the AMP program to ensure its success for struggling customers: (1) reduce the “waiting period” for re-enrollment in AMP from 12 to six months; and (2) allow customers removed from AMP as a result of IOU system/automation issues that are not the fault of the customer to be immediately reenrolled in AMP. In addition, the Commission should conclude any auto-enrollment in LTPPs, as set forth in response to question 1., above. Finally, the Commission should make permanent the proportional allocation between IOUs and CCAs of any customer payments made on past-due bills, currently set to expire in September 2024.

First, the Commission should reduce the “waiting period” for re-enrollment in AMP from 12 to six months for both customers that drop out of, and for customers that successfully

⁵ *Id.* at 7.

complete, the AMP program.⁶ Such a reduction in the “waiting period” will increase AMP enrollment and allow customers a second change sooner to benefit from the program. Reducing the “waiting period” to six months also will not materially impact the built-in incentives for customers to keep current on their bills.

Second, all of the IOUs should be required to consistently reinstate customers who fall out of AMP due to IOU automation or system issues that are not the fault of the customer. For example, if a customer’s automatic payments to the IOU are not received due to technological issues, the customer should not be thrown out of AMP. Rather, the issue should be remedied, and the customer should be allowed to continue in the AMP program.

Third, with respect to LTPPs, the Commission should order the termination of auto-enrollment in any LTPPs, as set forth in response to question 1., above.

Finally, as set forth in CalCCA’s August 5, 2022 comments on the Scoping Ruling, the Commission should make permanent the proportional allocation between IOUs and CCAs of any payments made on past-due bills, currently set to expire in September 2024.⁷

III. CALCCA’S RESPONSES TO RULING QUESTIONS ON CBO PILOT PROPOSAL

1. Do the proposed zip codes for the proposed pilot include Community Choice Aggregation (CCA) customers?

Yes. CCA customers are included to the extent they reside in a proposed zip code.

2. What role should CCAs have in implementing the proposed pilot, if any?

Given that CBOs will report directly to the IOUs, appropriate alerts should be placed on accounts of customers being served by the pilot. In the event a customer calls its CCA, CCA

⁶ *See id.*

⁷ *Id.* at 9 (noting that the Commission directed in D.21-11-014 (Nov. 18, 2021) that the IOUs allocate all past-due payments proportionally between the IOUs and CCAs through September 2024).

account representatives will then have visibility into a customer's involvement in the pilot, including communications between a customer and the CBO.

- 3. The CBO Pilot Proposal recommends comparing pilot participants with a control group that receives standard utility support to reveal the impact of the pilot. Should the pilot evaluation also evaluate the impact of CBO interventions compared with a specific amount of utility engagement? For example, should the control group receive calls from their utility following missed payments to reduce involuntary removal from AMP and long-term payment plans?**

Yes. A comparison of engagement by CBOs with pilot participants and IOUs with the control group will provide useful information as to effective communication to reduce involuntary removal from AMP and LTPPs.

- 4. The CBO Pilot Proposal recommends that the evaluation consider whether the benefits of the pilot program sufficiently outweigh the costs to warrant program expansion. Should the pilot evaluation determine whether specific pilot interventions are effective enough for the benefits to outweigh the costs? How should the pilot design, pilot reporting, or evaluation design provide insight into whether modifying the program eligibility requirements, services, or administration could result in a better ratio of benefits to costs per customer?**

A comparison of enrollment and removal from various payment plans between pilot participants and a control group will provide valuable information concerning benefits and costs of program expansion. In addition, the evaluation should investigate specific components of the pilot to determine if such components contribute to success in assisting customers and should be expanded (for example, program eligibility methodology or specific services).

- 5. Tier 1 service in the CBO Pilot Proposal includes energy education. The Energy Savings Assistance program offers energy education to participants, and utilities also provide educational information about energy usage. How is the Tier 1 service different from these energy education offerings and how do all the different types of energy education interplay?**

No response at this time.

- 6. What data could the CBO pilot collect to help to identify the characteristics of customers who can benefit from an AMP vs. those who cannot afford to pay their bills and need a Percentage of Income Payment Plan?**

Data on pilot customers should be collected that include arrearages (in which the AMP or other programs such as Low Income Home Energy Assistance Program may be most beneficial) versus inability to pay bills on a going forward basis (in which a PIPP may be more beneficial).

- 7. The CBO Pilot Proposal targets customers in zip codes that meet the Commission's definition of "affordability area of concern" and who have arrears that are at least 90 days old and may be at risk of disconnection. The proposal does not require participants to meet income eligibility requirements to participate. Should the pilot include income eligibility requirements? Why or why not?**

No. Californians continue to suffer from impacts of the pandemic. Income eligibility requirements will prevent customers in need from being provided assistance. As pointed out by The Utility Reform Network during the Workshop, the middle class has been significantly impacted as well as low-income customers. In addition, the evaluation and data resulting from the pilot should reflect customers in need, and not only customers from a certain income bracket.

- 8. The pilot proposal recommends an independent evaluation by a third-party but does not specify how the third-party evaluator should be hired or supervised. Who should conduct the request for proposals, select the evaluator, and supervise the evaluator? What role should the CBO Working group have in these processes?**

The CBO Working Group, including CCA representatives but excluding the CBOs providing services in the pilot, should have the ability to provide input on the hiring and supervision of the third-party evaluator.

- 9. The pilot proposal includes a recommended preliminary scope for the evaluation. What other questions should the Commission require the evaluation to address?**

No response at this time.

- 10. The pilot proposal includes separate line-items for administrative costs and education and outreach costs. What is included in the administrative costs**

line-item, and how do these types of costs differ from education and outreach costs?

No response at this time.

- 11. The pilot proposal notes that the utilities' administrative costs include Single Point of Contact costs to support CBOs with specific customer account resolution issues. How are these costs additional to costs that would otherwise be incurred by the utilities? What portion of the utilities' administrative costs for the pilot will serve this purpose?**

No response at this time.

- 12. The pilot proposal recommends that, on a monthly basis, CBOs will receive additional payments for each customer enrolled at the end of the preceding month in the case management pilot (enrolled is defined as a customer with a signed agreement to participate in case management). The pilot proposal also recommends tracking the number of customers who unenroll or withdraw from the pilot. How should the Commission define unenrollment or withdrawal from the pilot? Can participants be involuntarily removed from the pilot, and if so, for what reasons?**

No response at this time.

- 13. How should the pilot address participating customers who move after enrollment in the pilot?**

No response at this time.

IV. CONCLUSION

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

Respectfully submitted,



Evelyn Kahl,
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CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

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