



**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.

R.18-07-005

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
COMMENTS ON THE PROPOSED DECISION APPROVING 24-MONTH PAYMENT
PLANS, ARREARAGE MANAGEMENT PAYMENT PLAN EXTENSION, AND
MEDICAL BASELINE STUDY**

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SUMMARY OF RECOMMENDATIONS

California Community Choice Association (CalCCA) supports the Proposed Decision, and offers the following recommendations for the California Public Utilities Commission (Commission) to further define and clarify the path forward in this proceeding:

- Adopt the Proposed Decision’s inclusion in Phase 2 the Commission’s consideration of whether to extend the proportional allocation between investor-owned utilities (IOUs) and community choice aggregators (CCAs) of past-due customer bill payments. The following related items should also be added to the Phase 2 scope:
 - requiring that the IOUs provide data, such as an aging report of accounts receivable, to allow CCAs to audit the IOU proportional allocations; and
 - considering the accuracy and methodology of the IOUs’ proportional allocations, including Southern California Edison’s (SCE’s) “zig zag” methodology which alternately applies payments received between the IOU and the CCA.
- Adopt the new 24-month long-term payment plans (LTPP) that discontinue automatic enrollment, and clarify that:
 - customers current on their LTPP balance will not be subject to disconnection;
 - text and email communications regarding customer non-payments will accompany written and mailed communications;
 - CCAs will have the ability to review and revise draft communications to customers regarding non-payment; and
 - IOUs will include a notation in customer accounts regarding text/email/written communication regarding missed payments to customers.
- Adopt the Proposed Decision’s evaluation process proposed for the Arrearage Management Plan (AMP) program, and clarify that CCAs can participate in the pre- and post-Request for Proposal process including establishing metrics and deliverables for the process and ensuring CCA data on the AMP program is incorporated into the evaluation.

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MEDICAL BASELINE STUDY**

The California Community Choice Association (CalCCA)¹ submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision Approving 24-Month Payment Plans, Arrearage Management Payment Plan Extension, and Medical Baseline Study*,² dated July 19, 2023.

I. INTRODUCTION

CalCCA supports all aspects of the Proposed Decision, which provides a methodical framework for moving forward on many fronts to prevent customer disconnections. Given the formal end of the COVID pandemic period, the completion of payments from the California Arrearage Payment Program (CAPP), the near completion of the COVID Long-Term Payment

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 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 Rulemaking (R.) 18-07-005, *Proposed Decision Approving 24-Month Payment Plans, Arrearage Management Payment Plan Extension, and Medical Baseline Study* (July 19, 2023) (Proposed Decision): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M514/K687/514687017.PDF>.

Plans, and the resumption of investor-owned utility (IOU) disconnections for non-payment of customer bills, the Commission’s “turning the page” and focus on Phase 2 of this Disconnections proceeding is timely and well-crafted in the Proposed Decision. CalCCA therefore supports the Proposed Decision, and offers the following recommendations for the Commission to further define and clarify the path forward:

- Adopt the Proposed Decision’s inclusion in Phase 2 of the Commission’s consideration of whether to extend the proportional allocation between IOUs and community choice aggregators (CCAs) of past-due customer bill payments. The following related items should also be added to the Phase 2 scope:
 - requiring that the IOUs provide data, such as an aging report of accounts receivable, to allow CCAs to audit the IOU proportional allocations; and
 - considering the accuracy and methodology of the IOUs’ proportional allocations, including Southern California Edison’s (SCE’s) “zig zag” methodology which alternately applies payments received between the IOU and the CCA.
- Adopt the new 24-month long-term payment plans (LTPP) that discontinue automatic enrollment, and clarify that:
 - customers current on their LTPP balance will not be subject to disconnection;
 - text and email communications regarding customer non-payments will accompany written and mailed communications;
 - CCAs will have the ability to review and revise draft communications to customers regarding non-payment; and
 - IOUs will include a notation in customer accounts regarding text/email/written communication regarding missed payments to customers.
- Adopt the Proposed Decision’s evaluation process proposed for the Arrearage Management Plan (AMP) program, and clarify that CCAs can participate in the pre- and post-Request for Proposal (RFP) process, including establishing metrics and deliverables for the process and ensuring CCA data on the AMP program is incorporated into the evaluation.

II. THE COMMISSION SHOULD ADOPT THE PROPOSED DECISION'S INCLUSION IN PHASE 2 THE COMMISSION'S CONSIDERATION OF THE EXTENSION OF PROPORTIONAL ALLOCATIONS BETWEEN IOUS AND CCAS OF PAST-DUE CUSTOMER BILL PAYMENTS

The Commission should adopt the Proposed Decision's Finding of Fact 16 placing in the Phase 2 scope the Commission's consideration of whether to extend the proportional allocation between IOUs and CCAs of customer payments made on past-due bills.³ As noted in the Proposed Decision, the proportional allocation ordered in D.21-11-014⁴ in the COVID-19 proceeding (R.21-02-014) is set to expire in September 2024, a time period which was intended to "match the time over which [the Commission] directed relief be implemented in [the COVID] proceeding."⁵ The Commission ordered the extension of the proportional allocation for the following reasons which still apply today and will continue to apply in the future:

- Public Utilities Code Section 779.2 does not prohibit the proportional allocation of past due payments between the IOUs and CCAs;⁶
- Section 779.2 and the "waterfall" methodology cannot be used as a disconnection protection as customers in a location without the option of CCA service would not have the advantage of reduced risk of disconnection that customers of CCAs may utilize through nonpayment of the generation portion of their bill;⁷

³ Proposed Decision at 29, Finding of Fact (FoF) 16.

⁴ 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): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M424/K116/424116557.PDF>

⁵ *Id.* at 14.

⁶ *See id.* at 9 ("[t]he electric utility standard practice of prioritization of payments first to utility charges and secondly to non-utility charges is not legislatively required").

⁷ *See id.* at 10-12 ("[w]hile utilities argue that prioritizing payments toward the utility [or disconnectable) charges is more supportive of customers, it is a practice that can only be applied unevenly. This arbitrarily provides some customers extra support by virtue of the presence of a CCA serving their community"). Instead, "the state and the Commission exercise other means to minimize or prohibit disconnections uniformly for customers regardless of the availability of CCAs serving their location." *Id.* at 11.

- AB 117⁸ specifically allows the Commission to “determine the terms and conditions under which the electrical corporation provides services to [CCAs] and retail customers,” including the allocation of past due payments;⁹ and
- Shifting financial risks of customer nonpayment to CCAs is not in the best interest of customers as a whole.¹⁰

While the extension of the proportional allocation was issued in the COVID proceeding for the timeframe that proceeding was intended to cover (i.e., the COVID pandemic period), the reasons cited by the Commission in support of the extension continue to apply post-pandemic. As a result, the Commission should adopt the Proposed Decision’s placement in the Phase 2 scope the Commission’s consideration of whether to extend beyond September 2024 the proportional allocation of past due payments between IOUs and CCAs.

The Commission should also add to the Phase 2 scope two related issues: (1) requiring that the IOUs provide data, such as aging reports of accounts receivable, to allow CCAs to audit the IOU proportional allocations; and (2) considering the accuracy and methodology of the IOUs’ proportional allocations, including SCE’s “zig zag” methodology which alternately applies payments received between the IOU and the CCA. Both issues are germane to the proportional allocation issue and should be considered in conjunction with the extension.

⁸ Assembly Bill No. 117 (Midgen). An act to amend Sections 218.3, 366, 394, and 394.25 of, and to add Sections 331.1, 366.2, and 381.1 to, the Public Utilities Code, relating to public utilities (AB 117): https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=200120020AB117.

⁹ *Id.* at 10.

¹⁰ *Id.* at 11-12 (“leaving the CCA with unpaid bills leaves the CCA bearing a disproportionate amount of the financial risk of unpaid utility bills. The Commission has determined that CCAs are in the public interest, in that CCAs allow for a public-managed alternative to private utility procurement of resources. Resources have been devoted to the establishment, integration, and growth of CCAs within the IOU service territories. Transferring customer load incurs costs of service that will potentially be recovered from customers”).

III. THE COMMISSION SHOULD CLARIFY REQUIREMENTS FOR THE PROPOSED DECISION'S MODIFIED 24-MONTH LONG-TERM PAYMENT PLANS

The Commission should adopt but clarify the Proposed Decision's replacement of the automatic enrollment of customers into COVID LTPPs with a new requirement for IOUs to offer 24-month LTPPs without auto-enrollment. The Proposed Decision requires the IOUs to offer 24-month payment plans until October 1, 2026 to eligible customers.¹¹ The Proposed Decision also requires IOUs to notify customers if they miss a payment by email and text message.¹²

The Commission should adopt the new 24-month LTPP requirement. However, the Commission should provide the following clarifications. First, the Commission should clarify that customers current on the 24-month LTPP will not be subject to disconnection. Second, while CalCCA agrees that the additional text and email communications when customers miss a payment will likely be beneficial, the Proposed Decision should clarify that text/email communications will be in addition to written and mailed communications. Such written and mailed communications are crucial for customers who do not utilize text or email. Third, the CCAs should be provided drafts and the ability to revise the text, email, and written communications to be sent to customers to ensure such communications adhere to the IOU/CCA Code of Conduct. Fourth, when the text, email or written communications are sent, the IOUs should register such communications in a customer's account, to enable CCA customer service agents to have knowledge of that communication when a CCA customer calls about their account.

¹¹ Proposed Decision at 11; Conclusion of Law (COL) 1, at 27.

¹² *Id.* at 13; COL 3, at 27.

IV. THE PROPOSED DECISION'S ARREARAGE MANAGEMENT PLAN EVALUATION PROCESS SHOULD INCORPORATE CCA INPUT AND DATA

CalCCA understands the Commission's decision to delay any modification of the AMP program in light of the incomplete data regarding the success of the program given the COVID pandemic, various resulting funding mechanisms (such as the CAPP), and the disconnection moratoria. CalCCA supports the Commission's decision to extend the AMP program until October 1, 2026, while at the same time instituting: (1) a requirement that the IOUs meet with parties to this proceeding to discuss AMP best practices, and file a Tier 2 advice letter proposing best practices;¹³ (2) an evaluation process resulting in an evaluation report to be completed by October 1, 2025;¹⁴ (3) a requirement that the IOUs select one utility to issue a RFP to hire an AMP program evaluator, and contract with the evaluation contractor selected by Energy Division staff by October 1, 2024;¹⁵ (4) a requirement that Energy Division select the AMP evaluator and approve key deliverables including the scope of work, evaluation plan, reporting metrics, and the evaluation report;¹⁶ and (5) a requirement that Energy Division host a workshop to discuss the draft AMP evaluation plan with stakeholders.¹⁷

Clarification should be provided with respect to CCA involvement in the AMP evaluation process. While the focus in the Proposed Decision is on IOU best practices and data regarding customer completion and success in the AMP program, CCAs participating in AMP can provide valuable insight regarding CCA practices to ensure AMP customer success, as well as data resulting from CCA programs to encourage such success. Each CCA participating in AMP utilizes different techniques for customer engagement, best practices, and data analytics to

¹³ *Id.* at 16.

¹⁴ *Id.* at 18.

¹⁵ *Id.* at 19.

¹⁶ *Id.* at 20.

¹⁷ *Ibid.*

encourage CCA customers' successful completion of AMP. CCAs can therefore provide useful insight into the evaluation and AMP customer retention processes.

As a result of the significant and meaningful input CCAs can provide, CCAs should have the opportunity to be involved in both the pre- and post-RFP process. This involvement can include assisting with creating the parameters of the solicitation for an evaluation contractor, reviewing and contributing to the draft RFP, and participating in the creation of the scope of work and metrics for the evaluation and report. In connection with this analysis, CCA customer specific AMP data can be evaluated along with IOU statistics to inquire as to whether CCA practices can inform future AMP program modifications.

V. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein. For all the foregoing reasons, the Commission should modify the proposed decision as provided in Attachment A.

Respectfully submitted,



Evelyn Kahl,
General Counsel and Director of Policy
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

August 8, 2023

**ATTACHMENT A
TO
CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
COMMENTS ON THE PROPOSED DECISION APPROVING 24-MONTH PAYMENT
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**PROPOSED CHANGES TO
CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS**

CONCLUSIONS OF LAW

1. It is reasonable for the Large Utilities to offer 24-month payment plans to eligible residential customers until October 1, 2026, during which a customer current on its payments will not be subject to disconnection.

3. It is reasonable for the Large Utilities to allow customers to pay off payment plans early and notify customers if they miss a payment by written and mailed communication, email, and text message. It is reasonable to require the Large Utilities to provide drafts and allow revisions to such communications to community choice aggregators to ensure such communications adhere to the Code of Conduct. It is also reasonable to require the Large Utilities to insert into a customer's account a notation that a written and mailed, email, or text message has been sent to a customer to allow customer service agents of community choice aggregators to utilize that information in any calls from community choice aggregator customers.

10. It is reasonable to direct the Large Utilities to select one utility to conduct a request for proposals to hire an AMP program evaluation contractor with experience evaluating energy programs, based on direction by the Commission's Energy Division, and enter into a contract with the evaluation contractor selected by Energy Division staff by October 1, 2024. It is also reasonable to direct the Large Utilities to allow community choice aggregators participating in the AMP program to participate in formulating the request for proposals.

11. It is reasonable for the Commission's Energy Division to select the AMP evaluation contractor and approve key deliverables of the evaluation contractor as proposed by the Large Utilities after providing the opportunity for input from community choice aggregators participating in the AMP program, including the scope of work the evaluation plan, the reporting metrics, and the evaluation report.

15. It is reasonable for the Commission to consider as issues in the scope of Phase 2 of the proceeding: (1) whether to extend the proportional allocation between the Large Utilities and CCAs of payments made on past-due bills as an issue in the scope Phase 2 of this proceeding; (2) whether to require the IOUs to provide data allowing CCAs to audit the proportional allocations; and (3) whether the "zig zag" method of payment allocation, alternately applying each payment received between the IOU and the CCA, currently utilized by Southern California Edison is an accurate and reasonable method of proportional allocation.

ORDERING PARAGRAPHS

1. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a Tier 1 advice letter within 90 days of the effective date of this decision to confirm implementation of the following requirements: (a) offer 24-month payment plans to eligible residential customers until October 1, 2026, during which a customer current on its payments will not be subject to disconnection; (b) allow customers to pay off payment plans early; ~~and~~ (c) notify customers if they miss a payment plan payment by written and mailed communication, email, and text message; (d) provide drafts and allow revisions to such communications to community choice aggregators to ensure such communications adhere to the Code of Conduct; and (e) insert into a customer's account a notation that a written and mailed, email, or text message has been sent to a customer to allow customer service agents of community choice aggregators to utilize that information in any calls from community choice aggregator customers.