



PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

FILED

10/30/18
02:13 PM

October 30, 2018

Agenda ID #16988
Quasi-Legislative

TO PARTIES OF RECORD IN RULEMAKING 18-07-005:

This is the proposed decision of Commissioner Martha Guzman Aceves. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's November 29, 2018 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ ANNE E. SIMON

Anne E. Simon
Chief Administrative Law Judge

AES:avs

Attachment

Decision PROPOSED DECISION OF COMMISSIONER GUZMAN ACEVES
(Mailed 10/30/2018)

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

**DECISION ADOPTING INTERIM RULES TO REDUCE RESIDENTIAL
CUSTOMER DISCONNECTIONS FOR CALIFORNIA-JURISDICTIONAL
ENERGY UTILITIES**

TABLE OF CONTENTS

Title	Page
DECISION ADOPTING INTERIM RULES TO REDUCE RESIDENTIAL CUSTOMER DISCONNECTIONS FOR CALIFORNIA-JURISDICTIONAL ENERGY UTILITIES	2
Summary	2
1. Factual Background	3
1.1. Procedural Background	4
2. Preliminary Issues to be Resolved.....	6
2.1. Interim Rules versus Pilot Program Characterizations.....	6
2.1.1. Discussion.....	7
2.2. Applicability of Interim Rules to Smaller Utilities.....	7
2.2.1. Discussion.....	8
2.3. Memorandum Account Treatment of Costs	9
2.3.1. Discussion.....	9
2.4. Reporting Requirements on Arrearages.....	10
2.4.1. Discussion.....	10
3. Adopted Interim Rules.....	10
3.1. Limiting Disconnection Rates to 2017 Recorded Levels	11
3.1.1. Discussion.....	13
3.2. Limiting Disconnections of Vulnerable Customers.....	15
3.2.1. Discussion.....	18
3.3. Temperature-Related Limitations on Disconnections.....	19
3.3.1. Discussion.....	21
4. Comments on Proposed Decision	22
5. Assignment of Proceeding.....	22
Findings of Fact	22
Conclusions of Law.....	23
ORDER	25
APPENDIX A - Disconnection Data	
APPENDIX B - Rolling Methodology for the Disconnection Cap	
APPENDIX C - Reporting	

**DECISION ADOPTING INTERIM RULES TO REDUCE RESIDENTIAL
CUSTOMER DISCONNECTIONS FOR CALIFORNIA-JURISDICTIONAL
ENERGY UTILITIES**

Summary

This decision adopts interim rules applicable to all California-jurisdictional gas and electric utilities and are designed to reduce the number of residential customer disconnections and to improve the reconnection processes for disconnected customers. Customers' access to electric and gas service is critical to their economic and social stability and well-being. The Commission has implemented policies and procedures to reduce gas and electric utility service disconnections; however, the rate of customer disconnections continues to rise. Accordingly, the instant rulemaking has been instituted with the goal of developing policies and rules to reduce the statewide level of gas and electric service disconnections for nonpayment by residential customers.

This decision adopts interim rules to take effect immediately on an emergency basis to provide rapid relief while we consider longer term solutions. We apply these interim rules to all investor owned gas and electric utilities in California, including smaller utilities. We impose a cap on disconnections based upon 2017 recorded levels per utility. We also modify the existing rule prohibiting disconnections during extreme weather conditions. The utilities currently must not disconnect residential customers during extreme weather conditions based on a 24-hour look-ahead. Today's decision extends this look-ahead period from 24 to 72 hours to provide greater customer protection from being disconnected when weather impacts are the most severe. In identifying vulnerable customers to be protected against disconnection, we shall include any household on medical baseline or life support and for customers age 65+ as defined in Decision 16-09-016 for senior citizens.

We leave this proceeding open to consider additional policies, rules, and regulations to address issues to reduce the rate of customer disconnections.

1. Factual Background

On September 28, 2017, Governor Brown signed Senate Bill (SB) 598 (Hueso 2017) into law. SB 598 acknowledges that disconnections of gas and electric utility customers have been rising and notes the public health impacts in terms of hardship and stress resulting from disconnections, especially among vulnerable populations.¹

California's electric and natural gas investor-owned utilities (IOUs) each have differing procedures and protocols pertaining to disconnection for failure to timely pay for service and as well as differing procedures for reconnection. Some aspects of disconnection and reconnection processes occur pursuant to Commission-adopted rules and policies. Other aspects are voluntary and are not enforced by Commission rules at all. Although the impetus for disconnection, repayment options, and reconnection times, differ across the IOUs, the ramifications of disconnection for customers can be far-reaching. The compounding effects of disconnection include disruption of the customer's normal daily activities (*e.g.* potentially, the ability to maintain employment,) as well as broad public health and social impacts associated with lack of electric and gas service.

Among other things, SB 598 requires the Commission to develop rules, policies or regulations with a goal of reducing the statewide disconnection rate of gas and electric utility customers by January 1, 2024. The Commission is also

¹ The Commission's Policy and Planning Division (PPD) also issued a paper in December 2017 finding that, aside from a brief slowdown in 2010, disconnections have been rising. Since 2011, the number of disconnections has steadily increased from the paused state in 2010.

required to analyze the impacts on disconnection rates of any utility rate increases in each utility's general rate case. SB 598 also sets forth circumstances under which a customer shall not be disconnected for nonpayment, including a customer receiving a medical baseline allowance, a customer (or member of their household) receiving hospice care, customer dependence on life-support equipment, or the presence of medical conditions requiring electric and natural gas service to sustain life or prevent deterioration of the medical condition.

Through the instant rulemaking, we intend to implement specific requirements in SB 598. We also intend to analyze the current disconnection paradigm more broadly to determine if more effective structures or policies can be adopted to reduce disconnections, reduce costs and improve the disconnection process across utilities. Through the instant rulemaking, we intend to undertake a comprehensive assessment of the root causes of (or events that correlate with) residential customer disconnections while also evaluating the rules, processes and procedures regarding disconnections and reconnections at both a statewide and utility specific level.

The scope of this rulemaking will build upon previous measures adopted in Rulemaking (R.) 10-02-005 to reduce disconnection rates during the Great Recession through improved customer notification and education. Decision (D.) 10-07-048 adopted interim actions to reduce disconnections before the 2010-2011 winter season. D.10-12-051 approved a settlement agreement to address disconnection practices of the major IOUs.

1.1. Procedural Background

On July 20, 2018, the Commission instituted the instant rulemaking to consider new approaches to disconnections and reconnections to improve energy access across California's electric and gas investor-owned utilities. A prehearing

conference (PHC) was held on August 15, 2018. The *Assigned Commissioner's Phase 1 Scoping Memo and Ruling and Request for Comments on a Proposed Pilot Program* (Scoping Memo) issued on September 13, 2018.

This rulemaking names as respondents the four largest electric and natural gas investor-owned utilities (IOUs). However, disconnections also occur within the service territories of small and multi-jurisdictional utilities under our jurisdiction. As such, the small and multi-jurisdictional gas and electric corporations are also respondents.² California community choice aggregators (CCA) are not identified as respondents because CCA disconnections are managed by the interconnecting utility. However, CCA participation in this proceeding has been encouraged.

The Scoping Memo identified two phases for this rulemaking. Phase 1 is to adopt policies, rules or regulations with a goal of reducing, by January 1, 2024 or before, the statewide level of residential gas and electric service disconnections for nonpayment. Phase II will take a broader approach to the evaluation of residential natural gas and electric disconnections with the goal of determining if the disconnection rate can be reduced through broader reforms and new preventive approaches.

The Scoping Memo provided notice and opportunity to comment on the planned adoption of interim rules to reduce the rate of disconnections. As set forth in Section 4.1 through 4.3 of the Scoping Memo, the parties were provided the opportunity to comment on these proposed interim measures. Reply

² The smaller IOUs named as respondents are: Southwest Gas Company, Liberty Utilities (CalPeco Utilities) LLC, Bear Valley Electric Service, a division of Golden State Water Company, PacifiCorp, Alpine Natural Gas Operating Company, West Coast Gas Company, Inc.

comments were also served. The utilities were directed to be prepared to implement adopted interim measures as quickly as possible.

Opening Comments were filed on September 18, 2018, by Pacific Gas and Electric Company (PG&E), the Public Advocates Office at the CPUC (Cal Advocates, Formerly the Office of Ratepayer Advocates or ORA),³ Center for Accessible Technology and the National Consumer Law Center (CforAT and NCLC), Southern California Edison Company (SCE), The Utility Reform Network (TURN), collectively, by Bear Valley Electric Service, a division of Golden State Water Company, Liberty Utilities (CalPeco Electric) LLC (Liberty CalPeco), and PacifiCorp dba Pacific Power (collectively, the California Association of Small and Multi-Jurisdictional Utilities (CASMU), the Coalition of California Utility Employees (CUE), GRID Alternatives (GRID), San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas), Utility Consumers' Action Network (UCAN), and Southwest Gas Corporation (SWG) also filed opening comments. Reply comments were filed on September 24, 2018.

No evidentiary hearings were held. The basis for this decision is the record developed through the above-referenced filed comments.

2. Preliminary Issues to be Resolved

2.1. Interim Rules versus Pilot Program Characterizations

In the Scoping Memo, the interim measures being considered were defined as a "Pilot Program." The Center for Accessible Technology and National Consumer Law Center (CforAT and NCLC) argue, however, that the interim measures proposed in the Scoping Memo are not pilot programs as typically

³ At the time of filing its comments, Cal Advocates was identified by its previous name, the Office of Ratepayer Advocates.

defined by the Commission. CforAT and NCLC describe the proposals as interim mechanisms, interim protections, and interim rules. Cal Advocates supports the use of CforAT and NCLC proposed terminology, arguing that the temporary measures, as described in the Scoping Memo, are inconsistent with the Commission's previous definition of pilots.

2.1.1. Discussion

We agree with the terminology proposed by the parties for purposes of characterizing our interim rules as adopted herein. We conclude that using the terminology "Pilot Program" is not the most descriptive of the actions we adopt herein. We shall hereafter refer the measures being adopted herein as interim rules, rather than as the "Pilot Program."

2.2. Applicability of Interim Rules to Smaller Utilities

CASMU asks that the smaller California-jurisdictional utilities not be made subject to the interim rules being adopted here. CASMU notes that each of its member utilities has less than 50,000 customers in California and serves in rural and/or mountainous regions of the state. CASMU argues that given the small customer base of its members, their utility planning effort and participation in Commission proceedings is more limited compared to large IOUs.

Given the small size of the customer base, CASMU argues that it is relatively more difficult and/or disproportionately more burdensome, for customers of these small utilities to absorb new program costs, with cost sharing or cost subsidization among or across customers. CASMU argues that implementing these interim rules would create a disproportionate cost burden for the smaller customer base. CASMU also argues that SB 598 exempted CASMU members from the requirements of that enacted statute. For these

reasons, CASMU argues that its members should be excluded from the requirements of the interim rules being enacted in this decision.

Cal Advocates, however, interprets the scope of the Commission's interim rules to be statewide, although the Scoping Memo does not specify the population to be covered.

2.2.1. Discussion

We affirm that the interim rules adopted herein shall apply on a statewide basis to all energy utilities, not just the large IOUs. Although SB 598 only requires the Commission to adopt rules for the four major electric and gas utilities, we recognize that customer disconnection concerns affect utility customers statewide. Therefore, we shall apply these interim rules to all electric and gas utilities within our jurisdiction.

We conclude that comprehensive coverage and rapid implementation of these rules is warranted given the extent of the problem of rising rates of disconnection on a statewide basis. We acknowledge the point raised by CASMU regarding differences in the size of their members' customer base and service conditions relative to the large IOUs. As we progress further in examining issues in this proceeding, we may later determine that size differences among the smaller IOUs ultimately warrant certain differences in how our rules apply to them. We believe, however, that these issues can reasonably be addressed as we progress into subsequent phases of this proceeding. In the meantime, given the need for quick action to stem the rate of increase in disconnections statewide, we provide early relief to all IOU-served residential customers throughout California, not just those in the service territories of the largest IOUs.

2.3. Memorandum Account Treatment of Costs

PacifiCorp proposes a memorandum account be established for recovery of incremental additional costs incurred by utilities in connection with the implementing these interim rules. PacifiCorp argues that in addition to enabling utilities to recover incremental costs related to this program, a memorandum account would serve as means of tracking and recording cost data that can be used to develop the final requirements that emerge from this proceeding.

2.3.1. Discussion

We decline to authorize memorandum account recovery of incremental costs relating to incremental costs that may be incurred in connection with implementing the interim rules adopted herein. We are not persuaded that incremental costs associated with implementing these rules are of such significance as to warrant authorization of memorandum account treatment. We note that SB 598 requires the Commission to analyze the impacts on disconnection rates of any utility rate increases in each utility's general rate case. For the limited purposes of the interim rules adopted herein, however, we find insufficient basis to institute memorandum account treatment of costs at this time. Also, we are not persuaded that the proposal is sufficiently defined as to how to segregate the specific costs that would be eligible for memorandum account treatment, and how such costs would be distinguished from other costs typically incurred in the course of business. Given our goal of implementing these rules quickly, we have insufficient basis to approve all of the terms and conditions that would apply to a memorandum account and decline to grant such a request at this time.

2.4. Reporting Requirements on Arrearages

CforAT and NCLC note that utilities currently collect monthly data on arrearages and disconnections for quarterly reports and recommends that utilities provide reports on arrearages each month that an interim disconnections cap is in place. CforAT and NCLC note that in R.10-02-005, struggling households experienced increased arrearage amounts following a limitation of residential disconnections for non-payment.

The Public Advocates Office agrees that monthly reporting of arrearages would help parties assess the impact of each of the interim measures. For the duration of the interim measures, PAO believes that all IOUs should be required to file in this proceeding the arrearage data on a monthly basis.

2.4.1. Discussion

We conclude that it is acceptable for the large investor-owned utilities⁴ to continue to report on arrearages and disconnections on a quarterly basis as directed in a previous ruling.⁵ We shall, however, require all of the respondent utilities to provide a truncated version on the quarterly reports on a monthly basis for the duration of the interim measures. An updated version of the quarterly reporting data template as provided in the September 12th ruling in this proceeding is attached to this decision (Appendix C) with the sections to be reported monthly indicated in bold type. A new section titled 'Interim measures information' is also to be provided on a monthly basis.

3. Adopted Interim Rules

We adopt the interim rules set forth below to reduce the rate of customer disconnections. These rules shall remain in effect pending a subsequent Phase I

⁴ PG&E, SCE, SDG&E, SoCalGas.

⁵ Administrative Law Judge Kelly's Ruling Requiring Data from Respondent Utilities, September 12, 2018.

decision or until the Commission directs otherwise. These rules are adopted based on the proposal that appeared in preliminary form in the Assigned Commissioner's Scoping Memo. These rules: (a) limit the rate of disconnections to the 2017 levels, (b) prohibit disconnection of designated vulnerable customers and (c) prevent disconnections during prescribed extreme weather events. We have considered parties' comments in response to the Scoping Memo, and have made adjustments, as appropriate, in adopting these interim rules.

3.1. Limiting Disconnection Rates to 2017 Recorded Levels

To ensure no further increases in disconnections occur, and that a path towards reductions is ensured, the Scoping Memo proposed to establish a disconnection rate cap for each IOU at the IOU's 2017 disconnection rate. Parties generally support the proposal to establish a disconnection rate cap set at each of the IOUs' respective 2017 disconnection rates. Several IOUs and other parties, however, express concern regarding risks and unintended consequences of establishing a disconnection rate cap across all customers. SCE argues that disconnection rate cap could provide arbitrary and unnecessary relief to customers not at high risk of being disconnected and potentially ignore customer behavior leading to disconnection of service. PG&E expressed concerns regarding potential of unintentional consequences of a disconnection cap, including: (1) higher balances for customers subject to disconnection; (2) shifting of costs to other customers due to nonpayment; and (3) potential gaming as the cap is reached.

SDG&E and SoCalGas request that any disconnect cap be analyzed before implementation, or, if the Commission decides to move forward with a cap, it be set at 3.95% for SDG&E and 2.4% for SoCalGas. This represents an *increase* from 2017 levels. SoCalGas and SDG&E argue that the caps set at 2017 levels would

penalize them for positive performance, depriving them of flexibility in managing disconnections.

SDG&E and SoCalGas also question why 2017 data should be used for capping disconnections, other than that it represents the most recent year. They argue that disconnection rates can be affected by weather, economic, and other conditions, all of which should be considered when adopting a cap.

TURN advocates quick implementation of the interim protections for residential customers to prevent further increases.

SCE and PG&E both propose to limit the disconnection rate cap to only Phase 1 of this proceeding. TURN argues that the pilot shall last for the duration of this proceeding, or until annual targets for reduced disconnections are adopted.

SCE proposes to apply the disconnection rate cap only to vulnerable customer populations instead of to all residential customers. TURN responds, however, that SB 598 mandated reductions in disconnections for *all* residential customers by 2024, not just vulnerable customers.

PacifiCorp seeks clarification as to whether the Commission intends for utilities to *target* 2017 levels or whether the Commission intends for the 2017 levels to be a hard cap on disconnects. If the 2017 disconnection rate (or aggregate number of disconnections) is to serve as a hard cap on annual disconnects starting in 2018, PacifiCorp queries how the Commission envisions implementing the cap without creating a non-payment incentive once the cap is reached.

PacifiCorp also argues that the Commission should consider whether the cap on disconnects should be based on something other than 2017 levels, such as

average annual utility disconnections over the last five years or the highest disconnect rate experienced in the last five years, *etc.*

TURN expressed concerns that because disconnections have been increasing, and this proceeding could take a prolonged period to resolve, interim protections are necessary to prevent further increases in disconnections. Otherwise, the Commission could potentially be mandating a reduction from a higher level of disconnections and end up with the same or higher disconnection levels compared to when SB 598 was passed.

Cal Advocates supports immediate adoption of the interim measures, but agrees with the IOUs that the proposed measures raise questions about implementation that could result in inconsistent application across IOU service territories, and unintended consequences.

CforAT and NCLC note the risks of increased arrearages, and state that imposing a hard cap without additional guidance would eliminate the ability of both the Commission and utilities to directly target relief to those customers most in need. SWG supports aspects of the disconnection rate cap pilot, but questions how the disconnection rate cap would be calculated or implemented.

3.1.1. Discussion

We shall require each of the utilities to implement an annual cap on residential customer disconnections based on their 2017 percentages to take effect immediately. For this purpose, Appendix A of this decision sets forth 2017 disconnection data per utility. Specifically, the utilities shall calculate an absolute number (as opposed to a percentage) for the interim annual disconnection cap. To calculate the absolute number, the utilities shall apply the 2017 disconnection percentages to their residential populations when this decision goes into effect. Until or unless ordered otherwise by this Commission,

any disconnections implemented for each subsequent year must also remain below the annual disconnection cap. We deny requests to postpone implementation of the cap until further vetting and workshops occur. To stem the rising incidence of disconnections, immediate implementation of the caps is needed to offer customers some form of immediate relief.

The annual disconnection cap shall be applied as a hard cap, not just as a target level. We realize that a hard cap might have other consequences. We shall consider how to address other potential issues in subsequent stages of this proceeding. We conclude, however, the benefits of implementing a hard cap now to protect all customers against further increases in disconnections outweighs any potential longer-term issues that we can address and resolve later in this proceeding.

We recognize that other possible metrics besides 2017 data arguably might be used for applying the cap, as certain parties propose. On balance, however, we conclude that 2017 recorded levels provides a more straightforward metric that can be implemented quickly. Given our goal of implementing immediate interim relief, we therefore adopt 2017 data as the basis for the disconnection cap.

We also believe, however, that employing a rolling monthly methodology for the cap could avoid volatility in the amount of monthly disconnections as well as avoid a scenario where a utility reaches the cap part way through the year. The details of how the rolling methodology will work is described in Appendix B.

We direct the Commission's Energy Division to coordinate with each of the IOUs on any remaining technical details for the rolling monthly methodology, such as reporting requirements. We direct the Energy Division to

file a report in this proceeding within 120 days of this decision regarding the utilities' compliance with the annual disconnection cap.

We deny SCE's request to limit the disconnection cap only to vulnerable customer populations. As noted by TURN, the Commission is required by SB 598 to develop policies, rules, or regulations to reduce residential disconnections by January 1, 2024 for *all* residential customers, not just vulnerable customers. SB 598 created a separate section of the Pub. Util. Code Section 779.3, to address additional protections specifically for vulnerable customers. We thus shall impose the cap apply on all residential energy customer disconnections.

We also deny the request of SDG&E and SoCalGas to set their disconnection caps at 3.95% and 2.4% respectively. We find no justification to deviate from 2017 recorded levels in setting the cap. Although SDG&E claims it has the lowest disconnection rate among the major electric utilities, it has increased its monthly residential disconnections from 1,795 per month in 2010 to 4,248 per month in 2018, a 137% *increase*. SDG&E is now seeking to increase its disconnection levels even further.

SDG&E's 2018 residential disconnections are already projected to be 0.37% higher than 2017 levels. SDG&E seeks authority to *further increase* its disconnection rate by another 0.27%. SoCalGas requests to increase its disconnection rate to 2.4%, even though it is only currently trending at 2.1% for 2018. We deny this request and set the disconnection rate at 2017 recorded levels.

3.2. Limiting Disconnections of Vulnerable Customers

In addition to explicitly requiring an overall reduction in disconnection rates, SB 598 created protections for vulnerable customers for whom

disconnection would be life-threatening. Specifically, SB 598 prohibits gas or electrical corporations from disconnecting customers who utilize a medical baseline allowance, are financially unable to pay, agree to a payment plan, and either are under hospice care, on life-support equipment, diagnosed with a life-threatening condition that makes electricity service medically necessary.

In line with SB 598 protections, the Scoping Memo similarly proposed to ban disconnections of vulnerable customers, defined as customers who qualify for medical baseline and/or are above 65 years old, as long as the customer agrees to a payment plan. As noted in SB 598, customer disconnections are a public health issue, and impact the elderly, and people with physical disabilities, and with life-threatening medical conditions.

In filed comments, certain parties suggested changes to the definition of “vulnerable customers” for purposes of protections from disconnection. Suggested changes were offered mostly by UCAN and GRID. UCAN recommends that in addition to customers who qualify for medical baseline and/or are above 65 years old, the category of “vulnerable customers” also include members of a household under the age of 10, or those who do not qualify for medical baseline but can show proof of serious illness. GRID also requests to expand the definition of “vulnerable customers: to include: low income households, households with children, households of color, households where English is not the primary language spoken, physically disabled customers, and tribes.

SCE does not currently collect or track all of the data described by UCAN and GRID, and claims that gathering the information would require extensive effort, and be overly intrusive. SCE recommends that before early interventions or rapid relief is adopted, a consensus definition of “vulnerable customers” be

determined in the Phase 1 workshop. SCE argues that some suggested definitions such as “households with children” and “households of color,” are vague and could cause confusion and implementation problems.

PG&E supports the proposal to suspend disconnection of vulnerable customers if the customer agrees to a payment plan. PG&E’s customers with life-support equipment and receiving medical baseline allotments are currently afforded this benefit. PG&E would support extending this protection to those over age 65 who self-identify as vulnerable. PG&E already offers payment plans to all qualifying customers and has a process for customers to self-identify as being vulnerable. PG&E, however, requests more time to modify its current process to allow for self-identification by customers age 65 or older. On a going forward basis, PG&E suggests coordinating consistent policies among the IOUs through workshops and provision for time to implement adopted changes.

SDG&E and SoCalGas are generally amenable to the disconnection protections proposed for “vulnerable customers” in the Scoping Memo, but oppose expansions as to who should qualify. They argue that such changes are not appropriate because: (1) they do not maintain information to redefine the group, (2) acquiring the information would be intrusive and difficult, and (3) the category would encompass a substantial portion of customers, and potentially even a majority. They argue that if the proposed changes are to begin imminently, it would be impossible for them to be sufficiently tested, analyzed, or implemented.

Because SDG&E and SoCalGas do not generally request or maintain age data for all customers, they express concern over being directed to actively seek out age information from all customers. They argue that such efforts may prove difficult, seem overly intrusive, and invite certain customers to abuse the system.

They therefore request that the Commission clarify that there will be no affirmative duty on the utilities to ask customers their age.

Because some of the demographic data described by GRID and UCAN would be self-reported by customers, SCE agrees with SoCalGas/SDG&E that it may invite abuse. If additional data collection is necessary, SCE argues that more time and funding may be needed for system modifications. SCE requests that before the definition of “vulnerable customers” is expanded, it should be vetted in Workshop 1 so that unintended consequences can be avoided.

PacifiCorp argues that not all elderly people require protection from disconnection. PacifiCorp proposes to target only customers: 1) who qualify for medical baseline, 2) customers that qualify for the California Alternative Rates for Energy (CARE) program over the age of 65, and 3) and customers that qualify for the CARE program who reside with minor children, in each case, so long as they agree to a payment plan.

3.2.1. Discussion

For purposes of interim rules prohibiting disconnections of vulnerable customers, we shall adopt the following. The utilities shall not disconnect customers for nonpayment who qualify for medical baseline and/or are above 65 years old, as long as the customer agrees to a payment plan. For the purpose of applying this requirement, we define senior citizens as any permanent member of a household, age 65 or older, in any income bracket, consistent with the criteria in D.16-09-016.⁶ The utilities shall not disconnect a customer if anyone in the household meets that definition. We shall not require the utility to make affirmative inquiry of every residential household as to whether eligible vulnerable customers reside there. If the utility has discussions with the

⁶ See D. 16-09-016, Section 2.1.2, Finding of Fact 3, and Ordering Paragraph 1.

customer prior to disconnection, however, the utility shall have a duty to inquire if there is anyone in the household who meets the age 65+ parameters for senior citizens as adopted herein.

We decline to expand the alternative definitions of vulnerable customers such as that proposed by UCAN and GRID. Before considering adoption of such expanded definitions, further examination is warranted regarding the implications and the practicalities of implementation. In further stages of this proceeding, we may consider these proposals to redefine the definition of vulnerable customers in further detail.

3.3. Temperature-Related Limitations on Disconnections

The Scoping Memo proposed that energy IOUs not be allowed to disconnect customers when the 72-hour National Weather Service forecast predicts temperatures above 100 degrees or below 32 degrees. This proposed protection recognizes that disconnections are a public health issue, particularly when temperatures are extreme. Lost access to energy services on extremely hot or cold days can be life threatening for some populations, including infants, children, and the elderly. To protect customers from disconnection due to nonpayment during periods of extreme temperatures this winter, we establish thus immediate, interim temperature limitations on disconnections.

In filed comments, certain parties seek clarification and/or modifications to the Scoping Memo proposal regarding temperature limits on disconnections. Other parties, while generally supportive of the temperature limitations, suggested alternative approaches that differ from certain existing IOU disconnection policies. UCAN recommends that temperature protections ban disconnections during weather conditions that are ten or more degrees above or below average for a period of in excess of three days. SDG&E and SoCalGas are

open to exploring these limitations, but believe UCAN's proposal does not appear sufficiently developed at this time.

The IOUs generally support the temperature limitation concept, but note that their temperature-based limitations on disconnections differ somewhat from the approach described in the Scoping Memo. PG&E uses an internal comprehensive meteorological forecast for its service territory. Forecasts are updated daily and disconnects are suspended for all communities when the daily forecast predicts temperatures at or above 100 degrees, and at or below 32 degrees. PG&E proposes continued use of its current process rather than adoption of the National Weather Service forecast approach.

PG&E also claims that time would be required to make technological enhancements and new controls to apply its current daily forecast approach to a 72-hour window. PG&E argues that such changes would be best evaluated and addressed through workshops. PG&E thus requests permission to continue implementing its current severe temperature disconnection policy without change at this time.

SCE believes that the proposal to suspend disconnections during extreme weather should be delayed until after Phase 1 workshops. SCE requests the Commission include examination and analysis of this and other pilot proposals in the Workshop 1, where thorough discussion and vetting on the design and impacts of implementation can be conducted.

TURN argues that protections from disconnection for residential customers during extreme temperatures should be implemented as soon as possible. PG&E, SDG&E, and SoCalGas have already implemented protections during extreme weather and support continuation of such protection. SCE is the only major IOU that has not yet implemented these protections for residential

customers. The CforAT, NCLC, and Cal Advocates state that as many as half of the states in the United States already have policies on residential disconnections during periods of extreme temperatures.

Cal Advocates states that elimination of customer disconnections during weather events could result in higher arrearages for customers than those seen in a typical month. Cal Advocates believes there could be unintended consequences if the IOUs move away from current policies for temperature-based disconnections to the process described in the Scoping Memo. Cal Advocates recommends that the IOUs be allowed to use their current processes for the interim measures, and that subsequent workshops as necessary, can address ways to refine interim measures, as appropriate.

3.3.1. Discussion

For purposes of the interim rules, we shall require that the energy IOUs cannot disconnect residential electricity customers when temperatures above 100 degrees or below 32 degrees are expected based on a 72-hour look-ahead period. This limitation draws on existing PG&E practice, which prevents disconnection of utility customers when temperatures on a given day exceed 100 degrees or are below 32 degrees.

In their comments, the major IOUs argued that they would need more time to implement technological enhancements to comply with the proposed 72-hour weather forecast disconnection measure. We recognize that requiring the utilities to rely upon the National Weather Service model referenced in the Assigned Commissioner's Scoping Memo could require some additional implementation time to the extent that it differs from their existing temperature disconnection policy. Accordingly, to address this concern, we shall permit each utility to continue to use its own internal weather monitoring systems rather

than the National Weather Service model. In this manner, we address the IOUs' concerns regarding implementation lead time. We therefore will require the adopted interim rules calling for a 72-hour look-ahead period to take effect immediately. This rule must be applied in assessing extreme weather conditions before disconnection occurs. The first workshop of 2019, and subsequent workshops as necessary, shall address ways to refine the interim measures, as appropriate, consistent with best practices.

4. Comments on Proposed Decision

The proposed decision in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____ by _____ and reply comments were filed on _____.

5. Assignment of Proceeding

Pursuant to Public Utilities Code Section 1701.4 and Rule 13.2 Commissioner Martha Guzman Aceves is the assigned Commissioner and the Presiding Officer. Gerald F. Kelly is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Commission opened R.18-07-005 pursuant to SB 598, in order to address disconnection rates across California's electric and gas investor-owned utilities.

2. The Commission seeks to adopt policies and rules that reduce disconnections and improve reconnection processes and outcomes for disconnected customers.

3. As noted in SB 598, residential electric and gas disconnections are on the rise and create public health impacts, especially on vulnerable populations, causing tremendous hardship and undue stress, including increased health risks to vulnerable populations, as well as overreliance on emergency services and underutilization of preventive programs.

4. Rulemaking 18-07-005 calls for a comprehensive assessment of the root causes of (or events that correlate with) residential customer disconnections while also evaluating the rules, processes and procedures regarding disconnections and reconnections at both a statewide and utility specific level.

5. The assigned Commissioner's Ruling in R.18-07-005 laid out a plan to establish interim rules to provide quick relief to address the continuing increase in disconnection. The Assigned Commissioner's Scoping Memo and Ruling proposed to: (a) limit the rate of disconnections to the 2017 levels, (b) prohibit the disconnection of specifically defined categories of vulnerable customers and (c) prevent disconnections during certain seasonal events.

6. SB 598 mandated protections for vulnerable customers for whom disconnection would be life-threatening.

7. Lost access to energy services on extremely hot or cold days can be life threatening for some populations, including infants, children, and the elderly.

8. There shall be no memorandum account treatment of costs that may be incurred in connection with complying with this decision.

Conclusions of Law

1. The parties in this proceeding have had a reasonable opportunity to comment on the Assigned Commissioner's Scoping Memo, including the interim rules proposed therein, which form the basis for this decision.

2. Given the continuing rise in the rate of residential customer disconnections throughout the service territories of California-jurisdictional utilities, it is reasonable to take quick action to adopt the interim rules set forth below while the Commission considers longer-term solutions as outlined in the Assigned Commissioner's Scoping Memo.

3. Because residential customer disconnections are on the rise and are a concern throughout the State of California, it is reasonable to apply the rules adopted in this decision to all California-jurisdictional gas and electric utilities, not just the large utilities.

4. Recorded levels of disconnections by each of the California-jurisdictional energy utilities during 2017, as set forth in Appendix A, form an appropriate basis to establish an immediate cap on prospective levels of disconnections pending further Commission action in this proceeding.

5. The interim rules adopted in this decision recognize the intent and directives set forth in SB 598, as described in Rulemaking 18-05-007.

6. In line with the provisions of SB 598, it is reasonable to impose restrictions prohibiting disconnections of vulnerable customers defined as customers who qualify for medical baseline, life support and/or are above 65 years old, as long as the customer agrees to a payment plan.

7. It is reasonable to prohibit the energy utilities covered by the interim rules adopted in this decision from disconnecting residential electricity customers when temperatures above 100 degrees or below 32 degrees are expected based on a 72-hour look-ahead period. For this purpose, it is reasonable to allow each utility to use its own existing in-house weather forecasting processes.

8. The interim rules set forth below should be adopted and made effective immediately to provide quick interim relief to residential customers of California

jurisdictional electric and gas utilities while the Commission considers longer-term solutions within the scope of the instant rulemaking.

O R D E R

1. The interim rules set forth below are hereby adopted in order to reduce residential customer disconnections and to improve reconnection processes. These interim measures shall become effective upon adoption of this decision. The rules shall apply to all of California-jurisdictional investor owned energy utilities, as follows: Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas and Electric Company, Southern California Gas Company, Liberty Utilities, Southwest Gas Company, Bear Valley Electric Service, a division of Golden State Water Company, PacifiCorp, Alpine Natural Gas Operating Company, and West Coast Gas Company, Inc. Pursuant to these interim rules, each of these utilities shall comply as follows:

- (a) Residential customer disconnections shall be capped using the recorded 2017 percentage of each respective utility. Disconnections implemented for each subsequent year must remain below the interim annual disconnection cap. The utilities shall use an absolute number for the interim annual disconnection cap. To calculate the absolute number, the utilities shall apply the 2017 disconnection percentages to their residential populations when this decision goes into effect. The recorded 2017 disconnection percentages to be used are set forth in Appendix A of this decision. The utilities shall employ a rolling methodology for the cap, the details of which are described in Appendix B of this decision. No later than 5 business days from the mailing of this order, the utilities shall file their cap as calculated with their current residential customer population. The adopted disconnection rate cap shall remain in effect for the duration of Phase 1 of this proceeding or until annual targets for reduced residential disconnections have been adopted to

ensure no further increases. The calculated caps shall be filed by a Tier 1 Advice Letter.

- (b) Residential customers shall not be disconnected for nonpayment if they qualify for medical baseline and/or are above 65 years old, as long as the customer agrees to a payment plan. For the purpose this requirement, senior citizens are defined as any permanent member of a household, age 65 or older, in any income bracket, consistent with Decision 16-09-016 criteria for purposes of applying Public Utilities Code Section 745. If anyone in a household meets that definition, the household's service may not be disconnected. The Respondent Utility is not required to make affirmative inquiry of every residential household as to whether eligible vulnerable customers reside there. If the Respondent Utility has discussions with a residential customer prior to disconnection, however, that Utility shall have a duty to inquire if anyone in that household meets the age 65+ parameters for senior citizens adopted herein.
- (c) Residential customers shall not be disconnected when temperatures above 100 degrees or below 32 degrees are forecasted based on a 72-hour look-ahead period. Each utility may continue to use its own internal weather monitoring systems for meeting this requirement.

2. The Commission's Energy Division shall meet and confer with each of the utilities covered by the adopted interim rules who shall cooperate fully on any remaining technical details for the disconnection cap rolling methodology such as reporting requirements. Within 120 days following the effective date of this decision, the Energy Division shall file a status report in this proceeding on the utilities' compliance with the disconnection cap.

3. The request for a memorandum account to recover the incremental costs associated with complying with these adopted interim rules is denied.

4. If any of the rules adopted herein require changes to a utility's tariff, that utility shall promptly file an advice letter to implement such changes within 30 days of this decision. Provided that the changes are of a ministerial nature, a Tier 1 advice letter filing is acceptable for this purpose.

5. All respondents are directed to file monthly reports of specific disconnection data as specified in Appendix C. The first monthly report shall be filed on the 20th of the month following the mailing of this order and further reports filed each month thereafter. The first quarterly report will be due on January 20th (or the next business day) and further reports shall be filed each quarter thereafter until this proceeding has closed or further direction is provided.

6. Rulemaking 18-05-007 shall remain open for subsequent proceedings pursuant to the Assigned Commissioner's Scoping Memo.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A – Disconnection Data

**APPENDIX B – Rolling Methodology for the
Disconnection Cap**

APPENDIX C – Reporting