



**FILED**  
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**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

**ASSIGNED COMMISSIONER'S PHASE I-A  
SCOPING MEMO AND RULING**

**Summary**

Pursuant to Rule 7.3(a) of the Commission's Rules of Practice and Procedure (Rules),<sup>1</sup> this Scoping Memo and Ruling is being issued following the prehearing conference (PHC) held on March 8, 2019. This Scoping Memorandum and Ruling sets forth the procedural schedule, assigns the presiding officer, and addresses the scope of the proceeding and other procedural matters in Phase I-A of this proceeding.

**1. Background**

On July 20, 2018, the Commission approved this Order Instituting Rulemaking (OIR) pursuant to Senate Bill (SB) 598 to address disconnection rates across California's electric and gas investor-owned utilities. Among other things, the goal of this proceeding is to adopt rules and policies that will ultimately reduce disconnections and improve reconnection processes for disconnected customers. This proceeding is being conducted in multiple phases.

<sup>1</sup> All references to rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at <http://www.cpuc.ca.gov/proceedings/>.

On December 13, 2018, the Commission issued Decision (D.) 18-12-013. Among other things, this decision established interim rules to reduce customer disconnections for the larger investor owned utilities in California. As noted in the decision, the smaller utilities were exempted from the interim rules and they were notified that the Commission would conduct a separate phase to be known as Phase 1-A in order to evaluate what rules should apply to smaller utilities at a later date.<sup>2</sup>

Phase I-A seeks to provide rapid relief to residential customers experiencing disconnections and will focus primarily on improving upon the rules, policies, utility best practices, and programs that are currently in place. Phase II will take a broader approach to the evaluation of residential and natural gas and electric disconnections with the goal of determining if the disconnection rate can be reduced through broader reforms and new preventive approaches beyond what is adopted in Phase I-A.

The scope, schedule, and other procedural issues were discussed at the PHC held on March 8, 2019. This ruling only addresses and specifies the scope of issues presented in Phase 1-A. The schedule for Phase 1-A will be addressed in an amended scoping memo that will be issued at a later date<sup>3</sup>.

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<sup>2</sup> The smaller utilities are Southwest Gas Company, Liberty Utilities (CalPeco Utilities LLC), Bear Valley Electric Service, Pacificorp, Alpine Natural Gas Operating Company and West Coast Gas Company.

<sup>3</sup> At the PHC conducted on March 8, 2019, all parties requested that the Commission finish Phase 1 or this proceeding pertaining to the larger utilities prior to starting Phase 1-A for the smaller utilities. Based on this request, the Commission will conclude Phase 1 pertaining to the larger utilities, which is expected to happen in Summer 2019 prior to setting a schedule for Phase 1-A (the smaller utilities.)

## **2. Proceeding Category and Need for Hearings**

This proceeding is considered to be quasi-legislative as defined in Rule 1.3(d). It appears that the issues presented in this proceeding may be able to be resolved through comments and workshops without the need for evidentiary hearings. If evidentiary hearings do become necessary, the assigned Commissioner or Administrative Law Judge (ALJ) will issue a ruling that sets forth the process and the schedule for conduct of those hearings.

## **3. Scope and Schedule for Phase I**

Through discussions at the PHC, the parties conducted an exchange that has helped to refine the scope of this rulemaking.

### **3.1. Scope of Phase I**

The scope of this rulemaking is as follows:

1. Should this proceeding apply only to the larger Investor Owned Utilities (IOUs)?
2. If not, what data and reports are available as it relates to disconnection rates of the smaller utilities?
3. Are additional data and/or reports necessary to evaluate the disconnection procedures of the smaller utilities?
4. If additional reports are necessary, what should be included and who should collect and analyze the data?
5. Due to the small size and nature of their operations, should a more limited approach be applied to the smaller utilities?
6. Are the impacts of disconnections on customers higher or disproportionate to ratepayers when compared to the cost associated with the larger IOUs?
7. What would be the best way to reduce disconnection rates of the smaller utilities without adversely impacting the ratepayers of the smaller utilities?

8. What is the current rate and status of disconnections and reconnections within the service territories of the smaller IOUs? This will include, but is not limited to, an evaluation of:
  - a. Utility-specific disconnection rates for nonpayment.
  - b. Utility-specific rules and policies regarding disconnections for nonpayment.
  - c. Utility-specific requirements for reconnection, including time to reconnection after payment.
  - d. Current Commission rules regarding disconnections and reconnections.
  - e. The causes of utility disconnections for nonpayment. What events are correlated with an increase in disconnections?
  - f. The correlation between rate increases and the disconnection rate for nonpayment.
  - g. The cost to all ratepayers to address disconnections and reconnections, including employee salaries, programmatic costs, lost revenues.
  - h. The reasons that a utility decided to ultimately disconnect a customer.
  - i. Each utility's internal procedures pre-disconnection.
  - j. The fees and payment limitations imposed by each utility (hours of operation at in-person bill payment centers, fees on payment by debit or credit card, etc.)
  - k. What type of socioeconomic data is available as it relates to customers facing disconnections?
9. By what amount (goal or target) should the Commission seek to reduce disconnections by January 1, 2024 in accordance with SB 598? How will this goal be measured and evaluated?

10. What policies, programs or rules should the Commission adopt to reduce the disconnection rate for nonpayment? This may include, but is not limited to, adoption of a payment plan framework, debt forgiveness.
  - a. Should the Commission adopt comprehensive rules and policies that apply to all utilities, or should the utilities continue to have the flexibility to develop their own rules and policies? Or both?
  - b. Should the Commission adopt specific rules or policies around reconnections, including a maximum allowable time to reconnect a utility customer after payment?
  - c. Are additional employee resources needed to adequately address reconnections, and if so, should the Commission address this issue globally in this OIR or within each utility's general rate case?
  - d. What programs or policies should the Commission adopt, either alone or in partnership with other agencies to stop disconnections before they happen?
  - e. Should the current payment plans be expanded or reformed in any way? Should debt forgiveness be incorporated?
  - f. Can the Commission and utilities design programs that will aid or assist utility customers at risk of disconnection before a disconnection occurs?
  - g. What are the best practices regarding disconnections and reconnections currently being used in other states? Should or can the Commission adopt any of these best practices to immediately reduce the disconnection rate in California?
  - h. Should the Commission adopt rules or policies that establish enforcement mechanisms for utilities that do not adhere to any policies, programs, or rules

adopted to reduce the disconnection rate for nonpayment?

11. Are there customers that should never be disconnected?
12. Should the Commission hold off on conducting any matters as it relates to the smaller utilities until it has issued a final decision in phase I pertaining to the larger IOUs?

**3.2. Schedule for Phase I**

With the above issues in mind and based upon the discussions at the PHC, the following schedule shall be adopted for this proceeding:

Description	
Prehearing Conference (PHC)	March 8, 2019
Workshops – The specific subject matter and number of any workshops will be determined after the Commission issues a final decision in Phase 1 of this proceeding pertaining to the larger IOUs.	To be determined
Workshop Report	To be determined
Comments on Workshop Report	Within two weeks of Workshop Report
Proposed Decision on Phase I-A Issues	To be determined
Comments on Proposed Decision	Pursuant to Rule 14.3(d)

Reply Comments on Proposed Decision	Pursuant to Rule 14.3(d)
Final Decision on Phase I-A Issues	Within 24 months of the scoping memo

Pub. Util. Code Section 1701.5(a) provides that in a quasi-legislative proceeding, the Commission shall resolve the issues raised in the scoping memo within 18 months, unless the Commission makes a written determination that the deadline cannot be met. As discussed above, the parties have requested that the Commission conclude phase 1 of this proceeding (pertaining to the larger IOUs) prior to starting phase 1-A (pertaining to the smaller IOUs). Due to limited resources of the IOUs and the Commission, it makes practical sense to delay phase 1-A until phase 1 is completed. Given this reality it may take more than 18 months to conclude phase 1-A. As such the issues raised in this scoping memo shall be resolved within 24 months of this scoping memo.

This schedule may be altered by the assigned Commissioner or the assigned ALJ. Notice of any workshops in this proceeding will be posted on the Commission’s Daily Calendar to inform the public that a decision-maker or an advisor may be present at the workshop or meeting. Parties shall check the Daily Calendar regularly for such notices. In an effort to promote inter-agency coordination, workshops may be conducted with other governmental entities as appropriate.

**4. Oral Argument**

Pursuant to Rule 13.13, parties have a right to make oral arguments before the Commission. If any party desires to make oral arguments, they should do so by motion at the time they make comments on any workshop reports.

## **5. Presiding Officer**

Pursuant to Rule 13.2, Commissioner Guzman Aceves is the assigned Commissioner and Presiding Officer. Pursuant to Pub. Util. Code Section 1701.4 and Rule 13.2, Gerald F. Kelly is the assigned Administrative Law Judge to this proceeding.

## **6. Intervenor Compensation**

A PHC was held in this matter on March 8, 2019. Pursuant to Pub. Util. Code Section 1804(a)(1), an individual who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by April 7, 2019.

## **7. Ex Parte Communications**

This is a quasi-legislative proceeding; therefore, *ex parte* communications are allowed without restriction or reporting requirements pursuant to Rule 8.3(a).

## **8. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 1-866-849-8390 or 415-703-2074 or 1-866-836-7825 (TYT), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **9. Service of Documents on Commissioners and Their Personal Advisors**

Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.



## 10. Public Outreach

Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

Additionally, pursuant to Ordering Paragraphs 9 and 10, this OIR was served on service lists in the following proceedings:

*Application (A.) 18-04-002, In the Matter of the Application of PacifiCorp, an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019.*

*A.17-06-030, Application of Southern California Edison Company to Establish Marginal Costs, Allocate Revenues, and Design Rates.*

*A.17-10-008, Application of Southern California Gas Company for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2019, (consolidated with*

*A.17-10-007, Application of San Diego Gas & Electric Company for Authority, Among Other Things, to Update Its Electric and Gas Revenue Requirement and Base Rates Effective on January 1, 2019.)*

*A.17-05-004, In the Matter of the Application of Golden State Water Company, on Behalf of its Bear Valley Electric Service Division, for Approval and Recovery of Costs, and Authority to Increase Rate and Other Charges Related to Electric Service by Its Bear Valley Electric Service Division.*

*A.17-12-011, Application of Pacific Gas and Electric Company for Approval of Its Residential Rate Design Window Proposals, including to Implement a Residential Default Time-Of-Use Rate along with a Menu of Residential Rate Options, followed by addition of a Fixed Charge Component to Residential Rates (consolidated with A.17-12-012 and A.17-12-013.)*

*A.16-07-017, Application of West Coast Gas Company to Revise Its Gas Rates and Tariffs.*

*A.16-07-007, Application of Liberty Utilities (CalPeco Electric) LLC for Authority to Update Rates Pursuant to Its Energy Cost Adjustment Clause, Effective January 1, 2017.*

*A.16-06-013, Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation and Rate Design.*

*A.15-02-003, Application of Liberty Utilities (CalPeco Electric) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2015-2017 (consolidated with A.15-02-001, A.15-02-002, A.15-03-004, A.15-02-013, and A.15-02-024).*

*R.15-03-010, Order Instituting Rulemaking to Identify Disadvantaged Communities in the San Joaquin Valley and Analyze Economically Feasible Options to Increase Access to Affordable Energy in those Disadvantaged Communities.*

*A.15-03-004, In the Matter of the Application of Alpine Natural Gas Operating Company No. 1, LLC for Approval of the California Alternate Rates for Energy and Energy Savings Assistance Programs and Budgets for Program Years 2015-2017.*

*A.14-11-007, Application of Southern California Edison Company for Approval of Its Energy Savings Assistance and California Alternate Rates for Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017 (consolidated with A.14-11-009, A.14-11-01- and A.14-11-011.)*

*R. 14-08-013, Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Pursuant to Public Utilities Code Section 769.*

*A.12-12-024, Application of Southwest Gas Corporation for Authority to Increase Rates and Charges for Gas Service in California, Effective January 1, 2014.*

*R.12-06-013, Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.*

Additionally, this OIR was served on the following agencies and organizations:

Alameda County Public Health Department, California Department of Health Care Services, California Department of Social Services, California Low-Income Consumer Coalition, Catholic Charities of Fresno, Catholic Charities of Stockton, CAUSE, Central California Legal Services, Centro La Familia, CHANGES (Community Help and Awareness of Natural Gas and Electric Services), City Heights Community Development, City of Bakersfield, City of Fresno, City of Stockton, Coalition of California Utility Employees, Congregations Organized for Prophetic Engagement, Dolores Huerta Foundation, East Bay Community Law Center, Fathers and Families of San Joaquin, Housing Long Beach, Leadership Institute of Allen Temple, National Association for the Advancement of Colored People (NAACP) Environmental and Climate Justice Program, Poverello House, Public Utility Law Center, Self Help for the Elderly, TEAM, The Committee to End Utility Shutoffs, The Michigan Welfare Rights Organization, The National Consumer Law Center, The Office of Senator Ben Hueso, California 40th Senate District, The Utility Reform Network, West Fresno Family Resource Center.

**IT IS RULED** that:

1. The scope for Phase I-A of this proceeding are set forth above in Section 3.1
2. The schedule for this proceeding will be established at a later date.
3. The Administrative Law Judge (ALJ) is authorized to modify the schedule adopted herein as necessary for the efficient administration of this proceeding.
4. Notice of any workshops in this proceeding will be posted on the Commission's Daily Calendar to inform the public that a decision-maker or an advisor may be present at those meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.
5. This proceeding is categorized as quasi-legislative; therefore, *ex parte* communications are allowed without restriction or reporting requirements.

6. Evidentiary Hearings are not necessary.

7. Pursuant to Public Utilities Code Section 1701.4 and Rule 13.2

Commissioner Martha Guzman Aceves is the assigned Commissioner and the Presiding Officer. ALJ Gerald F. Kelly is the assigned ALJ in this proceeding.

Dated April 5, 2019, at San Francisco, California.

/s/ MARTHA GUZMAN  
ACEVES

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Martha Guzman Aceves  
Assigned Commissioner