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

ADMINISTRATIVE LAW JUDGE’S RULING REQUESTING RESPONSES TO QUESTIONS

Summary

This ruling solicits information from the parties in Phase 1 of this proceeding. The responses are due June 14, 2019 and reply comments, if any are due on June 21, 2019.

1. Background

On July 20, 2018, the Commission issued Rulemaking (R.) 18-07-006 pursuant to Senate Bill (SB) 598 in order to address disconnection rates across California’s electric and gas investor-owned utilities by adopting policies and rules that reduce disconnection and improve reconnection processes and outcomes for disconnected customers. During this proceeding various workshops have been conducted and useful information has been obtained. However, additional information is needed.
2. Request for Information

In order to assist the Commission further the goals of SB 598, additional information is needed from both the investor owned utilities1 (IOUs) and the consumer advocacy groups who are parties to this proceeding. This information will be evaluated to help the Commission develop standards and rules to reduce the disconnection rates and improve arrearage management among other things. The parties should respond to the following questions.

1. The parties in Phase 1 should respond to the following questions related to disconnection targets:
   
   A. SB 598 requires a reduction in disconnections no later than 2024. However, it does not specify a baseline which is necessary to determine the extent to which disconnections have been reduced. What should be the baseline for evaluating future reductions in disconnections by 2024 and why?
   
   B. Should the Commission set a specific reduction goal or target to comply with SB 598? If so, what should the specific goal or target be? Please provide a rationale for your answer and the method of calculation. What should the rate of reduction be? Should the rate be by annual reductions?
   
   C. Should the Commission consider non-investor owned utilities (i.e. municipal owned utilities) disconnection rates as a reference point when determining a target disconnection rate for the large IOUs? If so, how? If no, why not?

2. The parties in Phase 1 should respond to the following questions related to disconnection programs and policies:

   A. What programs, policies, rules, or regulations should the Commission change or adopt in this rulemaking to

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1 This ruling pertains only to the larger IOUs in Phase 1 of this proceeding. Phase 1A is a separate phase which pertains to the smaller utilities and will be conducted at a later date.
reduce disconnection rates? Responses should include the following additional information:

- How would the programs/rules/regulations proposed reduce disconnection rates?
- How would the programs/rules/regulations efficacy be evaluated?
- Who would the programs/rules/regulations target (for example: geographic regions, low-income customers, elderly customers, families with young children, et cetera)?
- How would the targeted populations be informed of the program, how would they qualify for the program, and how would it benefit them?
- What are possible obstacles in implementing the program?

3. The parties in Phase 1 should respond to the following questions related to transparency:

A. Are the IOU’s current practices and policies regarding when to disconnect a customer transparent?

B. Are the IOU’s current practices and policies pertaining to which customers are disconnected transparent?

C. What can be done to improve these policies and make them more transparent?

D. Utilities currently have discretion on when to disconnect customers, and on which customers they choose to disconnect. Should utility discretion regarding disconnection practices be changed? If so, how should this be done?

E. When customers are notified that they will be disconnected what kind of resources are included in the notices? Is LIHEAP information included? Utilities should provide examples of customer disconnection notifications.
F. How can the Commission optimize collaboration between the IOUs and Low Income Home Energy Assistance Program (LIHEAP) providers? This includes, but is not limited to, facilitating acceptance of pledges online or changing IOU tariffs to require more uniform acceptance of pledges; matching the assistance payment with debt forgiveness.

4. The parties in Phase 1 should respond to the following questions related to deposits:
   A. Do deposits make low-income customers more or less likely to stay current on their utility bills?
   B. Would eliminating deposits for low-income customers reduce disconnections? If so, why? If not, why not? How would eliminating deposits impact other ratepayers, if at all?

5. The parties in Phase 1 should respond to the following questions related to customer verification for any programs designed to limit disconnections:
   A. Should verification methods for disconnection protections be the same as for CARE/FERA’s income verification process or should there be a different verification process?
   B. Do additional verification methods for disconnection protections pose challenges to vulnerable or marginalized communities (for example, elders, those with limited English proficiency, people with disabilities, low-income households, undocumented households)? If so, please describe.
   C. How could the IOUs develop and implement verification methods that ensure programs to reduce disconnections reach targeted groups without unduly burdening those groups?

6. The parties in Phase 1 should respond to the following questions related to fees, penalties, and maintaining incentives to pay utility bills:
A. What are the fees and penalties currently assessed to delinquent bills? Are they too high or too low? Are they necessary?

B. How would eliminating late payment fees and other fines impact a customer’s ability to stay current on their bill? Or become current on their bill?

C. What is the actual cost to the utility to reconnect?

D. What effect have smart meters had on reconnection costs to IOUs and customers respectively?

E. If any, what are the drawbacks to eliminate late payment fees, reconnection fees, and other fines? Are there impacts for other ratepayers? If so, please explain and provide quantified estimates.

F. Please provide the yearly amount of total fees and penalties received due to late payment of bills for the each of the last five three years. Please specify what fees and penalties are included.

7. The parties in Phase 1 should respond to the following questions related to arrearage management programs and other types of new programs:

A. Should the IOUs implement arrearage management programs as utilities in other states have done (ex., Massachusetts and Rhode Island)?

B. What lessons can the IOUs learn from other states or sectors with arrearage management programs? How can these lessons be applied in California?

C. How should arrearage management programs be structured for the large IOUs?

D. Would arrearage management programs promote bill payment by customers in arrears? If so, how?

E. Would arrearage management programs offer non-monetary benefits to large IOUs and their customers?

F. As noted in Charlie Harak’s presentation at the December 6, 2018 workshop, utilities in other states
have decided that the AMPs are worthwhile for non-monetary reasons such as safeguarding public health and protecting vulnerable populations from disconnections. What non-monetary benefits would AMPs provide in California? How should the Commission and the IOUs value any non-monetary benefits that AMPs may provide in California?

G. At the December 6, 2018 workshop, the City of Philadelphia made a presentation concerning its policy of not disconnecting people who are paying a minimum payment on their water bill and forgiving the debt after 15 years. Could this policy be implemented by the Commission? Please elaborate in detail as to why or why not the Commission should not consider a similar policy.

H. How would debt forgiveness programs impact a customer’s ability to stay current on their bill? Or become current on their bill?

8. The parties in Phase 1 should respond to the following question related to uncollectibles:

A. At the November 19, 2018 workshop, TURN argued that utilities are motivated to disconnect customers quickly in order to reduce its uncollectibles and keep the expanding difference between the authorized uncollectibles and the actual uncollectibles as profit. The parties shall comment in detail as to why they agree or disagree with TURN’s analysis

A. Is true that the General Rate Case establishes an uncollectible amount that is recovered in rates?

B. Is the difference between actual uncollectibles and the uncollectible amount set in the GRC kept as profit by the utilities?

B. Are authorized uncollectibles trued up?

C. Does the ability to collect uncollectibles disincentivize the utility from reducing disconnection rates?
D. When and how does a delinquent account become uncollectible?

E. After a customer account is designated as uncollectible, does the utility still attempt to track down the customer to collect payments? If so, how is this implemented?

F. If a customer account is designated as uncollectible, is the customer required to pay off the previous debt and/or a higher deposit when returning to the utility for service re-establishment?

9. The parties in Phase 1 should respond to the following questions related to reporting issues:
   A. How should the utilities report back to the Commission on any pilots or proposal that are established in this proceeding?
   B. A prior Commission decision about reducing disconnections (D.14-06-036) required the utilities to make changes to tariffs and policies to reduce the disconnection rate. What did the utilities learn from the actions they were required to take pursuant to D.14-06-036?
   C. D.14-06-036 orders the utilities to enact new pilot program protocols to experiment with different payment arrangement terms. As Sections 4.4.2 through 4.4.9 state, each utility has specific pilot programs to enact and agrees to collect data upon which to evaluate the success of the pilot. Success of the pilots shall be determined by reducing pay plan defaults, and/or a decrease in overall outstanding arrears. The utility should provide the information on the pilot programs and program evaluation. If other programs/pilots were implemented, the utility should also provide the information.

10. The parties in Phase 1 should respond to the following questions related to the enforcement of Commission rules or policies established by this rulemaking:
A. How should rules, programs, regulations to reduce disconnections be enforced?

B. Should administrative penalties be established? If so for what?

**IT IS RULED** that:

1. Additional information is required to assist the Commission further the goals of SB 598.
2. All parties to Phase 1 of this proceeding should respond to the questions set forth in this ruling.
3. Responses to this ruling are due on June 14, 2019.
4. Reply comments, if any are due on June 21, 2019.

Dated May 1, 2019, at San Francisco, California.

/s/  GERALD F. KELLY
Gerald F. Kelly
Administrative Law Judge