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.	R. _____

ORDER INSTITUTING RULEMAKING

Summary

The Commission opens this Order Instituting Rulemaking (OIR) pursuant to Senate Bill (SB) 598[1] in order to address disconnection rates across California's electric and gas investor-owned utilities by adopting policies and rules that reduce disconnections and improve reconnection processes and outcomes for disconnected customers. In Phase 1 of this proceeding, in accordance with SB 598, the Commission will adopt policies, rules or regulations with a goal of reducing the statewide level of residential gas and electric service disconnections for nonpayment. The Commission's intent in Phase 1 is to provide rapid relief to residential customers experiencing disconnections and reconnections and will therefore focus on improving upon the rules, policies, utility best practices and programs that are currently in place. In sum, Phase 1 will identify and adopt near-term improvements to the current system.

[1] Stats. of 2017, ch. 362.

In Phase 2, the Commission will take a more holistic and comprehensive approach to the evaluation of residential natural gas and electric disconnections with the goal of determining if the disconnection rate can be more effectively reduced through broader reforms and new approaches beyond those adopted in Phase 1. Phase 2 will seek to answer the following fundamental question: Given the costs associated with disconnections (both to the disconnected ratepayer and ratepayers at large), are there other approaches, programs or policies that could better reduce the disconnection rate and associated negative outcomes without creating a disincentive to pay for electric and gas service?

Whereas Phase 1 strives to make immediate improvements to the system, Phase 2 will investigate broader changes to that system. In both Phase 1 and Phase 2, the Commission will consider a wide range of programs and pilots being undertaken by other public and private utilities and sectors within California and in other states, and the Commission may adopt one or several pilot programs to test alternatives to the existing disconnection/reconnection process.

Attachment 1 to this OIR is a report, compiled by Commission staff, entitled: *California Energy IOU* [Investor Owned Utility] *Disconnections and Reconnections*. The purpose of the report is to present current and historical data about disconnections in California, a discussion on potential causes of disconnections, an overview of current disconnection and reconnection rules (and how they differ among utilities), current Commission disconnection policies, and a brief overview of the status and history of disconnections and reconnections in other states.

Parties in this proceeding will have an opportunity to set forth proposals to reduce the disconnection rate in both Phase 1 and Phase 2 and Commission

staff will issue a staff proposal as well in each phase. In accordance with SB 598, throughout the proceeding, the Commission will solicit input from a range of stakeholders including, but not limited to, local governments, public health officials, consumer advocates and organizations representing low-income communities. The Commission anticipates that this proceeding will be resolved primarily through a proposal, workshop and public comment process.

1. Background

A utility may disconnect an electric or gas customer for failure to timely pay for service. California's investor-owned electric and natural gas utilities (IOUs) each have unique procedures and protocols pertaining to disconnection and reconnection within a framework of disconnection rules and policies adopted by the Commission. Some aspects of disconnection and reconnection processes are voluntary and are not enforced by Commission rules at all. For this reason, the impetus for disconnection, repayment options, reconnection times, etc. differ across the IOUs. However, no matter the utility, the ramifications of disconnection for customers can be far-reaching and compounding, including disruption of 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.[2] Quite simply, energy access is critical to economic and social stability and well-being. Even after a customer has paid their balance, the reconnection process, particularly for gas service, can be time-consuming and costly, and few rules govern it.

[2] Lack of utility service can also be a factor in the consideration of cases by Child Protective Services.

Disconnection rates have been increasing over recent years. As noted in Senate Bill (SB) 598, residential disconnections for nonpayment by major gas and electric IOUs rose from 547,000 in 2010 to 816,000 in 2015.[3] The Commission's Policy and Planning Division (PPD) issued a paper in December 2017[4] finding that, aside from a brief slowdown on disconnections in 2010, disconnections have been on the rise. Since 2011, the number of disconnections has steadily increased from the paused state in 2010. A more nuanced look shows that non-California Alternate Rates for Energy (CARE) customer disconnections have returned to their 2009 levels, while CARE customer disconnection rates have remained mostly flat.[5]

Existing information indicates that a range of factors may contribute to disconnections. As discussed in the report attached to this Order Instituting Rulemaking (OIR), entitled *California Energy IOU Disconnections and Reconnections,* there may be multiple factors that can result in failure to pay by a utility customer, including loss of employment, geographic location, and life events such as a medical event or death. Income or employment status is not always directly correlated with nonpayment, however, and nonpayment is not always consistently followed by disconnection.

The report attached to this OIR provides a high level overview of the state of disconnections in California. However, despite the extensive information recently gathered, we still need additional information about the most significant

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[3] Stats of 2017, ch. 362 at Section 1.

[4] *See* A Review of Residential Customer Disconnection Influences & Trends, December 28, 2017.

[5] A notable exception is Southern California Gas Company (SoCalGas), where non-CARE disconnections have remained at the 2010 level.

drivers of disconnections and holistic and cost-effective ways to reduce and avoid them. The Commission will use the report as a starting place for information gathering in this proceeding.

1.1. Rulemaking 10-02-005

The Commission already has in place policies and procedures to reduce gas and electric utility service disconnections. In Rulemaking (R.) 10-02-005, opened in response to the rising disconnection rate during the Great Recession, the Commission sought to reduce customer disconnections for nonpayment through improvements in customer notification and education. Decision (D.) 10-07-048 in that proceeding adopted interim, immediate actions to reduce disconnections before the 2010-2011 winter season. D.10-12-051 next approved a settlement agreement to address disconnection practices for San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas). Finally, D. 12-03-054 ordered Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) to implement the following practices:

- Ensure that their customer service representatives (CSRs) offer eligible customers the option of enrollment in the California Alternate Rates for Energy (CARE) rate program by telephone discussion with a CSR.
- For any written communication to customers concerning the risk of service disconnection, provide key information, including the fact that service is at risk and a way to follow up for additional information, in large print such as 14 point sans serif font.
- For customers who have previously been identified as disabled and who have identified a preferred form of communication, provide all information concerning the risk of disconnection in the customer's preferred format.

- For households identified as using non-standard forms of telecommunication, ensure that outgoing calls regarding the risk of disconnection are made by a live representative.
- Inform any customer who owes an arrearage on a utility bill that puts the customer at risk for disconnection that the customer has a right to arrange a bill payment plan extending for a minimum of a three months period in which to repay the arrearage.
- Allow CSRs the discretion to extend the period in which to pay the arrearage from three months up to twelve months. Each utility may implement a plan schedule that exceeds 12 months, but no utility is required to extend the schedule beyond three months.
- Provide that CARE and Family Electric Rate Assistance customers are not required to pay additional reestablishment of credit deposits with a utility for either slow-payment/no-payment of bills or following a disconnection.
- Provide that medical baseline customers, life support customers, and customers who certify that they have a serious illness or condition that could become life threatening if service is disconnected shall not be disconnected without an in-person visit from a utility representative. Such visits should take place within 48 hours, or at the time of disconnection. The representative must be able to collect on a bill during an in-person visit prior to disconnection.
- Offer their non-cash credit deposit options to all new customers and those required to post a reestablishment of credit deposit following a disconnection.
- Collect from customers a reestablishment of credit deposit following a disconnection based on twice the average monthly bill, rather than twice the maximum monthly bill.

- Not collect credit deposits for late payment of bills.[6]

1.2. Senate Bill 598

On September 28, 2017, Governor Brown signed SB 598 into law. The provisions of SB 598 are intended to reduce disconnection rates for non-payment among electric and gas customers. SB 598 acknowledges that residential electric and gas disconnections are on the rise and cites to the public health impacts, especially on vulnerable populations, hardship and stress resulting from disconnections.[7] SB 598 adopts new sections of the Public Utilities Code,[8] as excerpted below.[9]

The provisions of SB 598 set forth several requirements of the Commission, including the development of rules, policies or regulations with a goal of reducing the statewide disconnection rate by January 1, 2024. In addition, the Commission is 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

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[6] The utilities were required to observe these practices until December 31, 2013, with two exceptions. The requirement that CSRs offer enrollment in CARE rates by telephone and the requirement for a pre-disconnection site visit for vulnerable customers do not expire. However, in the event that a utility's CARE customer disconnection rate for 2012 is less than a benchmark of 5% for PG&E and 6% for SCE, the utility was permitted to file an advice letter after January 1, 2013 to be relieved of the required practices prior to December 31, 2013. Where the practices required the utility to waive otherwise applicable customer deposits, the utilities could nevertheless require deposits from customers who have written three or more bad checks in a year and those involved in fraud.

[7] See SB 598, Section 1 (a-c).

[8] All references to sections here-forward refer to the Public Utilities Code.

[9] See SB 598 for a complete list of all adopted provisions.

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.

The following are the relevant sections of SB 598:

> Section 718 (a): The commission shall develop policies, rules, or regulations with a goal of reducing by January 1, 2024, the statewide level of gas and electric customer service disconnections for nonpayment by residential customers, including policies, rules, or regulations specific to the four gas and electrical corporations that have the greatest number of customers. The commission shall convene stakeholders, including, but not limited to, public health officials, consumer advocates, and organizations representing low-income communities, to assist with the development of the policies, rules, or regulations.
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> Section 718 (b) (1): In each gas and electrical corporation general rate case, the commission shall do both of the following:
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> (A) Designate the impact of any proposed increase in rates on disconnections for nonpayment as an issue in the scope of the proceeding.
> (B) Conduct an assessment of and properly identify the impact of any proposed increase in rates on disconnections for nonpayment, which shall be included in the record of the proceeding
> (2) The Commission shall adopt residential utility disconnections for nonpayment as a metric and incorporate the metric into each gas and electrical corporate general rate case.
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> Section 779.3(a): A gas or electrical corporation shall not disconnect service for nonpayment by a residential customer receiving a medical baseline allowance pursuant to subdivision (c) of Section 739 who is financially unable to pay for service within the normal payment period, who is willing

to enter into an amortization agreement with the corporation pursuant to subdivision (e) of Section 779 with respect to all charges that the customer is unable to pay, and who meets any of the following criteria:

(1) The customer or a member of the customer's household is under hospice care at home.

(2) The customer or a member of the customer's household depends on life-support equipment, as defined in paragraph (2) of subdivision (c) of Section 739.

(3) The customer or a member of the customer's household has a life-threatening condition or illness, and a licensed physician, person licensed pursuant to the Osteopathic Initiative Act, or nurse practitioner certifies that gas or electric service is medically necessary to sustain the life of the person or prevent deterioration of the person's medical condition.

Section 779.3(b): The commission may identify strategies for reasonable cost recovery by a gas or electrical corporation for costs incurred in providing gas or electric service to customers whom the gas or electrical corporation was unable to disconnect due to compliance with [Section 779.3 (a).]

Section 910.5 (a): The commission shall submit a report by April 1 of each year to the Legislature on residential and household gas and electric service disconnections that includes the following information for each community choice aggregator and each of the four electrical and gas corporations that have the greatest number of customers:

(1) For the most recent five years, the total number of residential disconnections for nonpayment, reconnections following disconnection for nonpayment, and disconnections for nonpayment that did not result in a reconnection within 30 days.

(2) For the most recent five years, the total number of households disconnected for nonpayment, households reconnected following disconnection for nonpayment, and households not reconnected within 30 days of being disconnected for nonpayment. A household disconnected more than once in a calendar year shall be counted only once for this reporting requirement.

2. Purpose of the Order Instituting Rulemaking

The Commission opens this OIR pursuant to Rule 6.1 of the Commission's Rules of Practice and Procedure.[10] The purpose of this OIR is 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 goal of this OIR is to adopt policies, rules or regulations that substantially reduce the disconnection rate and minimize time for reconnection for disconnected customers. In addition, we seek to reduce the costs of disconnection, improve upon and potentially standardize the disconnection process across utilities, and increase utility-level accountability around reconnections. The Commission, through this rulemaking, will implement specific requirements in SB 598 while also seeking to broadly analyze the current disconnection paradigm to determine if more effective structures or policies can be adopted to reduce disconnections, reduce costs and improve the disconnection process. For this reason, although SB 598 only requires the Commission to adopt rules for the four major electric and gas utilities, this OIR

[10] Specific references to rules refer to the Rules of Practice and Procedure. General references to rules, such as the Commission's mandate to adopt rules pursuant to SB 598, refer to rules that may be applied to all utilities or specific utilities and are generally reflected in a utility's tariffs upon implementation of an adopted Commission decision.

will analyze and adopt rules for all electric and gas utilities within our jurisdiction.

The Commission will conduct its analysis of disconnections in two phases. In Phase 1 of this proceeding, in accordance with SB 598, the Commission will 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. The Commission's intent in Phase 1 is to provide rapid relief to residential customers experiencing disconnections and reconnections and will therefore focus on improving upon the rules, policies, utility best practices and programs that are currently in place. In Phase 1, the Commission will adopt a specific target, as required in SB 598, for reductions by January 1, 2024. In sum, Phase 1 will identify and adopt near-term improvements to the current system, consistent with SB 598.

In Phase 2, the Commission will take a more holistic and comprehensive approach to the evaluation of the residential natural gas and electric disconnection rate with the goal of determining if the disconnection rate can be more effectively reduced through other programs or policies beyond those adopted in Phase 1. Here, the Commission will apply a broader lens to disconnections, including a review of the public health impacts associated with disconnection, with a goal of developing best practices to reduce disconnections in California. Phase 2 will seek to answer the following fundamental question: Given the costs associated with disconnections (both to the disconnected ratepayer and ratepayers at large), are there other approaches, programs or policies that could better reduce the disconnection rate, thus alleviating other associated compounding negative outcomes, without creating a disincentive to

pay for electric and gas service or dramatically increasing costs to other ratepayers?

In both Phase 1 and Phase 2, the Commission will consider a wide range of programs and pilots being undertaken in other public and private utilities and sectors within California and in other states, and the Commission may adopt one or several pilot programs to test alternatives to current disconnection/reconnection processes. The Commission intends to cast a wide net to bring in resources to comprehensively address disconnections. As such, the Commission intends to engage with a broad audience, including public health officials, state and local governments, low-income advocacy groups and others. The Commission also seeks to conduct a comprehensive review of the academic literature as well as an evaluation of best practices adopted in other states.

SB 598 orders the Commission to evaluate, in each utility's general rate case (GRC), the impact of any proposed rate increases on disconnections for nonpayment and to develop a metric for utility disconnections for nonpayment in each GRC. The Commission intends to address utility-specific disconnection impacts as a result of rate increases within each utility's GRC, but the Commission is also planning to look at the affordability of utility services more broadly in a companion OIR. The Commission will, however, look at the impact of rate increases generally on the overall disconnection rate in California within the context of this OIR. Furthermore, to the extent that any policies, programs or measures adopted in this OIR result in rate increases for all ratepayers, the Commission will attempt to ascertain the impact of such rate increases on the disconnection rate to ensure that the measures we adopt to reduce the

disconnection rate do not have the unintended consequence of actually increasing disconnections as a result of programmatic costs.

3. Preliminary Scoping Memo

This rulemaking will be conducted in accordance with Article 6 of the Commission's Rules of Practice and Procedure, "Rulemaking."[11] As required by Rule 7.1(d), this OIR includes a preliminary scoping memo as set forth below, and preliminarily determines the category of this proceeding and the need for hearing.

3.1. Phase 1 Issues

The main issues to be considered in Phase 1 of this rulemaking are:

1. What is the current rate and status of disconnections and reconnections within the service territories of California's 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.

[11] All references to "Rules" are to the Commission's Rules of Practice and Procedure unless otherwise indicated.

g. The cost to all ratepayers to address disconnections and reconnections, including employee salaries, programmatic costs, lost revenues.

2. By what amount (goal or target) should the Commission seek to reduce disconnections by January 1, 2024 in accordance with SB 598?

3. 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.

   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?

   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 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?

3.2. Phase 2 Issues

The main issues to be considered in Phase 2 of this rulemaking are: Given the costs associated with disconnections (both to the disconnected ratepayer and ratepayers at large), are there other approaches, programs or policies that could better reduce the disconnection rate, thus alleviating other associated compounding negative outcomes, without creating a disincentive to pay for electric and gas service or dramatically increasing costs to other ratepayers?

a. What are the compounding effects of disconnections on utility ratepayers?

b. Is there a point where the cost associated with disconnections is outweighed by the cost of providing a minimal amount of electric or gas utility service?

c. Is the provision of a minimal amount of electric or gas utility service, for example a minimum daily allotment, technically feasible? Are there technically feasible alternatives to disconnection?

d. Can the Commission achieve at similar cost the goal of reducing disconnections in a different way other than the rules, practices and procedures currently in place? The Commission will consider options, including pre-payment arrangements, but is not limited to this option.

e. Is there an acceptable amount of disconnections that cannot be avoided, or should the Commission strive to achieve a zero disconnection rate?

f. How can the Commission better address disconnections before they occur?

g. What programs or policies could the Commission adopt, either alone or in partnership with other agencies, to head off disconnections before they occur?

h. Can the Commission and utilities, by partnering with other agencies, design programs that offer assistance to utility customers at risk of disconnection before a disconnection occurs?

i. Are there best practices being used in other states, cities or counties that the Commission should adopt to more effectively address and reduce the disconnection rate?

3.3. Issues Out of Scope

The following issues are out of scope of this OIR:

1. Evaluation of the impact of utility-specific rate increases on the disconnection rate of each utility, beyond evaluating programmatic costs to specifically address disconnections. Evaluation of the impact of rate increases on the disconnection rate will occur in each utility's GRC.
2. An evaluation of overall affordability for utility services, which will be addressed in a companion OIR.

4. Initial Schedule

The preliminary schedule for the proceeding is set forth below.

The schedule is:

EVENT	DATE
Comments on OIR filed and served	20 days from issuance of OIR
Reply comments on OIR filed and served	30 days from issuance OIR
Prehearing Conference	August 22, 2018, 1:30 PM Commission Courtroom 505 Van Ness Ave. San Francisco, CA 94102
Scoping Memo	To be determined
Workshop(s)	To be determined

A prehearing conference (PHC) will be held for the purposes of (1) taking appearances, (2) discussing schedule and process, and (3) informing the scoping memo. The PHC shall be held beginning at 1:30 PM on August 22, 2018 in the Commission Courtroom, 505 Van Ness Avenue, San Francisco, California. No written PHC statements will be accepted.

The Assigned Commissioner or the assigned Administrative Law Judge (ALJ) may change the schedule to promote efficient and fair administration of this proceeding. Today's decision sets a PHC and due dates for comments on the OIR. The schedule and procedural mechanisms for the remainder of the proceeding will be adopted in the Assigned Commissioner's Scoping Memo.

It is the Commission's intent to complete this proceeding within 18 months of the date this decision is adopted. This deadline may be extended by order of the Commission. (Public Utilities Code § 1701.5(a).)

5. Categorization, *Ex Parte* Communications and Need for Hearing

The Commission's Rules of Practice and Procedure require that an order instituting rulemaking preliminarily determine the category of the proceeding and the need for hearing. As a preliminary matter, we determine that this proceeding is quasi-legislative, because our consideration and approval of this matter of this matter would establish policy or rules affecting a class of regulated utilities. Accordingly, ex parte communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Rules.

The Commission is also required to preliminarily determine if hearings are necessary. We anticipate that this proceeding will be resolved through a comment and workshop process; therefore we preliminarily determine that hearings are not necessary in this proceeding.

Any workshops in this proceeding shall be open to the public and noticed on the Commission's Daily Calendar. The notice in the Daily Calendar shall inform the public that a decision-maker or an advisor may be present at the workshop. Parties shall check the Daily Calendar regularly for such notices.

6. Respondents to the OIR

This OIR names the four largest electric and natural gas IOUs -- PG&E, SCE, SDG&E and SoCalGas -- as respondents. However, the Commission recognizes that disconnections occur within the service territories of small and multi-jurisdictional utilities under our jurisdiction. As such, small and multi-jurisdictional gas and electric corporations are also listed as respondents. California' s community choice aggregators (CCA) are not being listed as respondents because CCA disconnections are managed by the interconnecting utility. However, the Commission encourages CCA participation in this proceeding. Following is a list of respondents:

1) PG&E
2) SCE
3) SDG&E
4) SoCalGas
5) Southwest Gas Company
6) Liberty Utilities (CalPeco Utilities) LLC
7) Bear Valley Electric Service, a division of Golden State Water Company
8) PacifiCorp
9) Alpine Natural Gas Operating Company
10) West Coast Gas Company, Inc.

7. Comments on Preliminary Determinations and Scoping Memo

Entities interested in participating in this OIR may, and respondents must, file a response to the preliminary category, scope, schedule and need for hearing determination within 20 days of adoption of this OIR by the Commission (*See* Rule 6.2). Entities that file responses will be granted party status. Reply comments are due 10 days after opening comments.

Comments should address any recommended processes (e.g. workshops, party proposals, comments, etc.) and set forth a proposed schedule for reaching a decision in this proceeding. Parties are encouraged to cite to resources addressing best practices for disconnection/reconnection, including academic literature. Any objections to the preliminary scoping memo regarding category, need for hearing, issues to be considered or schedule must be included in opening comments (Rule 6.2).

8. Service of Order Instituting Rulemaking

This OIR shall be served upon all respondents.

In addition, this OIR will be served on the official service lists of the following proceedings:

1. 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.*
2. A.17-06-030, *Application of Southern California Edison Company to Establish Marginal Costs, Allocate Revenues, and Design Rates.*
3. 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.*)
4. 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.*
5. 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.)

6. A.16-07-017, *Application of West Coast Gas Company to Revise Its Gas Rates and Tariffs.*
7. 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.*
8. A.16-06-013, *Application of Pacific Gas and Electric Company to Revise Its Electric Marginal Costs, Revenue Allocation and Rate Design.*
9. 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).
10. 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.*
11. 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.*
12. 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.)
13. R.14-08-013, *Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Pursuant to Public Utilities Code Section 769.*
14. 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.*
15. 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.

In the interest of broad notice, this OIR will be served on the following state and local agencies, non-profit organizations, and other relevant organizations (Attachment 2 has specific contact information):

Alameda County Public Health Department

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

TEAM

The National Consumer Law Center

The Office of Senator Ben Hueso, California 40th Senate District

The Utility Reform Network

West Fresno Family Resource Center

9. Filing and Service of Comments and Other Documents

The Commission's Rules of Practice and Procedure govern Filing and service of comments and other documents in the proceeding.

In the event that this proceeding moves to hearings and testimony is required, parties are directed to submit their prepared testimony, and any exhibits that are offered in evidence, as "supporting documents" using the Electronic Filing System on the Commission's website at http://www.cpuc.ca.gov/PUC/efiling. All other exhibits that have been marked for identification shall be submitted by no later than three business days from the conclusion of evidentiary hearings, if applicable.

If you have questions about the Commission's filing and service procedures, contact the Docket Office (Docket_Office@cpuc.ca.gov) or check the Practitioner's Page at the Commission's website, www.cpuc.ca.gov.

10. Addition to Official Service List

Addition to the official service list is governed by Rule 1.9(f) of the Commission's Rules of Practice and Procedure.

Respondents are parties to the proceeding (see Rule 1.4(d)) and will be immediately placed on the official service list.

Any person will be added to the "Information Only" category of the official service list upon request, for electronic service of all documents in the

proceeding, and should do so promptly in order to ensure timely service of comments and other documents and correspondence in the proceeding. (See Rule 1.9(f).) The request must be sent to the Process Office by e-mail (process_office@cpuc.ca.gov) or letter (Process Office, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102). Please include the Docket Number of this rulemaking in the request.

Persons who file responsive comments thereby become parties to the proceeding (see Rule 1.4(a)(2)) and will be added to the "Parties" category of the official service list upon such filing. *In order to assure service of comments and other documents and correspondence in advance of obtaining party status, persons should promptly request addition to the "Information Only" category as described above;* they will be removed from that category upon obtaining party status.

11. Subscription Service

Persons may monitor the proceeding by subscribing to receive electronic copies of documents in this proceeding that are published on the Commission's website. There is no need to be on the official service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website at http://subscribecpuc.cpuc.ca.gov/.

12. Intervenor Compensation

Intervenor compensation is permitted in this proceeding. Any party that expects to claim intervenor compensation for its participation in this Rulemaking must file its notice of intent to claim intervenor compensation within 30 days of the prehearing conference (*See* Rule 17.1(a)(2).) Intervenor compensation rules are governed by § 1801 et seq. of the Public Utilities Code. Parties new to

participating in Commission proceedings may contact the Public Advisor's office for assistance.

13. Public Advisor

Any person or entity interested in participating in this rulemaking who is unfamiliar with the Commission's procedures should contact the Commission's Public Advisor in San Francisco at (415) 703-2074 or (866) 849-8390 or e-mail public.advisor@cpuc.ca.gov. The TTY number is (866) 836-7825.

14. Public Outreach

Public Utilities Code § 1711(a) states:

> Where feasible and appropriate, except for adjudication cases, before determining the scope of the proceeding, the commission shall seek the participation of those who are likely to be affected, including those who are likely to benefit from, and those who are potentially subject to, a decision in that proceeding. The commission shall demonstrate its efforts to comply with this section in the text of the initial scoping memo of the proceeding.

Public outreach efforts related to this proceeding will be described in the Scoping Memo.

O R D E R

IT IS ORDERED that:

1. The Commission opens this Rulemaking pursuant to Rule 6.1 of the Commission's Rules of Practice and Procedure and pursuant to Senate Bill 598 (Statues of 2017, Chapter 362).
2. The preliminary categorization is quasi-legislative.
3. The preliminary determination is that hearing is not needed.
4. The preliminarily scope of issues is as stated in "Section 3" above.

5. A prehearing conference is set for August 22, 2018 commencing at 1:30 PM at the Commission's Courtroom, 505 Van Ness Ave., San Francisco, CA 94102.

6. 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. are listed as respondents to this Order Instituting Rulemaking.

7. 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. shall, and other parties may, file comments to this Order Instituting Rulemaking and the staff report in Attachment 1 no later than 20 days after issuance. Reply comments are due no later than 10 days after opening comments.

8. The Initial Schedule is as set forth "Section 4" above. The Assigned Commissioner's Scoping Memo will include a comprehensive procedural schedule.

9. The Executive Director will cause this Order Instituting Rulemaking to be served on all respondents and on the service lists for the following Commission proceedings:

> 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.*

10. The Executive Director will cause this Order Instituting Rulemaking to be served on the following agencies and organizations (contact information is contained in Attachment 2):

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.

11. Ex Parte communications in this rulemaking are governed by Public Utilities Code § 1701.3 and Article 8 of the Commission's Rules of Practice and Procedure.

12. Any party that expects to request intervenor compensation for its participation in this proceeding must file its notice of intent to claim intervenor compensation within 30 days of a prehearing conference. (*See* Rule 17.1(a)).

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT 1

California Energy IOU Disconnections and Reconnections

Introduction

The ramifications of electric and natural gas disconnection for customers can be far-reaching and compounding. At a minimum they can disrupt a household's normal daily activities. Far larger and longer-term negative impacts on health and financial well-being can also be experienced even with short periods of service interruptions. Extended disconnections of 30 days or longer further exacerbate these situations.

To better understand the status of disconnections in California, this report compiles data from the large California investor-owned utilities (IOUs) for both CARE (California Alternative Rates for Energy)[1] and Non-CARE residential customers: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), San Diego Gas & Electric (SDG&E), and Southern California Gas Company (SoCalGas). Using that data, this report examined trends in:

- Monthly disconnection rates for all California energy IOUs in aggregate
- Monthly disconnections rates for each California IOU
- Monthly disconnections
- Frequency of annual disconnections
- Annual reconnections
- Time to customer reconnections
- Customers in arrears

This paper also discusses some of the factors that contribute to disconnection and the policies and rules related to the large California IOUs.

Average monthly aggregate disconnection rates

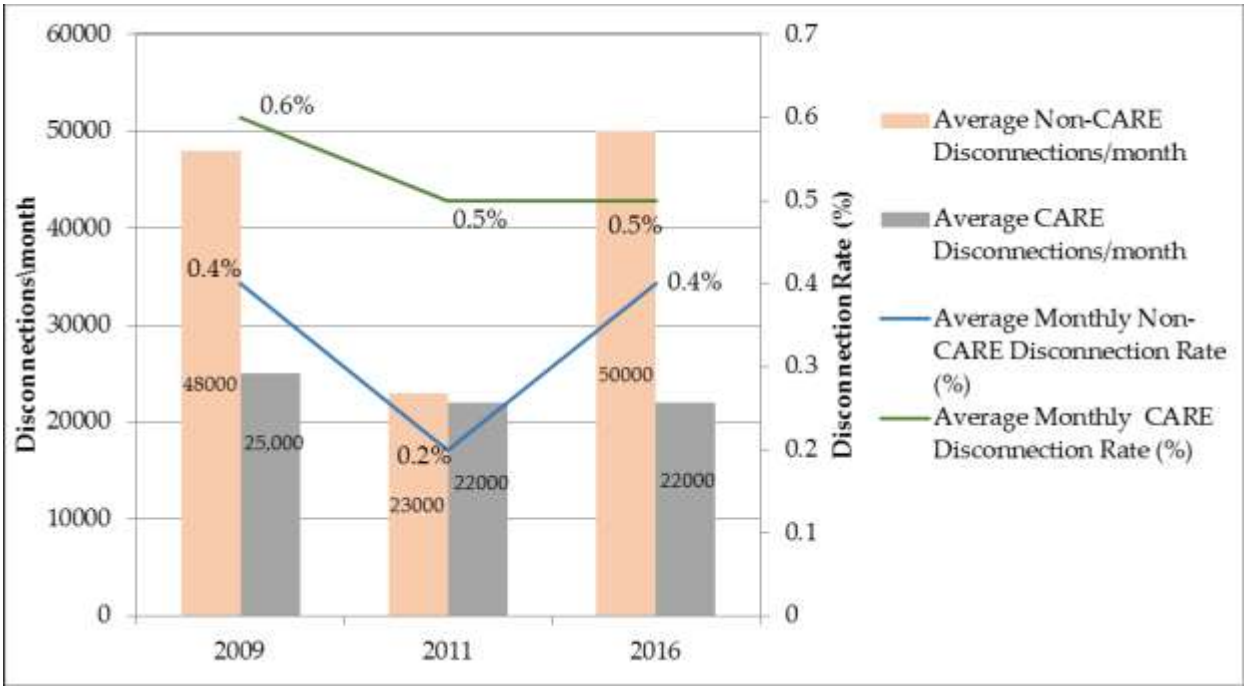
A higher percentage of CARE (0.5%-0.6%) versus Non-CARE (0.2%-0.4%) customers experienced disconnections in 2009, 2011, and 2016 on a monthly basis. While the average monthly disconnection rate for CARE customers decreased from 0.6% to 0.5% and remained at that level in 2016, the disconnection rate for Non-CARE customers decreased from 0.4% to 0.2% in 2011 but rebounded to that level in 2016.

[1] Low-income customers that are enrolled in the CARE program receive a 30-35 percent discount on their electric bill and a 20 percent discount on their natural gas bill. Under the CARE income guidelines effective June 1, 2017 to May 31, 2018, the income eligibility limit for a family of four was $49,200. For more information, see http://www.cpuc.ca.gov/General.aspx?id=976.

The data shows that Non-CARE versus CARE customers doubled their average monthly rate of disconnection in 2016 compared to 2011. It is possible that CARE customer disconnection rates remained constant in these years due to the accessibility of CARE discounts. However, aggregate CARE customer disconnection rates outpaced those for Non-CARE customers.

In order to calculate 2009, 2011 and 2016 Non-CARE and CARE customer disconnection rates across all large California investor owned utilities (IOUs), the number of monthly disconnections from these years from each utility was collected, added and divided by the total monthly number of IOU accounts to obtain monthly disconnection rates. These aggregated monthly disconnection rates were then divided by 12 to obtain the average aggregated monthly disconnection rates (Figure 1.1).

Figure 1.1 2007-17 California Large IOU Aggregated Disconnection Rates



Average monthly utility-specific disconnection rates

PG&E and SCE Non-CARE disconnection rates trended downward from 0.5%-0.6% in 2009 to a range of 0.2%-0.3% in 2011. In 2016, these rates increased to 0.5%-0.8%, levels that were at or above those measured in 2009. Comparatively, SDG&E and SoCalGas rates remained in the 0.1%-0.2% range.

PG&E and SCE CARE disconnection rates respectively decreased from 0.8% and 0.9% in 2009 to 0.5% and 0.6% in 2016. However, SDG&E's rate increased from 0.4% in 2011 to 0.5% in 2016. SoCalGas rates remained at 0.3% in 2009, 2011 and 2016.

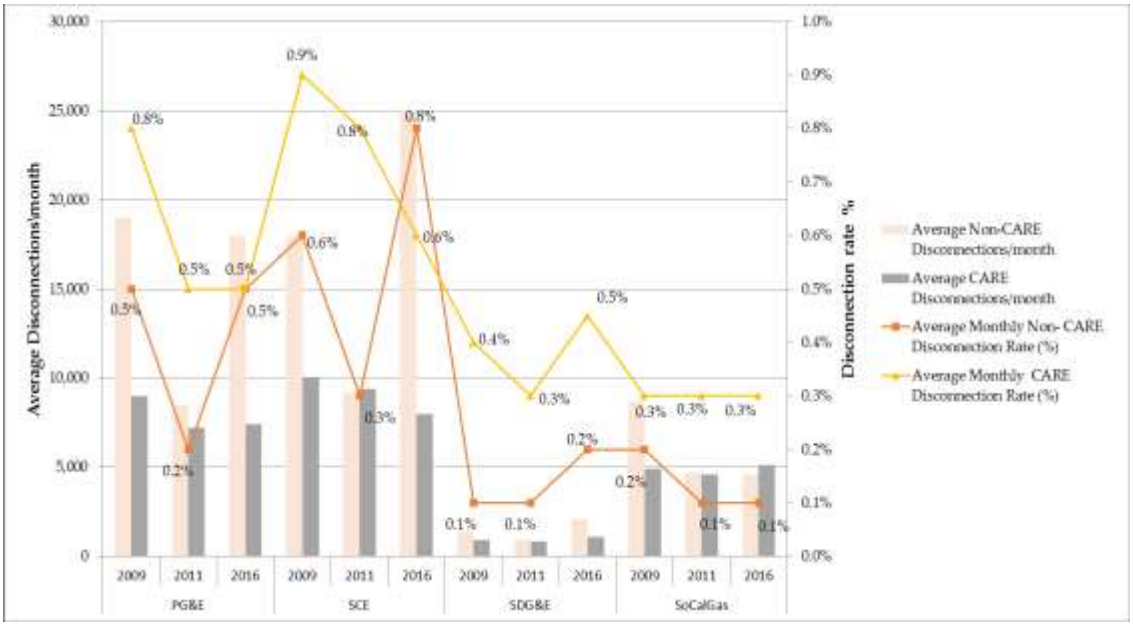
Generally, SDG&E and SoCalGas customer disconnection rates were lower than for PG&E and SCE customers. 2009, 2011 and 2016 Non-CARE disconnection rates for SDG&E and SoCalGas ranged from 0.1%-0.2% (Figure 2.1). Comparatively, PG&E's 2009 Non-CARE disconnection rate was 0.5%. This rate decreased to ~0.25% in 2011 but returned to 0.5% in 2016. SCE's 2009 Non-CARE 0.6% disconnection rate was decreased to 0.3% in 2011 but increased to 0.8% in 2016.

CARE customer disconnection rates for each IOU were generally equal to or higher than those for Non-CARE customers. In 2009, 2011, and 2016 SDG&E and SoCal Gas disconnection rates ranged from 0.3%-0.5%. PG&E CARE customers experienced a 0.8% disconnection rate in 2009. This value decreased to 0.5% both in 2011 and 2016. 0.9% of SCE CARE customer accounts were disconnected in 2009. The rate decreased to 0.7% in 2011 and dropped slightly to 0.6% in 2016.

These results indicate that SDG&E and SoCalGas Non-CARE customers experience a lower disconnection rate than SDG&E and SoCalGas CARE customers. Additional research is needed to determine the factors influencing this correlation.

Utility-specific disconnection rates in 2009, 2011 and 2016 were calculated by collecting the number of monthly utility-specific disconnections and dividing them by the number of monthly accounts to obtain monthly disconnection rates. These monthly disconnection rates were then divided by 12 to obtained average monthly disconnection rates for each IOU (Figure 2.1).

Figure 2.1 2007-17 California Large IOU Aggregated Disconnection Rates



Average monthly disconnections

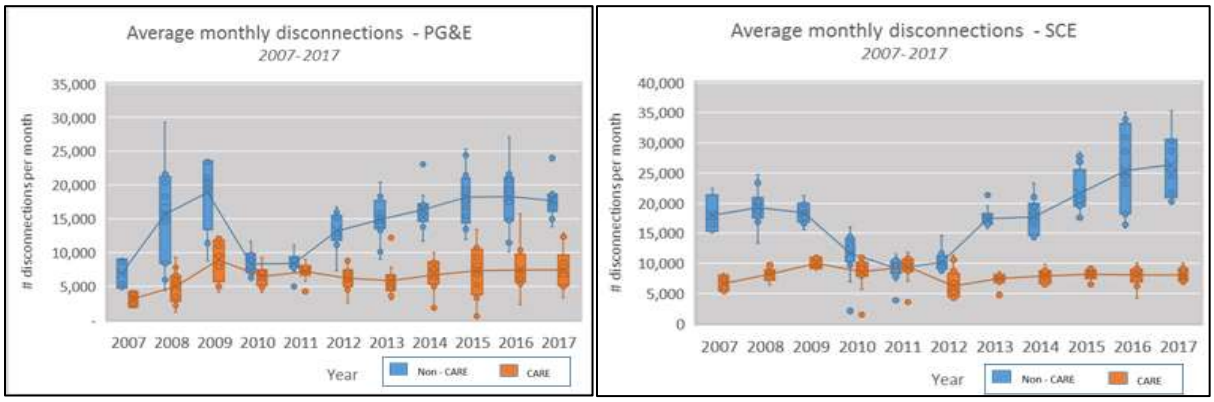
While PG&E, SCE, and SDG&E Non-CARE disconnections decreased by 50% from 2009 to 2011, they reached at or above 2009 levels by 2016. SDG&E's Non-CARE disconnections more than doubled from 2009 to 2016, while SoCalGas's disconnections decreased by half.

PG&E and SCE CARE disconnections decreased between 25%-30% in the 2009-2016 timeframe. During this period, the number of SoCalGas disconnections was relatively flat and SDG&E disconnections trended upward by approximately 25%.

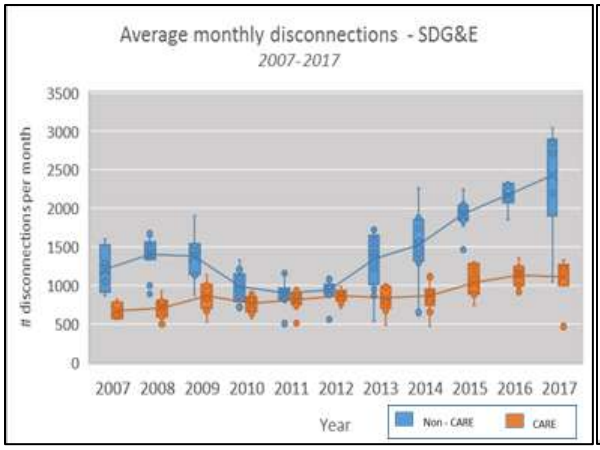
Average monthly disconnections reflect data provided by PG&E, SCE, SDG&E and SoCalGas from 2007-17 (Figure 3.1). Each of the graphs in Figure 1 includes box plots which reflect the 25th, 50th and 75th percentile of average monthly disconnections. Therefore, the length of each box indicates the level of variability for average disconnections for a particular IOU, customer class (i.e. Non-CARE versus CARE), and year.

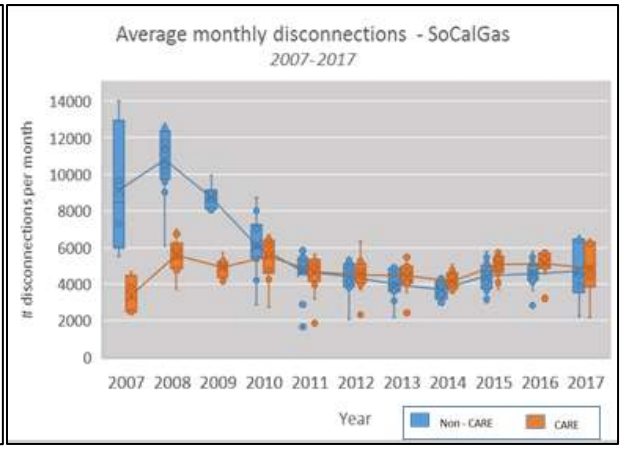
From 2008-09 till 2011, average monthly Non-CARE disconnections fell by 50% in each of the large IOU service territories. CARE disconnection did not witness this decline during this period of time. From 2011-2016, average monthly Non-CARE disconnections doubled for PG&E, SCE, and SDG&E customers. During this period of time, PG&E, SCE and SoCalGas CARE customers disconnections remained relatively steady (Figure 3.1).

Figure 3.1 2007-17 PG&E, SCE, SDG&E and SoCalGas Average Monthly Disconnections[2]



[2] Note that PG&E and SDG&E monthly disconnections include both gas and electric disconnections.





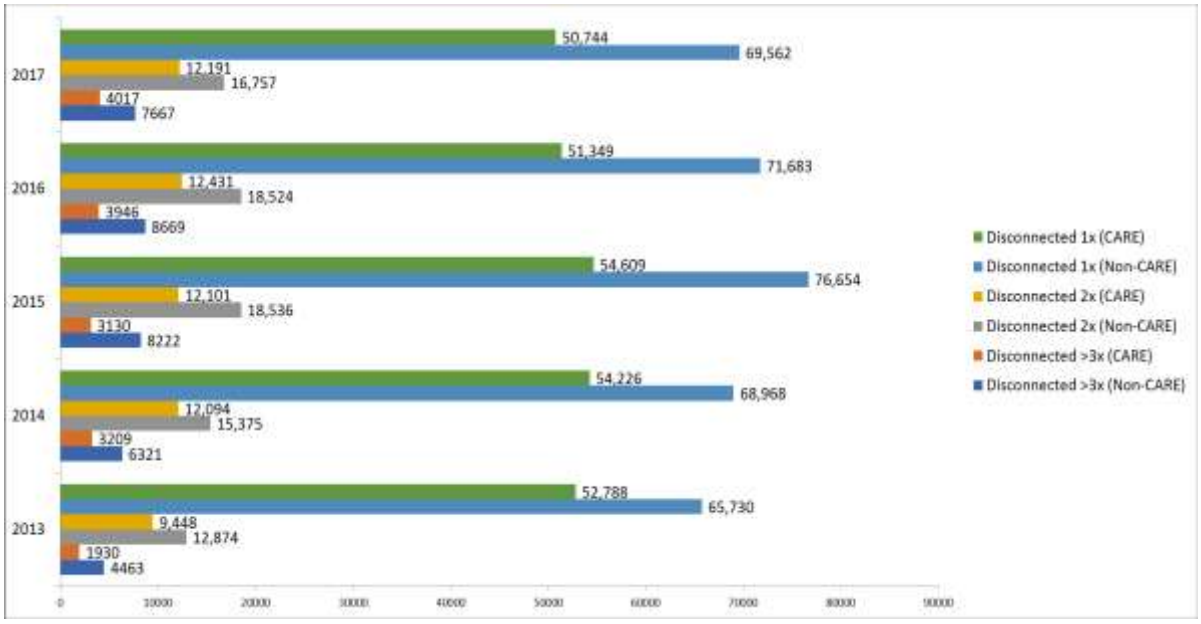
Frequency of annual disconnections

From 2013 to 2017, 5-25% of Non-CARE households that experienced a disconnection were disconnected again during the same year. More than one-quarter (25-35%) of the CARE customers that experienced one disconnection were disconnected again during the same year.

Household disconnection frequency represents the number of times a household is disconnected from electric service in a year. In some instances, households may be disconnected twice or more in one year. Figures 4.1-4.4 display the number of PG&E, SCE, SDG&E and SoCalGas Non-CARE and CARE households that were disconnected once, twice or three or more times annually from 2013-17. This data was obtained directly from PG&E, SCE, SDG&E and SoCalGas.

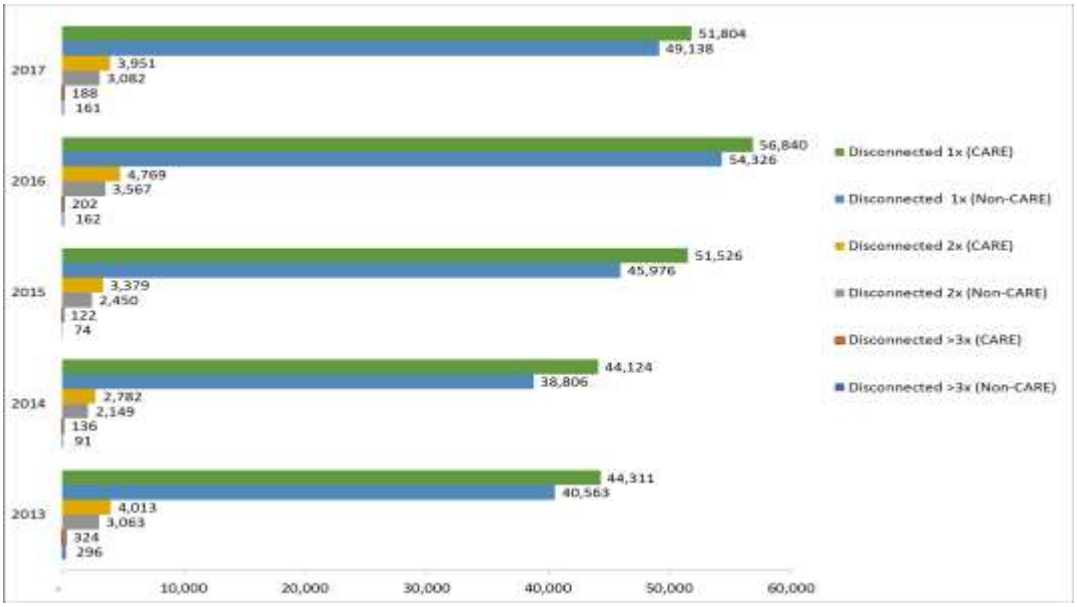
Figure 4.1 displays the frequency of disconnections in PG&E Non-CARE and CARE households in a year from 2013-17. Roughly 25% of PG&E Non-CARE and CARE households that were disconnected once in the same year experienced a subsequent disconnection. In addition, 33% of CARE households that experienced two disconnections were disconnected three or more times.

Figure 4.1 2013-17 PG&E Household Disconnection Frequency



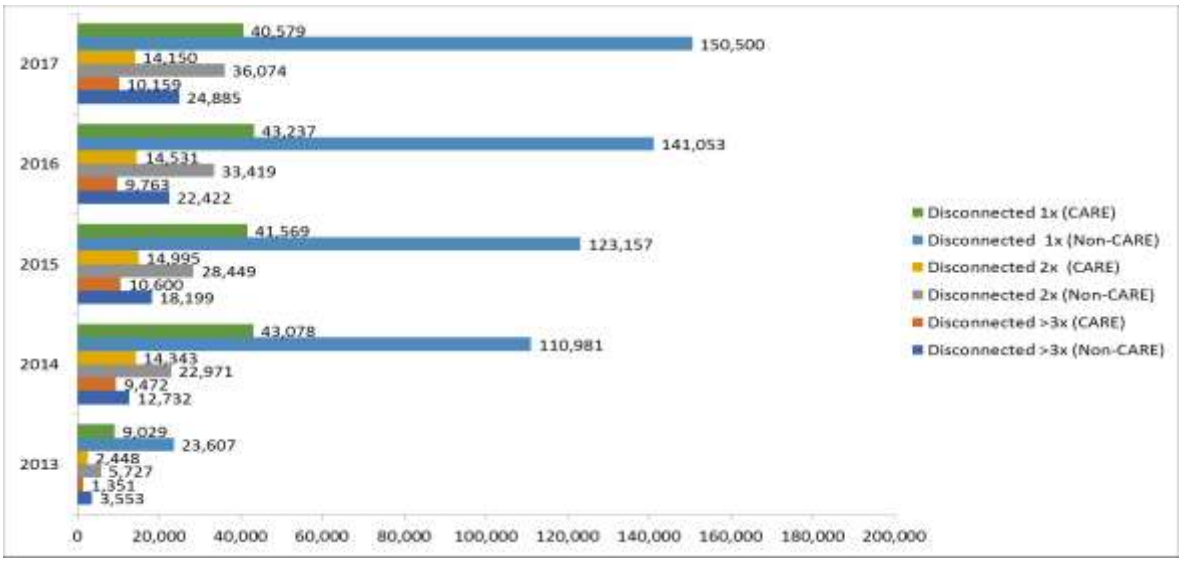
Approximately 5-8% of the number of SoCalGas Non-CARE and CARE households that were disconnected once were twice disconnected (Figure 4.2). The number of households that were disconnected twice steeply declined from ~7,000 in 2013 to ~4,900 in 2014. Thereafter, this value rose to ~8,300 in 2016 and then dipped to ~7,000 in 2017.

Figure 4.2 2013-17 SoCalGas Household Disconnection Frequency



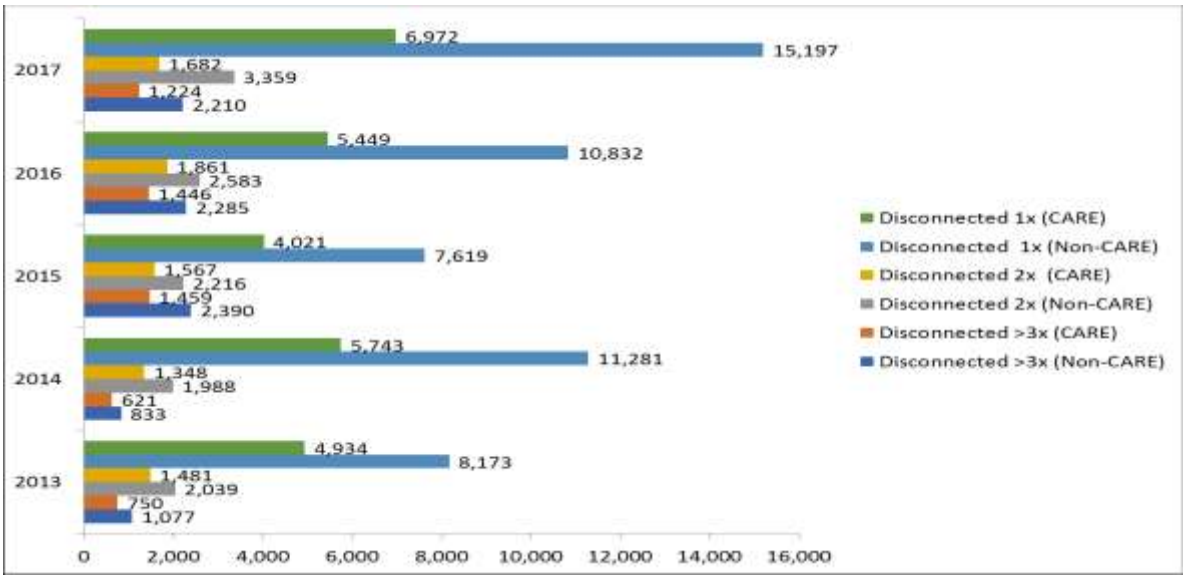
SCE household disconnections that occurred once, three and more than three times annually also increased from 2014-2017 (Figure 4.3). Note the spike in Non-CARE customers that were twice disconnected from 5,727 in 2013 to 36,074 in 2017. Generally, ~20%-25% of Non-CARE households that were disconnected once during this time period experienced a subsequent disconnection. Roughly 30%-35% of the number of CARE households that were disconnected once were disconnected twice while 60%-70% of twice disconnected customers were disconnected three or more times.

Figure 4.3 2013-17 SCE Household Disconnection Frequency



From 2013-17, approximately 20-25% of SDG&E Non-CARE and CARE households that experienced one disconnection experienced two disconnections (Figure 4.4). Note that 50-75% of SDG&E's twice disconnected CARE customers were disconnected three or more times.

Figure 4.4 2013-17 SDG&E Household Disconnection Frequency



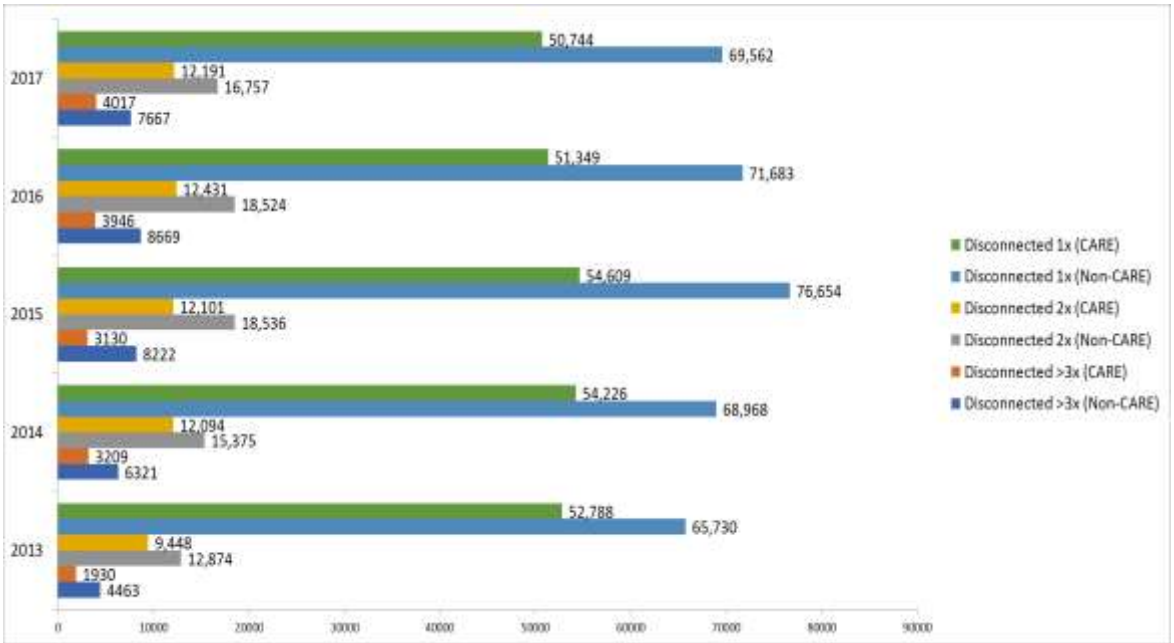
Frequency of annual reconnections

From 2013-17, PG&E and SDG&E Non-CARE and CARE and SCE CARE household reconnections were relatively aligned with disconnections. However, the number of SCE and SoCalGas Non-CARE disconnections outnumbered reconnections by ~ 10%.

Household reconnection frequency represents the number of times a household is reconnected to electric service in a year. In some instances, households may be reconnected twice or more in one year. Figure 5.1 displays the frequency of reconnections in Non-CARE and CARE households in a year from 2013-17.

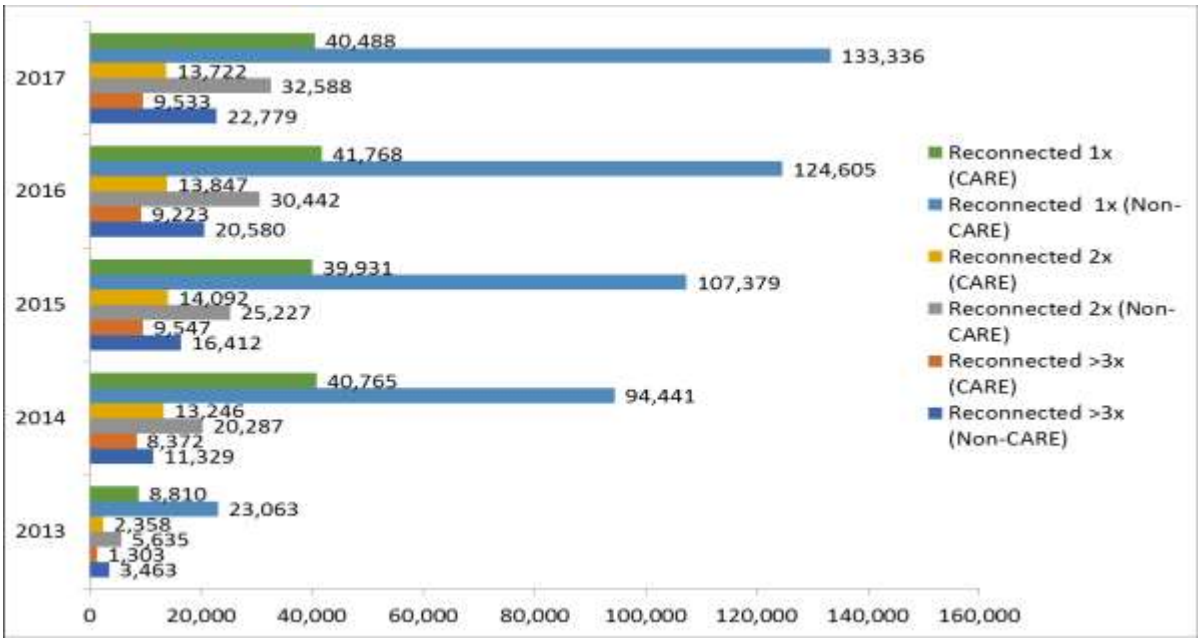
PG&E Non-CARE and CARE household reconnections that occurred once annually remained steady (approximate average of 120,000) and paralleled the number of disconnections that occurred once from 2013-17 (Figure 5.1).

Figure 5.1 2013-17 PG&E Household Reconnection Frequency



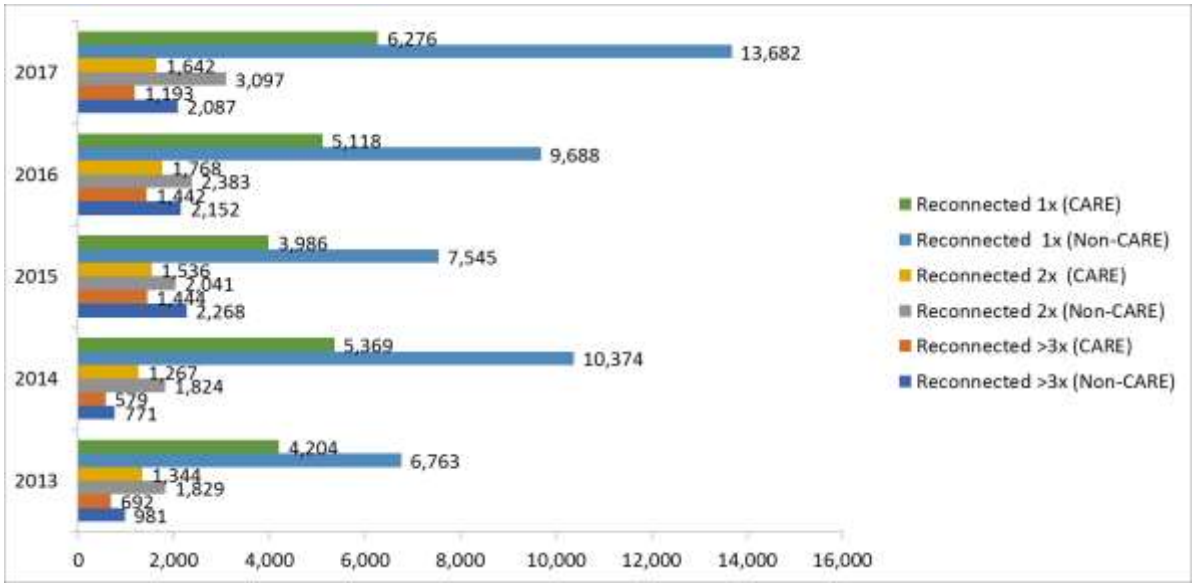
SCE households disconnected once exceeded reconnections that occurred once by roughly 10%. (e.g. compare approximately 190,000 total disconnections in SCE's service territory in 2017 displayed in Figure 4.3 with the 170,000 total reconnections displayed in Figure 5.2).

Figure 5.2 2013-17 SCE Household Reconnection Frequency



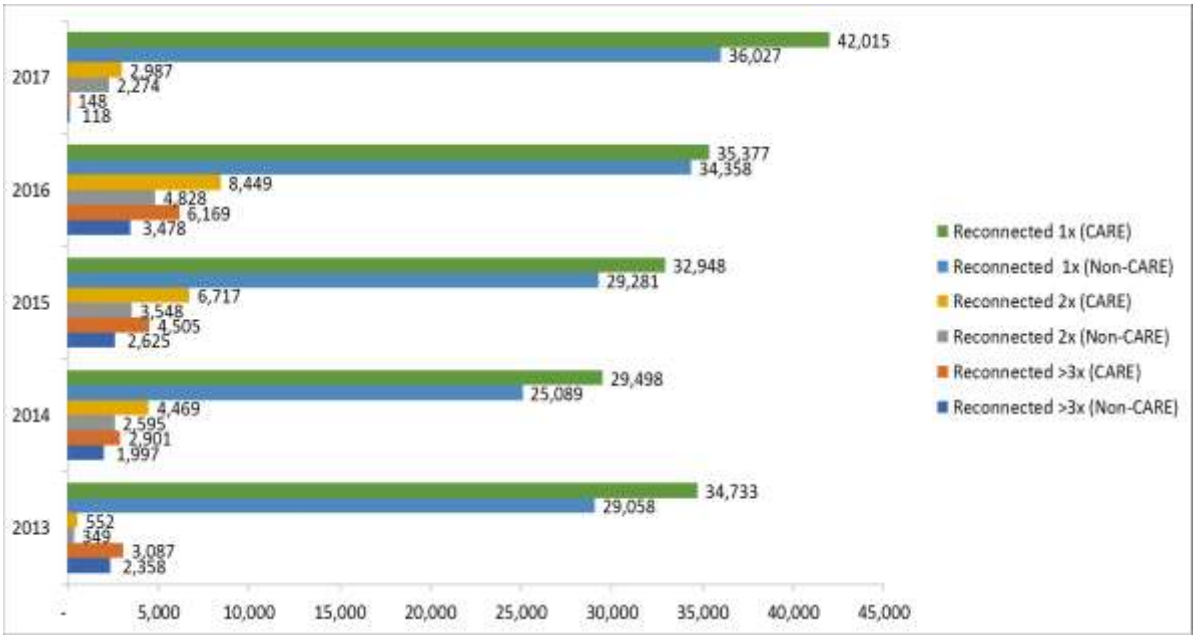
Similar to SCE, SDG&E households that were disconnected once exceeded reconnections by 10% (e.g. compare the ~22,000 total disconnections in SCE's service territory in 2017 displayed in Figure 4.3 with the ~20,000 total reconnections displayed in Figure 5.3).

Figure 5.3 2013-17 SDG&E Household Reconnection Frequency



SoCalGas total household reconnections increased from 63,791 in 2013 to 78,042 in 2017. Both Non-CARE and CARE household reconnections trailed disconnections (Figure 5.4).

Figure 5.4 2013-17 SoCalGas Household Reconnection Frequency



Overall the data shows that household disconnections that occurred once annually outnumbered reconnections that occurred once from 2013-17 (Table 5.1). This discrepancy could be attributed to households that moved out of the service territory or be reflective of customer difficulty in reestablishing credit.

Table 5.1 Comparison of Household Disconnections versus Reconnections

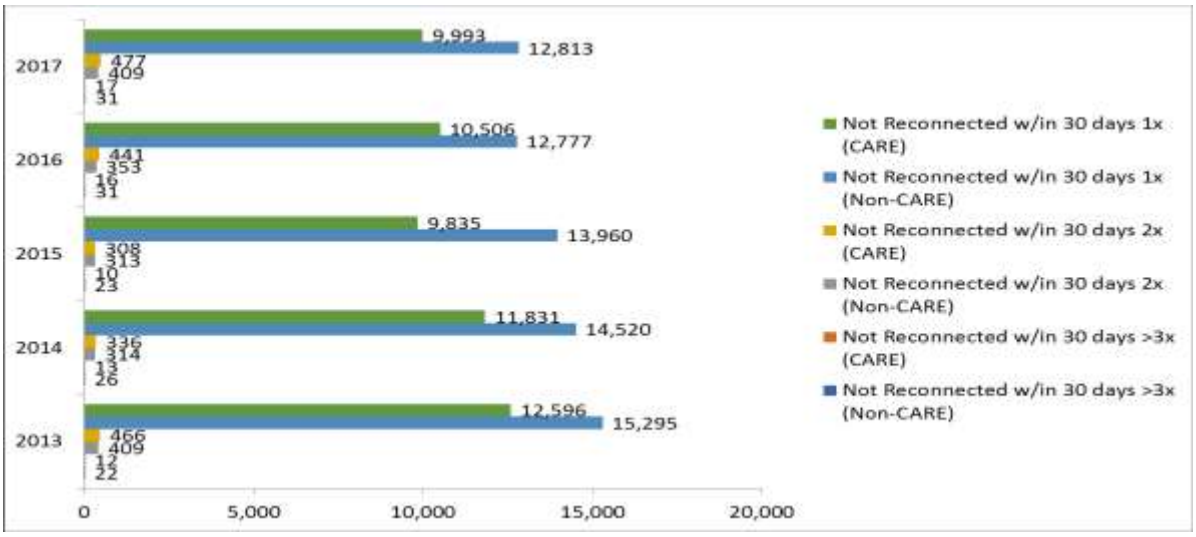
	2013	2014	2015	2016	2017
PG&E disconnections	118,518	123,394	131,263	123,032	120,036
PG&E reconnections	98781	106437	116324	109152	106754
Difference	-19,737	-16,957	-14,939	-13,880	-13,282
SCE disconnections	32636	154059	164726	184290	191079
SCE reconnections	31873	135206	147310	166373	173824
Difference	-763	-18,853	-17,416	-17,917	-17,255
SDG&E disconnections	13182	17179	11771	16409	22283
SDG&E reconnections	11011	15849	11614	14889	20033
Difference	-2,171	-1,330	-157	-1,520	-2,250
SoCalGas disconnections	84,874	82,930	97,502	111,166	100,942
SoCalGas reconnections	63791	54587	62229	69735	78042
Difference	-21,083	-28,343	-35,273	-41,431	-22,900

Time to customer reconnection

From 2013-17, PG&E, SCE, SDG&E and SoCalGas households that had electric and/or gas service reconnected after 30 days represented 5-20% of total reconnections.

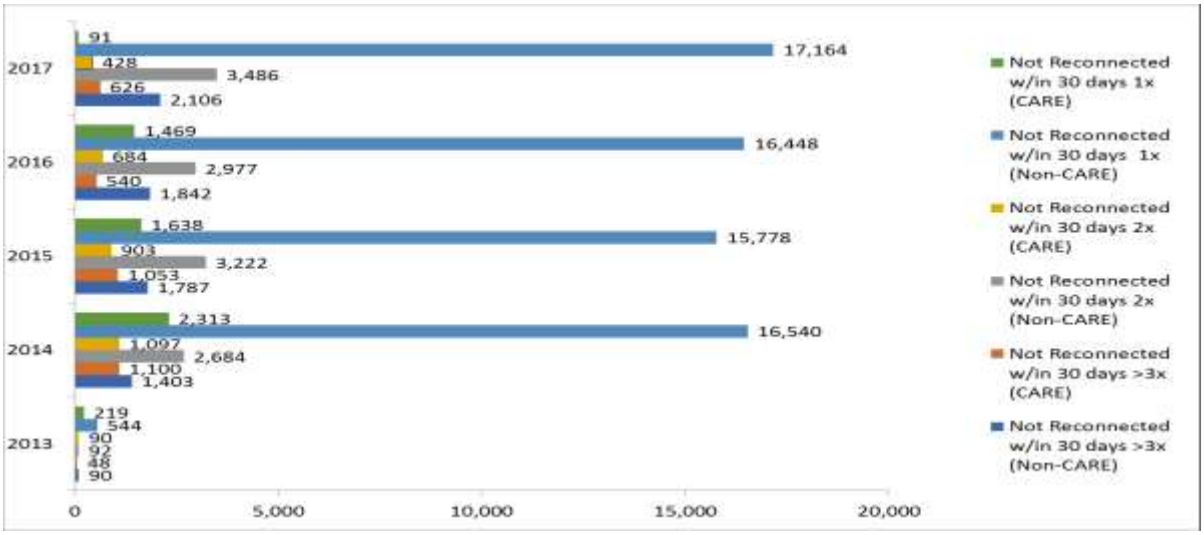
PG&E Non-CARE and CARE household reconnections that did not occur within 30 days decreased by roughly 20% from 2013-17 (Figure 6.1).

Figure 6.1 2013-17 PG&E Household Time to Reconnection ≥30 days



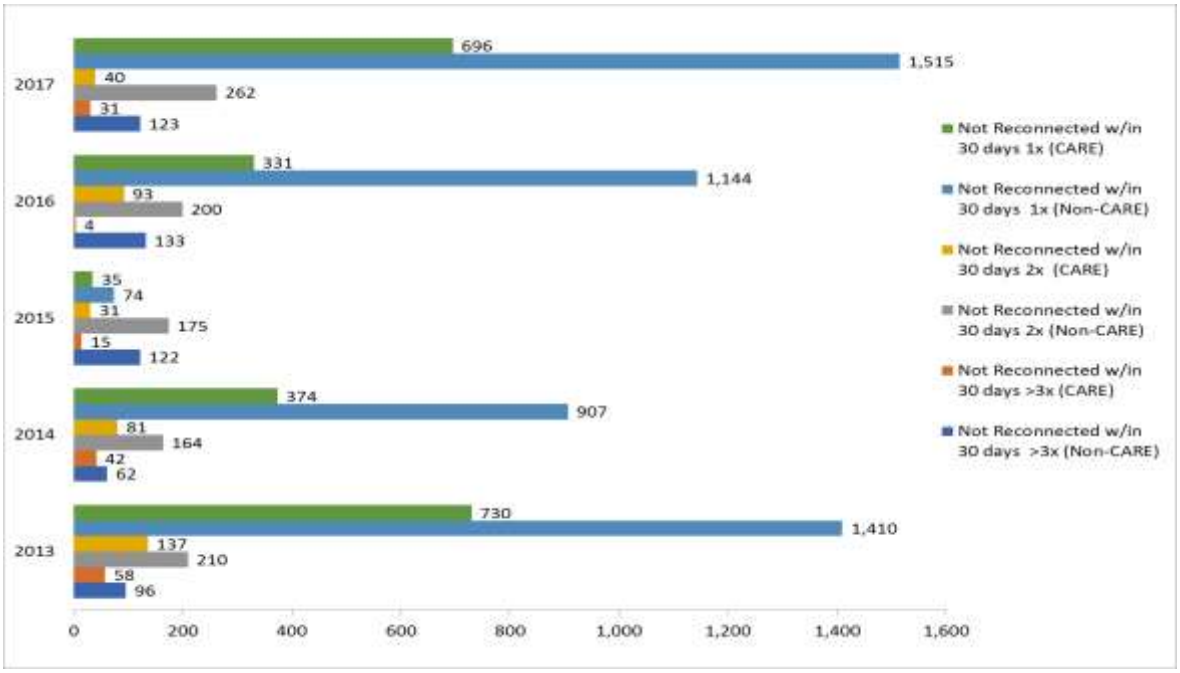
From 2013-17, 10-15% of SCE Non-CARE households were not reconnected within 30 days and remained relatively constant (Figure 6.2). However, the number of CARE households that were reconnected in a period greater than 30 days decreased from ~2,300 in 2013 to ~100 in 2017.

Figure 6.2 2013-17 SCE Household Time to Reconnection >30 days



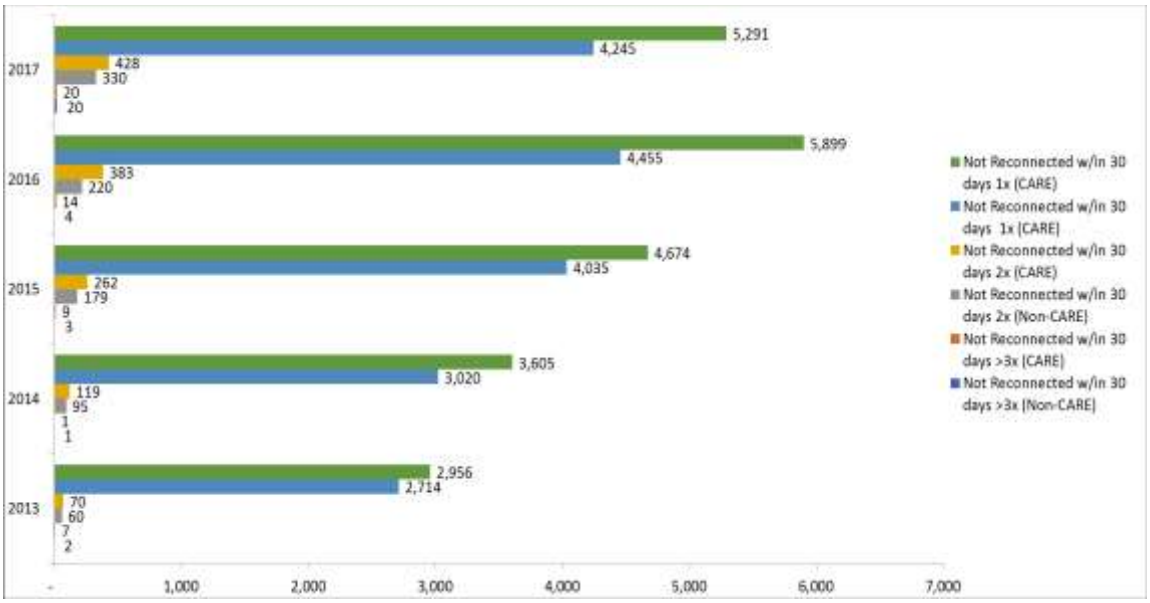
Approximately 10-20% of SDG&E household reconnections did not occur within 30 days from 2013-17. This statistic trended upward from a low of 109 in 2015 to 2,201 in 2017 (Figure 6.3).

Figure 6.3 2013-17 SDG&E Household Time to Reconnection ≥30 days



SoCalGas total and CARE household reconnections that took longer than 30 days increased from 5,670 in 2013 to 9,536 in 2017. These numbers represent roughly 5-10% of the total number of SoCalGas customer reconnections (Figure 6.4).

Figure 6.4 2013-17 SoCalGas Household Time to Reconnection ≥30 days



Reconnections that did not occur within 30 days persisted at similar levels in PG&E and SCE service territories from 2013-17. However, the number of SDG&E and SoCalGas customers that were reconnected at or beyond 30 days increased precipitously during this period of time.

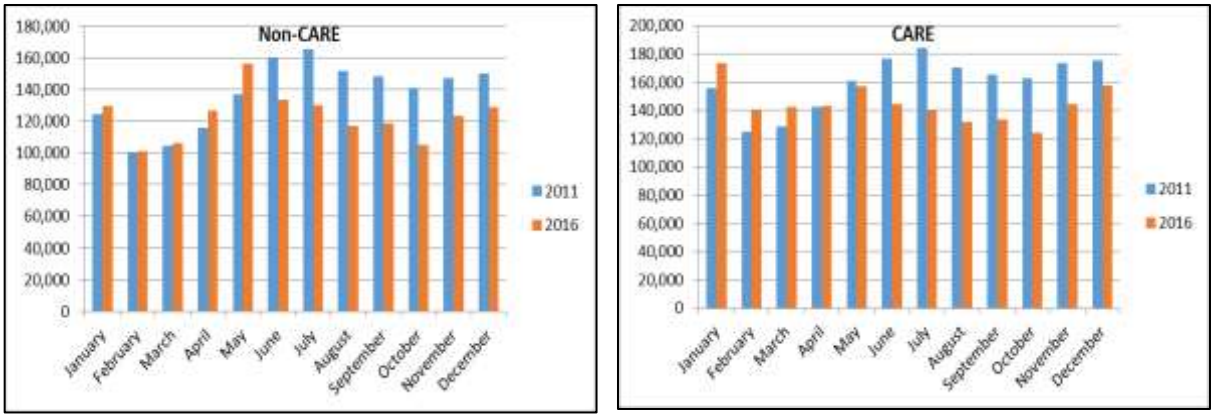
Customers in Arrears

Generally, more PG&E non-CARE and CARE households were in greater arrears from January to May in 2011 compared to 2016. From June to December, this differential was reversed. More SCE Non-CARE customers were in arrears through the year in 2016 versus 2011 while the opposite was true for CARE customers. SDG&E and SoCalGas 2016 Non-CARE and CARE customers were in greater arrears compared to 2011 customers.

The number of customers in arrears for non-payment of electric and gas bills is an indicator or a risk factor for customer disconnections and can be a proxy for the baseline number of people who could have their electricity or gas service disconnected.

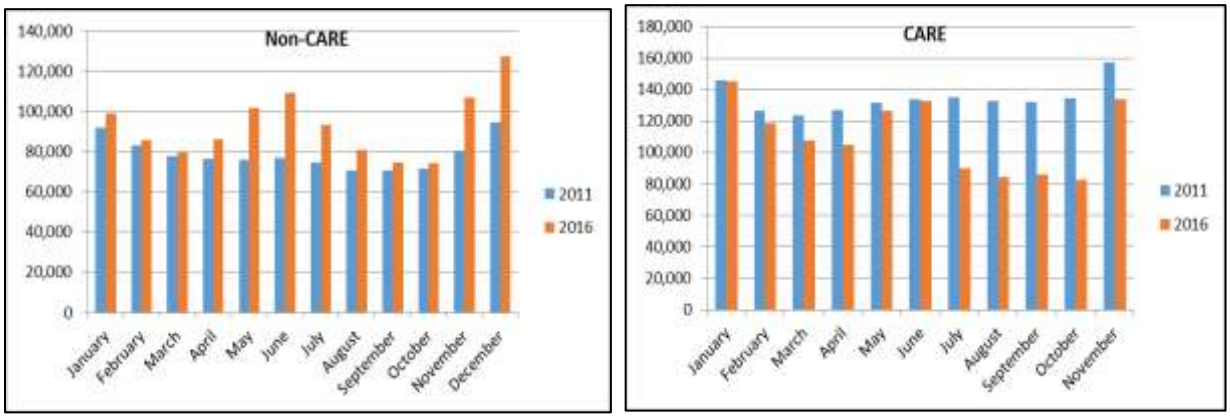
Interestingly, the number of PG&E Non-CARE and CARE customers in arrears greater than 90 days in 2011 decreased in 2016 from June to October. Conversely, from January to May, the number of customers in arrears in 2016 outpaced the number in 2011 (Figure 7.1).

Figure 7.1 2011 & 2016: Number of PG&E Customers in Arrears >90 days



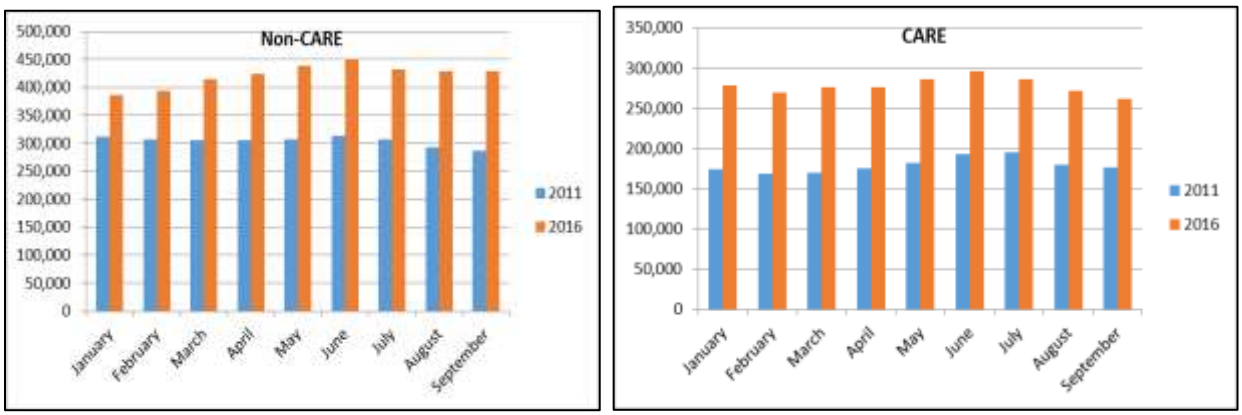
More SCE Non-CARE customers were in arrears greater than 90 days in 2016 compared to 2011. However, the converse was true for SCE's CARE customers in the same category (Figure 7.2).

Figure 7.2 2011 & 2016: Number of SCE Customers in Arrears >90 days



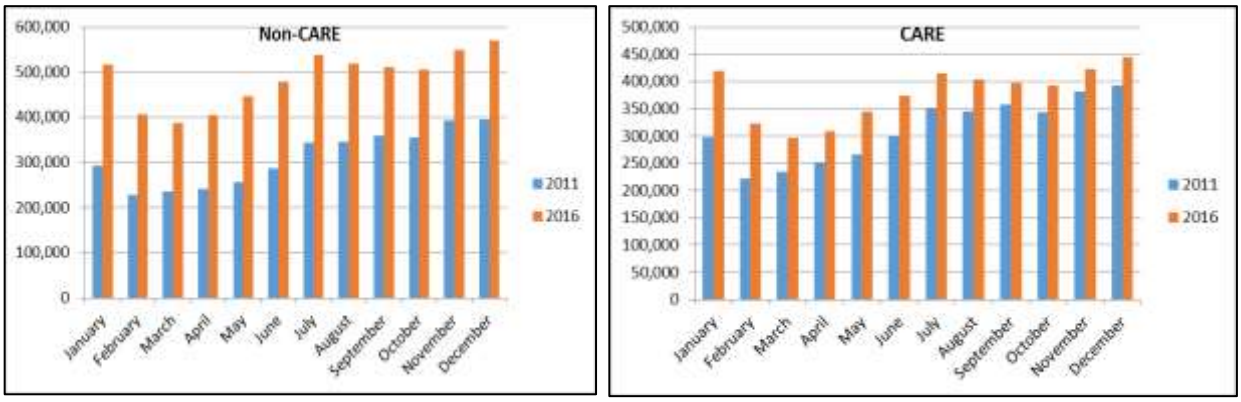
More SDG&E's Non-CARE and CARE customers were in arrears for greater than 90 days (Figure 7.3) in 2016 versus 2011. The difference represents approximately 100,000 to 150,000 customers. As a matter of perspective, the number of 2011 and 2016 SDG&E customers in arrears greater than 90 days is roughly 40% of its total customers.

Figure 7.3 2011 & 2016: Number of SDG&E Customers in Arrears >90 days



Similar to SDG&E's customer profile, a greater number of SoCalGas Non-CARE and CARE customers were in arrears more than 90 days in 2016 versus 2011 (Figure 7.4).

Figure 7.4 2011 & 2016: Number of SoCalGas Customers in Arrears >90 days



The number of 2011 versus 2016 Non-CARE and CARE customers in arrears on a monthly basis differed in each IOU territory.

Factors that influence disconnection rates

Given that a significant number of PG&E, SCE, SDG&E and SoCalGas customers have been and are continuing to be disconnected from electric and/or gas service, may not be reconnected within a 30-day time window and continue to be in arrears, it is important to examine potential root causes that lead to these outcomes. The trends and data presented in this report are likely being caused by a multitude of complex factors. Utility rules and practices; energy prices and rates; customer income, employment status, and access to credit; geography, climate and weather variability, and socioeconomic factors such as health, disabilities, and education levels are all likely among the interrelated causes for disconnections. Undoubtedly, these factors do not influence disconnections independently and are often confounded by additional factors that were not examined here. Nevertheless, a review of potential for each factor to influence disconnections is warranted.

Income

Electric and gas disconnection rates are insensitive to average gross income (AGI) level in California zip codes when average Non-CARE household AGI levels are greater than $90,000 (i.e. income does not appear to be a predictive measure of disconnections for households with incomes above $90,000)[3][4].

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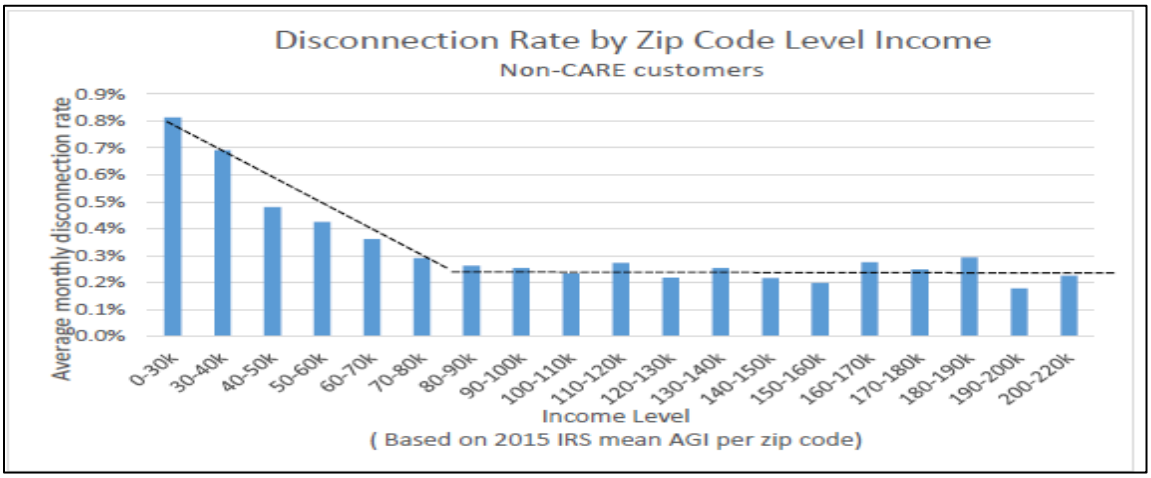
[3] https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-statistics-zip-code-data-soi

[4] "A Review of Residential Customer Disconnection Influences & Trends" CPUC Policy and Planning Division, December 28, 2017 p. 4.

However, there is a positive correlation between income level and disconnections for customers with an AGI ranging from $0-$90,000 (i.e. the statewide disconnection rate for a household with an AGI ranging from $0-$80,000 decreases linearly with increasing income). Despite this general trend, the impact of increasing income on the number of disconnections appears to be dampened for households with incomes greater than $40,000 but less than $80,000. Further analysis on the availability of subsidies or financial assistance to these Non-CARE households may clarify why the disconnection impact is not as pronounced.

Figure 8.1 Q2 2016 - Large IOU electricity and natural gas disconnections



Unemployment

Given the steep rise in disconnections in 2008 and 2009, due to unemployment and other unknown factors, the Commission opened R.10-02-005 to reduce those related to non-payment of bills.[5] In that proceeding, the Commission issued D.10-07-048 which included interim provisions to stem this trend. D.10-07-048 ordered the following:[6]

- SoCalGas customer service representatives (CSRs) must inform any customer that owes an arrearage on a utility bill that puts the customer at risk for disconnection that the customer has a right to arrange a bill payment plan extending for a minimum of three months the period in which to repay the arrearage.

[5] D.14-06-036 at 2.

[6] D.10-07-048 at 1.

- Continues to allow these CSRs the discretion to extend the period in which to pay the arrearage from three months up to twelve months.

- Provides that California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) customers in the PG&E, SDG&E, SCE, and SoCalGas service territories are not required to pay additional reestablishment of credit deposits with a utility for either slow-payment/no-payment of bills or following a
disconnection.

- Provides that medical baseline or life support customers shall not be disconnected without an in-person visit from a utility representative.

- Directs SDG&E and SoCalGas to develop an automatic payment plan that allows new customers or reconnecting customers a payment option that is in lieu of a cash deposit for credit. Requires PG&E and SCE to continue to offer their non-cash credit deposit options to all new customers and those required to post areestablishment of credit deposit following a disconnection.

- Directs PG&E, SDG&E and SCE to collect from customers a reestablishment of credit deposit following a disconnection based on twice the average monthly bill, rather than twice the maximum monthly bill. Requires SoCalGas to continue its current reestablishment of credit deposit amount of a two-month average bill.

- Directs SoCalGas and SDG&E to waive reestablishment of credit deposits for late payment of bills. Requires PG&E and SCE to continue their practice of not collecting credit deposits for late payment of bills.

- Directs PG&E and SCE to provide a field representative who can collect on a bill during an in-person visit prior to disconnection for medical baseline or life support customers. Requires SDG&E and SoCalGas to continue this practice.

- Directs PG&E, SCE, SDG&E and SoCalGas to implement these customer service disconnection practices by October 1, 2010.

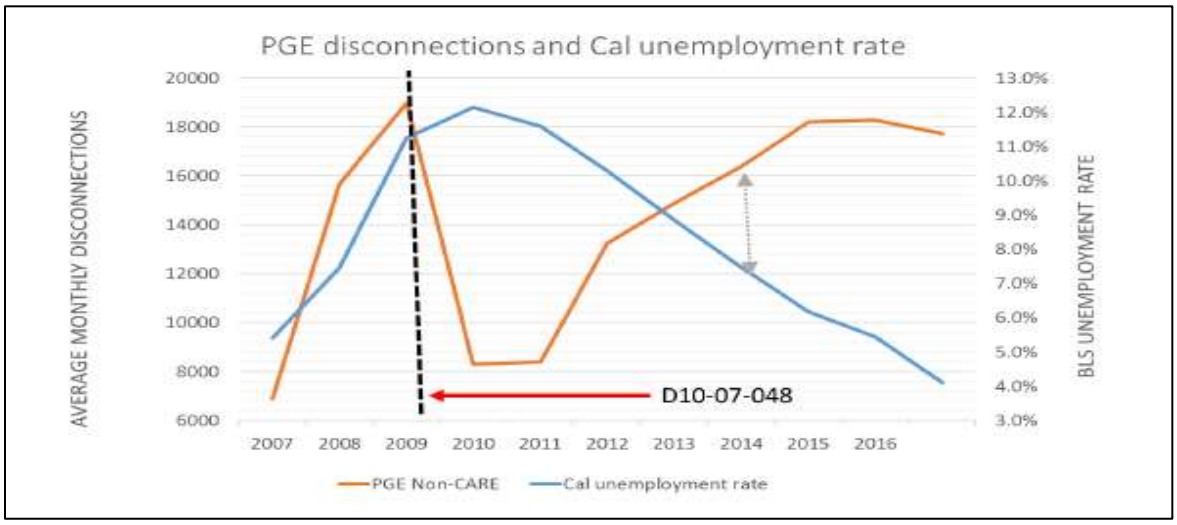
- Directs SoCalGas, SDG&E, SCE and PG&E to recommend to the Commission, by October 1, 2010, uniform notice of disconnection procedures.

- Authorizes PG&E, SCE, SDG&E and SoCalGas to charge significant costs associated with complying with the new practices in this decision to their memorandum accounts.

These customer service disconnection measures remained in effect until the effective date of the next general rate cases for SCE, SDG&E and SoCal Gas, which was anticipated to be January 1, 2012. Commission decisions issued in 2012[7] and 2014[8] continued selected interim provisions. In addition, the 2014 decision adopted a settlement agreement that authorized the initiation of payment plan pilots.

In Figure 8.2, the presumed impact of these measures can be observed. Note that the unemployment rate seems to be positively correlated with PG&E's disconnection rate from 2007 to 2009. During 2010-11 the average number disconnections drop to 8,000/year from a peak level of ~19,000 in 2009. However, beyond 2011 the disconnection rate continues to rise despite a decline in the unemployment rate, which indicates that a multi-year correlation between unemployment and disconnections may be weak. Further analysis on the influence of other socioeconomic factors must be performed to identify how disconnection rates change in high versus low employment communities. This analysis should also include an assessment of how their relative rate of unemployment can also lead to disconnection rate disparities.

Figure 8.2 Unemployment rate vs. disconnection rate 2012-15



Data from 2012 and 2015 suggests that the annual California unemployment rate[9] is correlated with the California energy IOU disconnection rate (Figure 8.3). While the unemployment rate and disconnection rate are highly correlated (R^2 = 0.9), the degree of change between these two rates is variable from year to year

[7] D.12-03-054-http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=578323

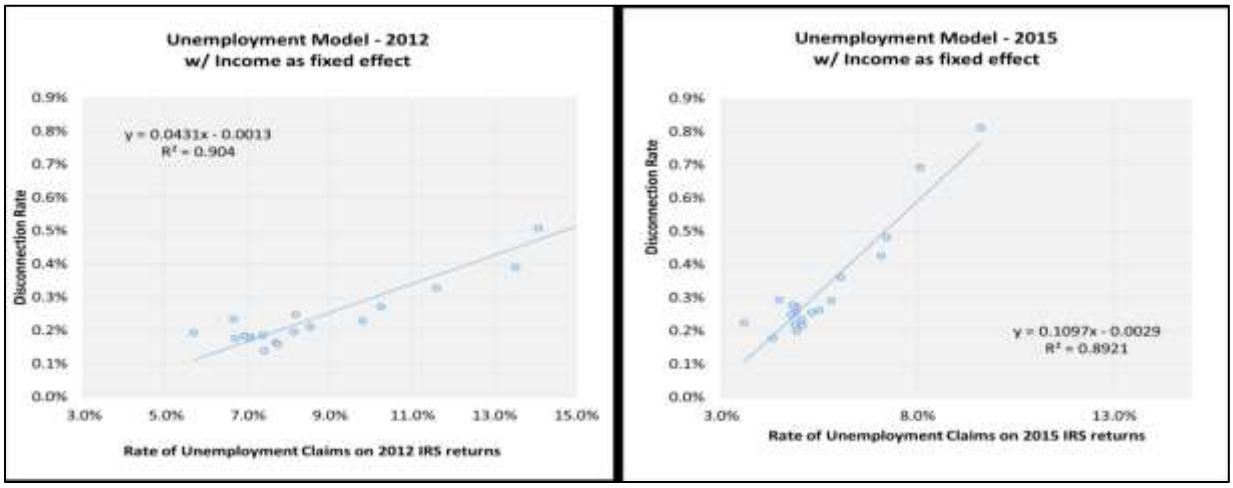
[8] D.14-06-036 http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=97528107

[9] Data obtained from IRS returns.

(i.e. a 1% rise in the 2012 unemployment rate corresponded to a 0.0043% rise in the 2012 disconnection rate while a similar rise in the 2015 unemployment rate corresponded to a 0.11% rise in the disconnection rate). This result shows that you cannot apply the relationship between unemployment rate and disconnection rate in one year to the following year.

The difference in the relationship between 2012 and 2015 unemployment and disconnection rates implies that factors other than unemployment are likely influencing disconnection rates.

Figure 8.3 Unemployment rate vs. disconnection rate 2012-15

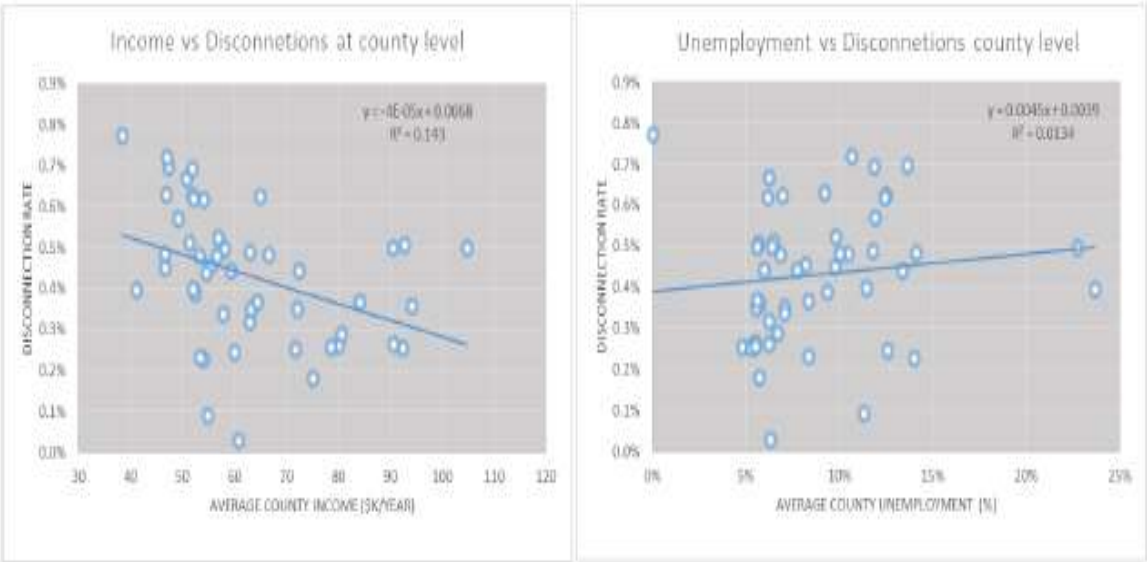


Geography

According to 2016 data, disconnection rates in all California counties vary from 1.0% to 0.1%. If outliers are eliminated, there is still a 3-fold difference between counties where disconnection numbers fall into the 10th percentile versus the 90th percentile (See Appendix, Disconnection Rates by County).

Further analysis regarding the correlation between (1) income and disconnections and (2) unemployment and disconnections at the county level yield no additional information regarding underlying geographic factors. Future analysis should evaluate other factors including regional climate, adoption of energy efficiency (EE) and demand response (DR) technologies, differences in employment volatility and social and cultural differences as potential causes for the county-level differences.

Figure 8.4 Relationship between income/unemployment and county disconnection rates



Other Factors

Future analysis should delve deeper into the impact of other socioeconomic factors, such as race, age, homeownership, and education on disconnection rates.

A 2017 report on disconnections by the National Association for the Advancement of Colored People (NAACP Report) reviewed disconnection policies nationwide and described the toll that disconnections take on individuals and families.[10] The report evaluated disconnections through a human rights lens. It noted that low-income customers utilize a larger portion of their income to pay their energy bills. The report found that communities of color are disproportionately impacted by disconnections, along with low-income customers. When utilities disconnect customers, people face difficult and sometimes deadly choices. People may choose to heat their homes in unsafe ways, using candles and open fires, which may lead to house fires. People may not be able to refrigerate medications, store and cook food, and operate life-saving medical devices.

There is limited research and analysis of the impacts of race and ethnicity on disconnections, as well as on the toll disconnections take on individuals' health, employment, educational attainment, and safety. Additional research and analysis is necessary to fully evaluate the impact of disconnections and to develop strategies to lower disconnection rates.

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[10] National Association for the Advancement of Colored People (NAACP). Lights Out In the Cold: Reforming Utility Shut-Off Polices as If Human Rights Matter (March 2017).

California IOU Disconnection and Reconnection Rules

As stated earlier, the intent of this paper is to present information about California IOU disconnections, reconnections and time to reconnections, and underlying factors that lead to energy service outcomes.

In order to understand how Commission polices and IOU rules can be amended, it is necessary to briefly review specific provisions related to obtaining, maintaining and discontinuing electric and gas service. Typically, customers become eligible to receive service upon providing a deposit and establishing credit. If customers do not pay bills in a timely fashion, a notice is provided to customers that their bills are past due. Later, notification is provided to these customers regarding pending service disconnection. Vulnerable customers, including elderly, disabled, and those with serious medical conditions, may receive in-home visits or be placed on amortized bill payment plans. If these customers, and other eligible customers, do not meet the requirements of special payment plans their service may be discontinued. If service is disconnected, the IOUs also have rules regarding what steps must be taken to get reconnected. The following summaries describe the regulatory process that governs receiving service, disconnections and reconnections.

Electric and Gas Service Rules

The following section identifies and details the rules published in the tariffs of the electric and gas utilities serving California related to disconnections and reconnections of gas service.

As shown in the tables below (Tables 9.1-9.6), these utilities have various charges in their tariffs related to restoring gas service, deposit amounts, returned check fees, and technician dispatch to a residence to disconnect service.

Table 9.1 Utility Rules Related to Disconnections and Reconnections for Gas Customers[11]

Utility:	Alpine Natural Gas	PG&E(gas)	SDG&E (gas)	SCE (gas - Catalina Is.)	SoCalGas	Southwest Gas	West Coast Gas
Notifications about disconnections	Rule 11	Rule 8	Rule 8, 11	Rule 11	Rule 18, 9	Rule 11	Rule 8
Individual liability for joint service	Rule 3	Rule 3	Rule 3	Rule 3	Rule 3	Rule 3	Rule 3
Establishment and re-establishment of credit	Rule 6	Rule 6	Rule 6	Rule 6	Rule 6	Rule 6	Rule 6
Deposits	Rule 7	Rule 7	Rule 7	Rule 7	Rule 7	Rule 7	Rule 7
Termination and restoration	Rule 11	Rule 11	Rule 11	Rule 11	Rule 9, 10	Rule 11	Rule 11

Table 9.2 Charges levied by PG&E, SoCalGas & SDG&E for gas reconnections, disconnections and related items.

	PG&E	SoCalGas	SDG&E
Charges			
Reconnection Fee[12] when technician visit customer's premise to restore gas service	$17.50 per connection, or $11.25 per connection for CARE customer (Rule 11.N.4)	$16.00 family dwelling unit, $7.00 for each additional unit located in housing projects, apartments, or multi-family dwelling unit (Rule 10.B)	$5.85 service establishment charge (Schedule G-91)
Returned Check	$7 each (Rule 9.H)	$7.50 each (Rule 12.B.5)	$7 each (Rule 9.B.5)

[11] PG&E, SDG&E and SoCalGas will not disconnect service for non-payment of Core Transport Agent (CTA) procurement charges. See: http://www.pge.com/includes/docs/pdfs/b2b/customerchoice/ctaresourcecenter/documents/GasHandbook.pdf) p. 50 SDG&E Gas tariff schedule G-CBS. SoCalGas tariff schedule G-CBS. CTA's procure natural gas for core customers (e.g., residential and small commercial) for customers that subscribe to the service with the utility transporting the gas to the CTA customer. Under consolidated billing, the utility includes the CTA procurement charges in the utility bill and collects the funds on behalf of the CTA .

[12] May be required before restoring gas service.

	PG&E	SoCalGas	SDG&E
Charges			
Deposit Payment* to establish credit	Twice the avg. monthly bill (Rule 7)	Twice the avg. monthly bill (Rule 6C, Rule 7.A, 10 B)	Twice the avg. monthly bill (Rule 7.A, Rule 9.B.3)
Field Collection Fee when technician visit a customer's premise to discontinue gas service	10 (Rule 9.I)		15 (Rule 9.E)

Table 9.3 Notifications about gas service disconnections

Utility:	PG&E	SDG&E	SoCalGas
When bill is delinquent	19 days after mailing or sent electronically (Rule 8 A., Rule 11 D.)	19 days after mailing. (Rule 11 A. 1.)	Monthly bills 19 days after mailing. (Rule 9 C.1.)
Past Due notice	Notice stating bill is past due and service may be disconnected in 15 days. Customer requested to contact utility to set-up a payment arrangement (Rule 8 A.1)	Notice stating bill is past due and service may be disconnected in 15 days. Customer requested to contact utility to set-up a payment arrangement (Rule 11 A. 2.)	Notice stating bill is past due and service may be disconnected in 15 days. Customer requested to contact utility to set-up a payment arrangement (Rule 9 2.a..)
Further notice	If 15 day notice is unpaid, notice of disconnection mailed 48 hours prior to disconnection. If balance is still unpaid, will attempt to contact adult at residence at least 24 hours prior to disconnection. (Rule 8 A. 2.)	Make reasonable attempt to contact customer in person or by phone at least 24 hours before disconnection. If contact cannot be made, a notice will be mailed or given in person at least 48 hours prior to disconnection. (Rule 11 A. 3.)	At least two attempts to personally contact an adult at the residence to avoid disconnection. If phone contact cannot be accomplished, the utility will mail a disconnection notice at least 48 hours prior to disconnection. At time of the disconnection, utility will attempt to personally contact the customer in order to avoid disconnection. (Rule 9 C. 4)
Vulnerable persons (elderly, handicapped and special needs profiled)	In person visit 48 hours prior to disconnection. 48 hour extension may be grant to facilitate payment (Rule 11, D. 1)	Provide at least 48 hours notice by personal contact or phone at least 24 hours prior to termination. If contact cannot be made, a notice will be mailed or given in person at least 48 hours prior to disconnection. (Rule 11 A. 3.)	Provide at least 48 hours notice by personal contact or phone at least 48 hours prior to termination. If contact cannot be made, a notice will be mailed or given in person at least 48 hours prior to disconnection. (Rule 9 C. e.)

Utility:	PG&E	SDG&E	SoCalGas
Multi-family w/individual meters	Tenants given notice 10 days before disconnection. Tenants will also be notified they can become customers of the utility and not responsible for unpaid balance (Rule 8 A. 4.a.)	Tenants given notice 10 days before disconnection. Tenants will also be notified they can become customers of the utility and not responsible for unpaid balance (Rule 11 A. 7)	Tenants given notice 10 days before disconnection. Tenants will also be notified they can become customers of the utility and not responsible for unpaid balance (Rule 11 A. 7)
Master-meter facilities	Tenants given notice 15 days before disconnection. Tenants will also be notified they can become customers of the utility and not be responsible for unpaid balance (Rule 8 A 4.b.)	Tenants given notice 15 days before disconnection. Tenants will also be notified they can become customers of the utility and not be responsible for unpaid balance (Rule 11 A. 8)	Tenants given notice 15 days before disconnection. Tenants will also be notified they can become customers of the utility and not be responsible for unpaid balance (Rule 9 C. 7 .)

Note that electric service connection and reconnection is performed remotely. Therefore, fees associated with service visits do not apply.

Table 9.4 Utility Rules Related to Disconnections and Reconnections for Electric Customers[13]

Utility:	PG&E	SDG&E	SCE
Notifications about disconnections	Rule 8	Rule 8, 11	Rule 11
Individual liability for joint service	Rule 3	Rule 3	Rule 3
Establishment and re-establishment of credit	Rule 6	Rule 6	Rule 6
Deposits	Rule 7	Rule 7	Rule 7
Termination and restoration	Rule 11	Rule 11	Rule 11

[13] PG&E, SDG&E and SoCalGas will not disconnect service for non-payment of Core Transport Agent (CTA) procurement charges. See: http://www.pge.com/includes/docs/pdfs/b2b/customerchoice/ctaresourcecenter/documents/GasHandbook.pdf) p. 50 SDG&E Gas tariff schedule G-CBS. SoCalGas tariff schedule G-CBS. CTA's procure natural gas for core customers (e.g., residential and small commercial) for customers that subscribe to the service with the utility transporting the gas to the CTA customer. Under consolidated billing, the utility includes the CTA procurement charges in the utility bill and collects the funds on behalf of the CTA.

Table 9.5 Charges levied by PG&E, SCE & SDG&E for reconnections, disconnections and related items.

	PG&E	SDG&E	SCE
Charges			
Returned Check	$7 each (Rule 9.H)	$7.50 each (Rule 12.B.5)	Not mentioned
Deposit Payment* to establish and re-establish credit	Twice the avg. monthly bill (Rule 7)	Twice the avg. monthly bill (Rule 6C, Rule 7.A, 10 B)	Maybe twice the avg. monthly bill (Rule 7.A, Rule 9.B.3)

Table 9.6 Notifications about electric service disconnections

Utility:	PG&E	SDG&E	SCE
When bill is delinquent	19 days after mailing or sent electronically (Rule 8 A. Rule 11 D.)	19 days after mailing. (Rule 11 A. 1.)	Monthly bills 19 days after mailing. (Rule 11A)
Past due notice	Notice stating bill is past due and service may be disconnected in 15 days. Customer requested to contact utility to set-up a payment arrangement (Rule 8 A.1)	Notice stating bill is past due and service may be disconnected in 15 days. Customer requested to contact utility to set-up a payment arrangement to avoid disconnection (Rule 11 A. 2.)	Notice stating bill is past due and service may be disconnected in 15 days. Customer requested to contact utility to set-up a payment arrangement (Rule 8.)
Further notice	If 15 day notice is unpaid, notice of disconnection mailed 48 hours prior to disconnection in the five most common languages (English, Spanish, Chinese, Vietnamese and Korean). If balance is still unpaid, will attempt to contact adult at residence by telephone or in person at least 24 hours prior to disconnection. (Rule 8 A. 2.)	Make reasonable attempt to contact customer in person or by phone at least 24 hours before disconnection. If contact cannot be made, a notice will be mailed or given in person at least 48 hours prior to disconnection. Per D.14-06-036, shall include multiple language large print inserts and documents. Field workers trained to speak with customers with language difficulties (Rule 11 A. 3.)	Will make reasonable attempt to contact 24 hour before disconnection by phone or personal contact. When phone or personal contact cannot be made, will mail or deliver in-person a notice at least 48 hours prior to disconnection. At time of the disconnection, utility will attempt to personally contact the customer in order to avoid disconnection. (Rule 9 C. 4)
Vulnerable persons (elderly, handicapped and special needs profiled)	In person to Medical Baseline, Life Support, or self-certified that they have a condition that could be life-threatening if disconnected within 48 hours prior to, or at the time of disconnection. 48 hour extension may be grant to facilitate payment (Rule 11,C. 1). Does not mention elderly, handicapped or special needs customers.	Will make reasonable attempt to contact an adult person living at the residence 48 hours before disconnection by phone or personal contact. When phone or personal contact cannot be made, will mail or deliver in-person a notice at least 48 hours prior to disconnection. (Rule 11 A. 3.) Elderly and handicapped can designate another person to receive notice (Rule 11 A. 4.)	Will make reasonable attempt to contact 48 hours before disconnection by phone or personal contact. When phone or personal contact cannot be made, will mail or deliver in-person a notice at least 48 hours prior to disconnection. Elderly and handicapped can designate another person to receive notice (Rule 8 A) Will not be disconnected due to late or non-payment if the customer has established that at least one customer is elderly (62 +) or handicapped. (Rule 11B.2.b)

Utility:	PG&E	SDG&E	SCE
Multi-family w/individual meters	Good faith effort to give tenants 10 days before disconnection and notified they can become customers of the utility and not responsible for unpaid balance (Rule 8 A. 4.a.)	Tenants given notice 10 days before disconnection. Tenants will also be notified they can become customers of the utility and not responsible for unpaid balance (Rule 11 A. 7)	Tenants (includes residents in residential structure, mobile home park, permanent structure in labor camps) given notice 10 days before disconnection. Tenants will also be notified they can become customers of the utility and not responsible for unpaid balance (Rule 11 A. 7)
Master-meter facilities	Good faith effort to post notice on each tenant door 15 days before disconnection. Tenants will also be notified they can become customers of the utility and not be responsible for unpaid balance (Rule 8 A 4.b.)	Tenants given notice 15 days before disconnection and notified they can become customers of the utility and not be responsible for unpaid balance. Also will be provided with monthly cost of service and SDG&E contact info (Rule 11 A. 8)	Tenants given notice 15 days before disconnection and notified they can become customers of the utility and not be responsible for unpaid balance. Also will be provided with monthly cost of service and SCE contact info (Rule 9 C. 7.)

Electric and gas utilities have rules in their tariffs specifying when a bill with an unpaid balance is considered past due and when the utility will send a notice to a customer that their service may be disconnected due nonpayment. Disconnection notices will be in multiple languages consistent with SB 120. The following is a summary of the rules in place for the PG&E, SDG&E SCE and SoCalGas regarding notices:

PG&E Electric and Gas Rule 8: A bill is considered past due 19 days after presentation to a customer. PG&E will mail a customer a notice that service may be disconnected 15 days after a bill has become past due. If the 15 day notice is unpaid, PG&E will mail notice of termination at least 48 hours prior to terminating service. If the balance remains unpaid, the utility will make a reasonable attempt to contact an adult either by phone or in person at least 24 hours prior to terminating service. If the customer entered into an Amortization or Extension (one-time payment) Agreement and it is not kept, PG&E will give the customer 48 hours' notice by phone or in person before terminating service.

For occupants of multi-family accommodations with individual meters, PG&E will provide the tenants at least 10 days' notice before service can be terminated. The notice will inform the tenant they can become an individual customer of the utility without being required to pay any amount of the unpaid balance. For master-metered facilities, PG&E shall make a good faith effort to give posted notice either on each dwelling unit or in a conspicuous area, at least 15 days before service can be terminated. The notice will inform customers that they can become a customer of the utility without paying the past due balance.

PG&E Electric and Gas Rule 11: The utility will visit in-person, special needs profiled customers that have been previously identified as Medical Baseline, Life Support, or has self-certified that they have a serious illness or condition that could become life threatening if service is disconnected, within 48 hours prior to, or at the time of, a service termination. During this visit, the field representative will provide the customer with a pay-by-phone option or

provide a 48 hour extension if they indicate they will pay the balance at a local office or neighborhood payment.

SDG&E Electric and Gas Rule 11: A bill becomes past due 19 days after presentation to a customer. A past due notice will be sent stating that, if the customer cannot pay the balance within 15 days of the notice's mailing, the customer should contact the utility to discuss payment arrangements to avoid being disconnected. If the bill remains unpaid or a payment arrangement has not been established, service may be disconnected for nonpayment. SDG&E will make a reasonable attempt to contact an adult customer by phone or in person at least 24 hours prior to disconnection. If the attempt is unsuccessful, the utility will give the customer a notice of termination by mail or in person at least 48 hours prior to termination. A minimum of 34 days shall elapse between the billing date and the termination date.

For elderly (age 62 and over) and handicapped residential customers, the utility will make a reasonable attempt to contact an adult person by phone or in person at least 24 hours prior to disconnection. If such an attempt is unsuccessful, the utility shall give either by mail or in person a termination notice at least 48 hours prior to termination. Other provisions related to vulnerable customers pursuant to D.14-06-036 expired on December 31, 2016.

For multi-unit structures with individual meters, a 10 day notice of disconnection will be provided. The notice will inform the tenant of their right to become a utility customer without being required to pay any prior unpaid balance. For master-meter customers, the utility will give tenants notice at least 15 days' notice prior to the disconnection date. When it is not practical to post a notice on each tenant's door, the utility may place two such notices at each access point and common areas on the premises. The notice will inform customers that they may become customers of the utility and not be required to any prior unpaid balance.

SoCalGas Rule 9: Bills that are normally mailed monthly are considered past due if unpaid 19 days after mailing. A past due notice will state that, if the customer cannot pay the balance within 15 days of the notice's mailing, the customer should contact the utility to discuss payment arrangements to avoid being disconnected. If the bill remains unpaid or payment arrangements have not been made, service may be disconnected for non-payment. Before service is disconnected, SoCalGas will make a reasonable effort to personally contact an adult at the customer's residence at least 2 times to avoid disconnection. If telephone contact cannot be accomplished, the utility will mail a notice at least 48 hours prior to disconnection.

For elderly (age 62 and over) and handicapped residential customers, the utility will make a reasonable attempt to contact an adult person by phone or in person at least 48 hours prior to disconnection. If such an attempt is unsuccessful, the utility shall give either by mail or in person a termination notice at least 48 hours prior to termination. Other provisions related to vulnerable customers pursuant to D.14-06-036 expired on December 31, 2016.

For master-meter facilities, the utility will give tenants at least 15 days' notice prior to the date of disconnection and notice of their right to become customers without the obligations of the bills that have accrued on the master meter. The utility may satisfy this notice requirement by posting the notices at each access point and common areas when it is not practical to post the notice on every tenant's door.

SCE Rule 8: SCE will mail a notice for nonpayment at least 15 calendar days prior to disconnection. SCE also make a reasonable attempt to contact an adult living at the customer's residence by telephone or personal contact at least 24 hours prior to disconnection. If an adult cannot be contacted in person or by phone, a notice will be provided at least 48 hours prior.

SCE will visit medical baseline, life support, and/or customers who self-certify that they have a serious illness or condition that could become life-threatening if disconnected at least 48 hours prior to disconnection. A field service representative will offer these customers the option to pay by debit or credit card by phone, through online billing, or provide the customer an extension of 48 hours to make payment.

SCE will visit or telephone elderly (62+) and certified disabled residential customers at least 48 hours prior to disconnection. If personal contact through these channels is not successful, SCE will post a notice in a conspicuous location at the service address at least 48 hours prior. These customers may select a pre-approved designee to receive notice on the customer's behalf.

Electric and gas utility rules also specify the following:

Individual Liability for Joint Service

In situations where two or more applicants apply or contract for service collectively, they are jointly and severally liable under the terms of the application and receive one bill for service. If a the utility did not obtain a joint application or contract for service and the utility has evidence that adult(s) other than the applicant reside at the premises, the other adults an applicant are joint and severally liable for the service rendered by the utility.

Establishment and re-establishment of credit

Customers may be required to establish credit in order for the utility to begin service. Credit may be in the form of cash, if the customer furnishes a guarantor, or otherwise establishes credit to the satisfaction of the utility. If a customer who has had their electric or gas service disconnected due to the nonpayment of bills due the past 12 months, the customer may be required to re-establish credit by depositing the specified amount (generally twice the monthly average of a residential bill).

Deposits

Customers must generally provide the utility twice the average monthly bill as estimated by the utility in order to commence service. The deposit amount may also be required in order for the customer to reestablish credit with the utility due to the nonpayment of bills.

Termination and restoration

Disconnections will not occur unless the utility has provided the customer with the specified notifications (see Notifications about Disconnections above). The rules also provide that a customer may be eligible to establish a payment arrangement to avoid disconnection. The customer is responsible to contact the utility to request a payment arrangement. If a payment arrangement has been established, service may be disconnected for failure to comply with the terms of the payment arrangement. PG&E, SDG&E and SoCalGas have provisions in their tariff that a customer may contact the CPUC's Consumers Affairs Branch to make a complaint if a payment arrangement is not extended to the customer. Utilities also will not restore service unless the requirements to establish or reestablish credit have been adhered to. A disconnection may be postponed in cases where a residence with a serious illness is an occupant; however, the utility may disconnect the service at the end of the postponement period and a payment arrangement has not been established (SDG&E Rule 11 K. and SoCalGas Rule 9, C. 11). The utilities will not disconnect service for nonpayment on Saturday, Sunday, a legal holiday, or when utility offices are closed.

PG&E, SDG&E and SoCalGas do not have rules specifying when service will be restored after a customer has paid their bill balance or established a payment arrangement. However, the utilities may assess customers a reconnection charge before restoring service.

Consumer Affairs Branch Policies and Procedures

The CPUC's Consumer Affairs Branch (CAB) is responsible for answering consumers' inquiries and resolving consumers' informal complaints (non-docketed) against regulated utilities, including problems related to utility service disconnections and reconnections.
In the informal complaint resolution process, CAB has direct contact with utilities at the "Executive Office" level (via warm transfer by phone or via an electronic internet portal) that allows for issue resolution at a higher level than through standard consumer assistance channels. While consumers are encouraged to first use CAB's informal complaint resolution process after they are not able to reach resolution with their utility directly, consumers may also file a formal complaint (docketed case) if they are unhappy with the informal complaint resolution or if they choose not to engage in the informal complaint process at all.
Formal complaints are docketed and handled through the CPUC's Administrative Law Judge Division.

Voluntary California Gas Utility Practices

Utilities have procedures related to disconnections and reconnections that are not specified in their tariffs – in other words, these procedures are set at the utility's discretion. The CPUC's ability to enforce these non-tariffed practices may be constrained. Voluntary practices include the following:

- SoCalGas has standard procedures to suspend collections when cold weather is forecasted or observed in an area. Additionally, the utility may also institute a moratorium on disconnections during the holiday season, and in early 2018 also committed to a faster reconnection process.[14]
- For reconnections, PG&E, SDG&E and SoCalGas provided the Energy Division with their general policies for restoring a customer's gas service. A customer is responsible to contact the utility to schedule a reconnection appointment.

The utilities' responses regarding reconnection policies are summarized in the following table:

Table 10.1 Gas Utility Reconnection Policies

	PG&E[15]	SoCalGas[16]	SDG&E[17]
Timeframe			
Same-Day	If call received Mon-Fri *before* 5pm, or Sat *before* 3pm		If call received Mon-Fri *before* 6:30pm
Next Day	If calls received Mon-Fri *after* 5pm, reconnection scheduled for next day (excluding Sundays and Holidays)	If call received Mon-Fri *before* 5pm no later than next day after call received	If call received Mon-Fri *after* 6:30pm, weekends or holidays, reconnection scheduled for next business day
Third Day		If call received Mon-Fri *after* 5pm, or Sunday no later than second day	
Monday (unless it is a Holiday)	If call received Sat *after* 3pm, or Sunday	If call received on Saturday	

[14] Letters from SoCalGas to Executive Director Timothy Sullivan dated January 19, 2018.

[15] PG&E 12/12/17 Data Request response to Question 1 and 2/15/18 Data Request response to Question 10

[16] Letters from SoCalGas to Executive Director Timothy Sullivan dated January 19, 2018 and February 6, 2018.

[17] SDG&E 2/16/18 Data Request response to Questions 8, 9, 10 and 17.

	PG&E[15]	SoCalGas[16]	SDG&E[17]
Timeframe			
Hardship	Same day restoral can occur if life endangerment or senior citizen	Will not disconnect customers with extenuating circumstances present, such as an elderly resident, an infant in the residence or a customer with a significant medical condition.	Dispatcher will intervene in technician's route if emergency arises or special request received by call center
Technician availability for reconnections	8am – 8pm		8am – 9pm, 7 days a week

SoCalGas Response to Disconnection Delays: In December 2017, the CPUC Executive Director sent Southern California Gas Company (SoCalGas) a letter alerting the company to CAB complaints regarding long delays to restore gas service following a disconnection event for non-payment.

In response SoCalGas, voluntarily suspended disconnections for the winter season (ending February 12, 2018) and committed to reconnect service within two days from the time the consumer called to confirm payment and request reconnection (with exceptions noted below). Therefore, beginning February 12, 2018 when a customer confirms payment and requests reconnection SoCalGas offered the following:

a. If consumers call before 5:00 p.m. Monday through Friday (M-F), a reconnect on the next day (except holidays)
b. If consumers call after 5:00 p.m. M-F, a reconnect on the second day (except Sundays and holidays)
c. If consumers call on Saturday, a reconnect on the following Monday (except holidays)
d. If consumers call on Sunday, a reconnect time on the following Tuesday (except holidays)

These consumers could pay past due balances and schedule reconnects at branch offices and via the call center.

Utility Disconnection and Reconnection Practices from Other Jurisdictions

Other jurisdictions' disconnection practices can inform disconnection and reconnection policies implemented by California's IOUs. Utility policies can protect vulnerable customers by imposing restrictions on disconnections for the elderly, people with certain disabilities or medical conditions, or for all customers during extreme weather (i.e. heat waves or cold

snaps).[18] Utilities also have varying policies on the amount of notice required before disconnecting a customer's service.

Even when utilities offer similar policies to protect against disconnection, implementation of those policies shapes policy outcomes. For example, utilities in North Dakota are required to send a survey to all customers to identify household members who may qualify for protections based on age, illness, or disability.[19] However, a utility may offer protections against disconnection for elderly and disabled customers, but may not necessarily invest in ensuring that all elderly and disabled customers are aware of the protections available to them. Adopting practices to prevent disconnections requires adequate notice and communication with customers who are eligible for those protections.

Disconnection rules and policies in other states

The 2017 NAACP Report cited earlier in this report surveyed disconnection rules and policies across the US and identified differences among states according to the following categories:

- Hour of day;
- Holiday vs. non-holiday;
- Season;
- Temperature;
- Degree of payment assistance; and
- Degree of assistance to vulnerable customers.

[18] *See* National Association for the Advancement of Colored People (NAACP). Lights Out In the Cold: Reforming Utility Shut-Off Polices as If Human Rights Matter (March 2017), pp. 19-20.

[19] National Association for the Advancement of Colored People (NAACP). Lights Out In the Cold: Reforming Utility Shut-Off Polices as If Human Rights Matter (March 2017), p. 19.

The following is an excerpt from the NAACP report that details key findings:

All states require utility companies to provide a written, phone, or personally delivered notice before a disconnection.

• There is a wide range of disconnection limitations. Some states will not disconnect during certain weekday hours, while other will not disconnect before or during a holiday. Fifteen states do not specify policies for reconnection fees.

SEASONAL PROTECTIONS:
• Date-based protections take place during the colder months, usually between the months of November and March or April. Temperature protections are based on ranges of life-threatening hot and cold temperatures. Most states will not disconnect when temperatures are below 32°F or above 95°F, but this protection varies by state.

• Alaska, California, Colorado, Connecticut, Florida, North Dakota, Oregon, Tennessee and Virginia do not provide any state regulated seasonal protections.

PAYMENT ASSISTANCE
• Most states offer a payment plan option to avoid disconnections and charge a fee to reconnect to utility services.

PROTECTIONS FOR SOCIALLY VULNERABLE GROUPS
• Medical protections are generally offered for disabled or elderly customers. Generally, a medical certificate is required to postpone a disconnection for various amounts of time.
• Alaska, Arkansas, Colorado, Florida, Kentucky, North Carolina, North Dakota, and Rhode Island do not have regulations establishing standard protections for socially vulnerable groups.

Table 10.1 Survey of State Utility Customer Disconnection Protections[20]

State	Procedural Protections	Seasonal Protections	Payment Assistance	Protections for Vulnerable Groups
Alabama	Provide customers with a written notice five days before scheduled disconnection Requires a reconnection charge	When the temperature is forecasted to be 32°F or below for that calendar day, the utility cannot be disconnected	The utility does not have a payment plan option and	Special consideration based on age, disability, medical conditions or other circumstances is granted, but not required
Alaska	Customers receive an initial notice fifteen days before scheduled disconnection, and a second notice is provided in person, by telephone or by posting three days before a disconnection Disconnections can occur Monday-Thursday between 8:00am-5:00pm	Does not require seasonal protections	Deferred payment agreement with the utility to pay their outstanding balance in installments over a period not to exceed 12 months	A customer, who is elderly, ill, dependent on life support systems, or disabled, can have their disconnection postponed for fifteen days
Arkansas	Initial notice to be mailed eight days or delivered five days before the disconnection, Disconnections can only occur during normal business hours No reconnection charges	Disconnections are not permitted between November 1-March 31 Gas utilities may not disconnect for low-income customers When the temperature is 95°f or above, disconnections are not allowed for elderly or disabled customers	Offer payment plans for customers, who qualify as low-income, during winter protection period	Customers, who are elderly or have disabilities, must have two notice attempts at least 72 hours before shut off
Kansas	Written notice to be sent ten days before scheduled disconnection and the utility must call two times at least two days before disconnection	Disconnections are not permitted between November 1-March 31 If temperature drops below 35°F in the following 48-hour period, disconnections are not permitted	Customers must enter into negotiated payment plan, pay 1/12 of arrearage, 1/12 of current bill and disconnection, reconnection and deposit if applicable and apply for energy assistance funds to avoid disconnection	Customers with a medical certification must also provide proof of inability to pay the bill in full
Tennessee	Requires only a reasonable notice to be provided Does not specify a period for disconnections	Does not offer date based or temperature based protection	Offers payment plans for customers	A thirty day disconnect delay can be granted if physician, public health official or social service official certifies that a household member's health would be adversely affected

[20] NAACP "Lights Out: In the Cold: Reforming Utility Shut-Off Policies as If Human Rights Matter" p.20

Table 10.2 Disconnection Protection Policies in the United States[21]

State	Notice	Date Based Protection	Temp. Based Protection	Payment Plans	Reconnection Fee	Medical Protections	Disconnection Limitations
Alabama	X		X		X	X	
Alaska	X			X	X		X
Arizona	X		X		X		
Arkansas	X	X	X	X			X
California	X					X	
Colorado	X						
Connecticut	X			X	X	X	
Delaware	X	X	X	X		X	X
D.C.	X		X		X	X	X
Florida	X				X		X
Georgia	X	X	X	X	X	X	X
Hawaii	X					X	X
Idaho	X	X		X		X	X
Illinois	X	X	X	X		X	X
Indiana	X	X		X	X	X	
Iowa	X	X		X	X	X	X
Kansas	X	X	X	X	X	X	
Kentucky	X	X		X			X
Louisiana	X	X	X	X	X	X	X
Maine	X	X		X	X	X	X
Maryland	X	X	X	X		X	X
Massachusetts	X	X		X		X	X
Michigan	X	X		X	X	X	X
Minnesota	X	X	X	X	X	X	X
Mississippi	X	X	X	X	X	X	
Missouri	X	X	X	X	X	X	
Montana	X	X	X	X		X	X
Nebraska	X	X		X	X	X	X
Nevada	X		X	X	X	X	X
New Hampshire	X	X		X	X	X	X
New Jersey	X	X	X	X		X	
New Mexico	X	X		X	X	X	X
New York	X	X		X		X	X
North Carolina	X	X		X	X		X
North Dakota	X			X	X		X
Ohio	X	X		X	X	X	X
Oklahoma	X	X	X	X	X	X	X
Oregon	X			X	X	X	
Pennsylvania	X	X		X	X	X	X
Rhode Island	X	X	X	X	X		X
South Carolina	X	X		X	X	X	X
South Dakota	X	X		X		X	X
Tennessee	X			X		X	
Texas	X		X	X	X	X	X
Utah	X	X		X	X	X	X
Vermont	X	X	X	X	X	X	X
Virginia	X				X	X	X
Washington	X	X		X	X	X	X
West Virginia	X	X		X	X	X	X
Wisconsin	X	X	X	X	X	X	X
Wyoming	X	X	X	X	X	X	X

[21] Id. p. 21

Reconnection rules and policies in other states

Staff conducted a brief survey of gas reconnection policies in other jurisdictions:
Illinois Commerce Commission (Administrative Code, Title 83: Public Utilities, subchapter b, Part 280, Section 280.170))

A disconnected electric customer is to be reconnected within 4 calendar days of remedying the reason for the disconnection. A natural gas customer is to be reconnected within 7 calendar days. A customer with a valid medical certificate is given first priority and is to be reconnected within one business day after being certified.

ftp://www.ilga.gov/jcar/admincode/083/08300280sections.html

Iowa Utilities Board (Chapter 19.4(15) p. 19 "Customer Rights and Responsibilities to Avoid Shutoff of Gas Service For Nonpayment")

Item 8 specifies that if a customer makes a payment during regular business hours, the utility must make a reasonable effort to turn the service back on that day. If service cannot reasonably be turned on that same day, the utility must do it by 11 am the next day.

https://www.legis.iowa.gov/docs/iac/chapter/05-20-2009.199.19.pdf

Vermont Public Utility Commission (Rule 3.307)

The utility shall restore service within 24 hours when the cause for disconnection has been removed or when an agreement between the customer and utility has been reached or when directed to do so by the Commission.

http://puc.vermont.gov/sites/psbnew/files/doc_library/3300-disconnection-of-residential-service.pdf

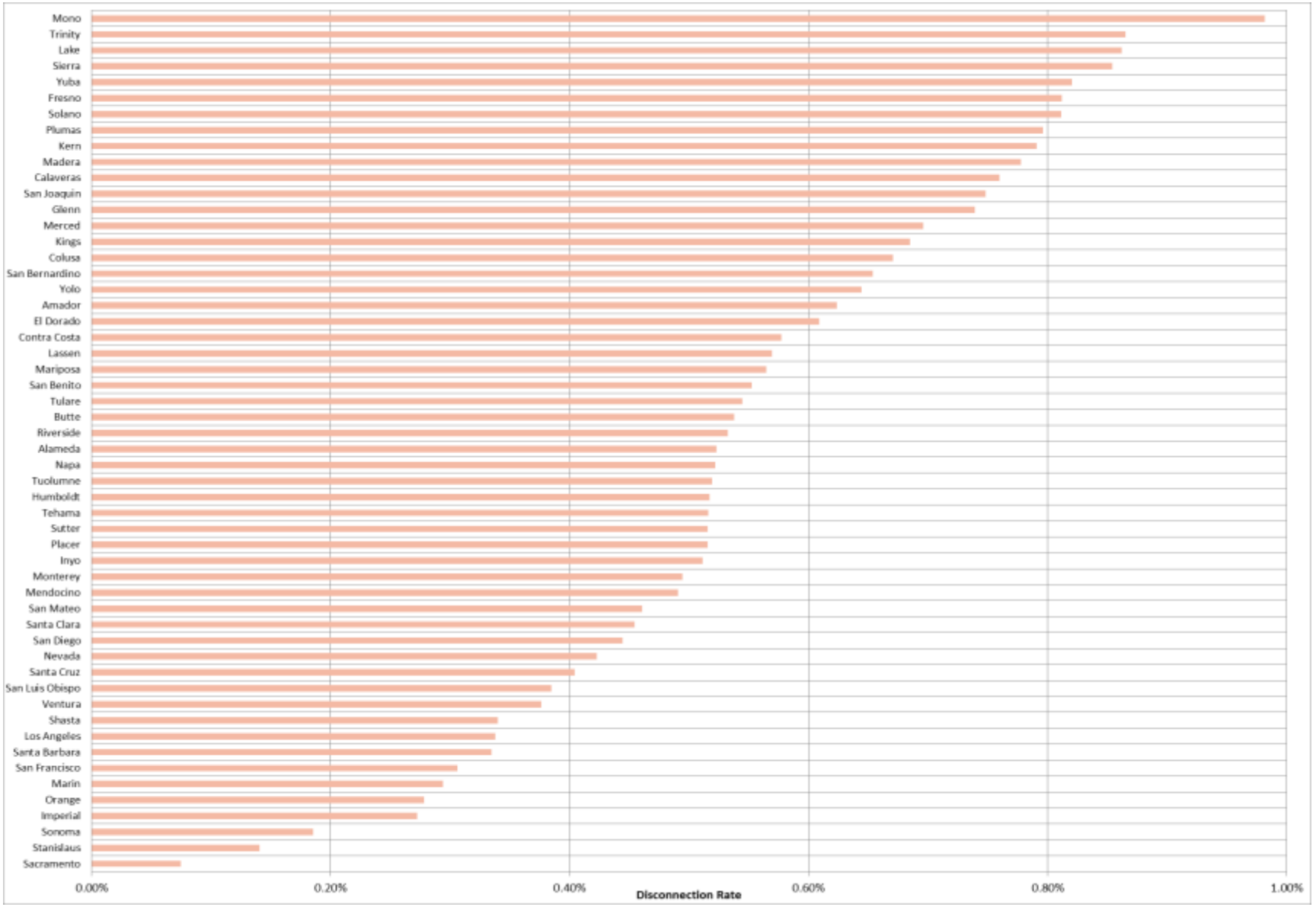
Washington (State) Administrative code (WAC 480-90-133)

A gas utility must make every reasonable effort to restore a disconnected service within 24 hours, or other time mutually agreeable between the customer and the utility.

http://apps.leg.wa.gov/wac/default.aspx?cite=480-90-133

Appendix

Disconnection Rates in California Counties



Appendix 1

PG&E, SDG&E, SoCalGas and Southwest Gas Electric and Gas Rule References

PG&E: **https://www.pge.com/tariffs/index.page**

SDG&E: **https://www.sdge.com/rates-and-regulations**

SoCalGas: **https://www.socalgas.com/regulatory**

Southwest Gas: **https://www.swgas.com/en/rates-and-regulation**

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