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DIVISION OF RATEPAYER ADVOCATES

THE CENTER FOR ACCESSIBLE TECHNOLOGY



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Michael R. Peevey, President
Timothy Alan Simon, Commissioner
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California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

June 4, 2012

Re: Proposed Decision to Eliminate Hundreds of Thousands of Eligible Customers from the CARE Program

Dear Commissioners,

The Division of Ratepayer Advocates, the Greenlining Institute, The Utility Reform Network and the Center for Accessible Technology are deeply troubled by the pending Proposed Decision in the proceeding regarding the large investor owned utilities' (IOUs') Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) programs (A.11-05-017 *et al.*), specifically with the Proposed Decision's harmful treatment of CARE enrollment and the Categorical Eligibility program. The CARE program is the only way many low income customers can afford to keep the lights on. For years, the Commission and the IOUs have relied on Categorical Eligibility as the most efficient means of achieving enrollment goals for CARE. Customers enrolling under this option demonstrate their eligibility for CARE by virtue of their enrollment in one of a list of other government means-tested benefit programs. By leveraging these customers' demonstrated eligibility for other public benefits programs, Categorical Eligibility eliminates administrative costs for CARE while streamlining the enrollment process for customers. However, the Proposed Decision turns its back on this well-founded Commission precedent, effectively eliminating Categorical Eligibility. In the process, the Proposed Decision would callously result in the loss of hundreds of thousands of *eligible* customers from the CARE program, while simultaneously making the program much more expensive to administer.

The Proposed Decision's devastating changes to CARE and Categorical Eligibility cannot be accepted. The Commission must modify the decision, as suggested below, before it is approved. The Commission is wisely moving toward providing bridge funding to ensure that the ESA and CARE programs continue without interruption. The Commission should act swiftly to prevent such reckless, sweeping changes to CARE, changes, which were never even discussed until their last minute inclusion in the Proposed Decision on May 4.

The Commission cannot accept the Proposed Decision’s hostile view of CARE enrollment and its rejection of the 90% enrollment goal. The Proposed Decision is markedly antagonistic to the goals of the CARE program. It fails to fulfill the Commission’s obligation to provide affordable energy for all eligible low-income customers. It is filled with language that is suspicious of low-income customers and discounts the struggles they face in paying the bills every month. The Proposed Decision seems to doubt the veracity of *every* categorically enrolled customer and requires a superfluous check of eligibility. According to the Proposed Decision, high CARE enrollment is not an indication that the IOUs are effectively doing their job, but rather is a troubling situation that “should raise some eyebrows.” The Proposed Decision does not cite any evidence for its finding that Categorical Eligibility is leading to significant numbers of enrolled customers who are ineligible. In fact, the Proposed Decision ignores statistical evidence, provided by IOUs during the proceeding, demonstrating that only a minimal number of Categorical Eligibility customers have incomes above the CARE income guidelines. Moreover, the IOUs did not ask for the sweeping changes to Categorical Eligibility – they sought much more modest changes. Thus, the Proposed Decision would eliminate the most effective means of enrolling customers onto CARE based only on unfounded, unsupported suspicions that contradict more than a decade of Commission precedent.

The Proposed Decision effectively eliminates the most efficient means of enrolling CARE customers. Although the Proposed Decision professes to retain Categorical Eligibility, it effectively ends the program by requiring 100% of categorically enrolled customers to duplicate their demonstration of eligibility by providing income documentation. It also imposes income documentation requirements on several additional groups of CARE customers, dismissing existing proven verification strategies.¹ As previous Commission decisions have found, many Categorical Eligibility customers will fail to respond to requests for income documentation or will be unable to respond, as they do not have income documentation available. These customers, the *vast majority* of whom are CARE eligible, will then be removed from the program. Shockingly, the PD views this outcome of throwing eligible customers off the CARE program as a beneficial CARE “subsidy savings.” The Proposed Decision favorably cites a potential “subsidy savings” of more than \$170 million annually from all of the IOUs – without recognizing that these “savings” are only achieved by eliminating *hundreds of thousands* of CARE eligible customers off the program.

The Proposed Decision will lead to a “black hole” increase of administrative costs. The Proposed Decision professes to tally the administrative costs of its proposed changes to Categorical Eligibility. The Proposed Decision authorizes over \$25 million in annual increases in CARE administrative costs, more than doubling the budget.² However, the IOUs’ comments on the Proposed Decision demonstrate that its estimate of costs is greatly understated. In fact, the IOUs claim that the true measure of the cost increase cannot be currently measured, and that they will need more time to both determine the costs and to implement the changes. One IOU

¹ The Proposed Decision would require that all Categorically Enrolled customers undergo Post Enrollment Verification (requiring income documentation) within three months of enrollment; moreover 25% of all existing CARE customers (not just new enrollees) would be required to undergo Post Enrollment Verification annually. Additionally, all CARE recertifications would require income documentation and could not be completed using Categorical Eligibility.

² Proposed Decision Appendix M.

even requests a blank check to make necessary changes, subject only to later reasonableness review of the costs sometime in the future. The Proposed Decision would make the CARE program less accessible to eligible customers who desperately need assistance, while simultaneously making it more expensive and more burdensome for the utilities to administer. This is a big step in the wrong direction.

The Commission should address any concerns about Categorical Eligibility through workshops and through more targeted means. All the parties discussing Categorical Eligibility, including the IOUs, proposed workshops to examine the potential lack of alignment in eligibility guidelines between some of the Categorical Eligibility programs and CARE. Through these workshops, the parties could analyze any problems with Categorical Eligibility and tailor measures to address these problems. The Proposed Decision rejects this consensus view and instead calls for immediate, sweeping measures. In their applications, the IOUs proposed small targeted increases in income verifications, focused on those customers that, in their experience and based on actual evidence, are more likely to be found to be income ineligible. These targeted measures are a better alternative to the Proposed Decision's unfounded verdict of fraud on every Categorical Eligibility customer.

The Commission should include the safeguards agreed to by PG&E in addressing CARE customers with very high usage. Separate from Categorical Eligibility, PG&E proposed to energy audit and income-verify CARE customers with usage above 400% of baseline quantities. The consumer groups unanimously supported this proposal, seeking only modest safeguards in its implementation. Unlike Categorical Eligibility customers, the very high usage of this small group (approximately 1%) of customers raises suspicions about CARE eligibility and whether the usage is truly for basic household needs. However, the Proposed Decision eliminates the safeguards that PG&E had included in its final position on the issue, including a 180-day timeline, proper notice, assistance in income verification and an appeals process. These measures should be retained to ensure that legitimate CARE eligible customers are not summarily removed from the program.

In its zeal to reduce the CARE subsidy, the Commission cannot ignore the great human cost of the Proposed Decision's measures. It cannot take away affordable energy from hundreds of thousands of needy low-income customers in order to catch a small score of customers who may exceed the income eligibility guidelines by as little as one dollar. The Commission must reject the Proposed Decision's hostile treatment towards low-income ratepayers and effective elimination of Categorical Eligibility, and indeed must reject the overall tone of suspicion and callous indifference toward the least fortunate among us. The name "CARE" is not just a catchy acronym. It is a reminder of the Commission's statutory and social obligations to those most in need among us. Now is not the time to turn CARE into a program of indifference and inaccessibility.

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Sincerely,

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CC: Service List for A.11-05-017, et al.