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06/02/20
10:19 AM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Evaluating the Commission's 2010 Water Action Plan Objective of Achieving Consistency between Class A Water Utilities' Low-Income Rate Assistance Programs, Providing Rate Assistance to All Low-Income Customers of Investor-Owned Water Utilities, and Affordability.

Rulemaking 17-06-024

**SECOND AMENDED SCOPING MEMO AND RULING OF
ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW
JUDGE DIRECTING COMMENTS TO CONSIDER POTENTIAL
COMMISSION RESPONSE TO COVID-19**

Summary

This ruling further amends the Scoping Memo issued on January 9, 2018, and the July 9, 2018, amended scoping memo to request comments to consider potential Commission response to the COVID-19 pandemic and initiates Phase II of the Order Instituting Rulemaking (OIR) Rulemaking (R.) 17-06-024. A proposed decision closing out all Phase I issues will be issued separately from the proposed decision on the Phase II issues set forth in this ruling.

1. Background

On March 16, 2020, Governor Newsom issued Executive Order N-28-20 requesting the California Public Utilities Commission (Commission) monitor measures undertaken by public and private utilities to implement customer service protections in response to COVID-19 pandemic.

On March 17, 2020, the Commission's Executive Director, Alice Stebbins, issued a letter to Class A & B water utilities ordering immediate protections for water utility customers, including a moratorium on disconnections. The Commission subsequently ratified that order through Resolution M-4842.

On April 2, 2020, Governor Newsom issued Executive Order N-42-20 affirming the Commission's moratorium on water disconnections and additional customer protections.

These actions are just some of the initial steps in responding to this emergency and in order to assess the impact of these actions, the overall impact of the emergency, and to help us formulate the our next steps, we are opening a new phase in this proceeding as it already addresses many of the subjects impacted by the COVID-19 pandemic.

As the COVID-19 pandemic and our collective response thereto continue, by this ruling, we expand the scope of this existing rulemaking proceeding by adding Phase II to it and to seek input on the impact on water utilities and their customers to formulate our next step. In addition, we are also seeking to add regular reports on the status of water customer billing and collection impacts from Class A water utilities.

2. Second Amended Scope (Phase II)

In addition to the actions already taken regarding disconnections and customer protections, the Commission is directing the parties to this proceeding to gather and file responses to this ruling which sets forth the following information on the effects of the COVID-19 pandemic on both customers and water utilities and the recovery from it.

A. Due to the Loss of Employment Caused by The Economic Impact of COVID-19, Many water customers will face the inability to pay utility bills, and as a result, water utilities may begin to accumulate unpaid bills (Arrearages). Provide comments on the following questions:

- 1) Is your utility experiencing a significant increase in arrearages by residential and non-residential customers?
- 2) How significant are these increases on a month to month basis?
- 3) Do you anticipate that water bills will become unmanageable for some customers?
- 4) What criteria would you propose in identifying those customers needing assistance?
- 5) Has your utility taken any preliminary actions to assist customers in reducing their unpaid bills? If yes, then what were these actions?

B. What can, and should the Commission do to assist customers with these large arrearages?

- 1) Should arrearage management plans be adopted that establish longer-term payment plans? Would a 12-month plan be a reasonable payment term?
- 2) Should arrearage management plans be adopted that includes a debt forgiveness element? If so, should a plan similar to that proposed in the Disconnections Proceeding (R.18-07-005) be adopted here?
- 3) Should certain months of arrearages be forgiven across the board?
- 4) How should these arrearage management plans be tracked and accounted for by utilities?

C. How are the current unpaid bills accounted for in a utility's system of accounts? Are they being recorded in uncollectibles? Or tracked in a separate account?

D. A certain amount of unpaid bills is considered during the general rate case process. What was that percentage in your last general rate case? Do you expect the actual percentage to be greater than that amount, and if so by how much?

E. Does a fixed monthly bill amount capped at an affordable level for a utilities' most vulnerable customers provide relief and recovery for customers impacted by the COVID-19 pandemic? Should such a monthly bill be set at a minimum quantity use plus a fixed service charge?

F. How should the current Low-income Rate Assistance Program Application process be improved?

- 1) Should the current paper application process be converted to an online process?
- 2) How should the eligibility requirements be improved on?

G. With regard to California Alternate Rates for Energy (CARE) data sharing between energy and water utilities, how can this process be improved to capture customers affected by the COVID-19 pandemic?

- 1) Should this CARE data sharing occur on a more frequent basis rather than the current bi-annual process?
- 2) How quickly can the water utilities process and increase enrollment if this data sharing is increased? If it occurs on a monthly or weekly basis?

In addition to the above questions, the Commission directs the Class A water utilities to gather and file responses to this ruling which sets forth the following additional information to better track the impact the COVID-19 pandemic is having on water customers; the following information must be broken down by month between January 2019 - April 2020:

- Number of customers requesting bill assistance;
- Number of newly enrolled customers to your low-income rate assistance program;
- Number of overall enrolled customers in your low-income rate assistance program;

- Number of customers late or behind on their bill;
- Average arrearage amount;
- Median arrearage amount;
- Range of arrearage amount;
- Overall arrearage amount; and
- Number of customers making partial payments.

In order to continue to monitor and assess the impact over both the next few months and beyond, we direct Class A water utilities to provide ongoing biweekly reports of the data requested above to the Water Division through the end of September 2020.

Finally, starting October 2020, we direct Class A Water Utilities to provide ongoing monthly reports (instead of biweekly reports) of the data requested above to the Water Division through the end of, and including data for, June 2021.

3. Categorization

The January 19, 2018, Scoping Memo confirmed the categorization of the proceeding as quasi-legislative, and the proceeding remains categorized as such.

4. Schedule

Parties are to file comments regarding the additional issues added to the scope of this proceeding by June 30, 2020. Reply comments are due by July 14, 2020.

Class A water utilities are required to make additional biweekly and monthly reporting requirements as set forth in Section 2 of this ruling. Additional workshop(s) may also be set to consider Phase II issues.

The assigned Commissioner or assigned Administrative Law Judge may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

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

Notice of workshops or hearings will be posted on the Commission's Daily Calendar. Parties shall check the Daily Calendar regularly for such notices.

IT IS RULED that:

1. The scope of the issues for this proceeding is amended to include the additional Phase II issues set forth in Section 2 of this ruling.
2. Schedule for Phase II of this proceeding is set forth in Section 4 of this ruling and is adopted.
3. Hearings are not necessary at this time.
4. *Ex parte* communications are permitted without restriction or reporting as described at Public Utilities Code § 1701.4(c) and Article 8 of the Rules.
5. Parties shall file comments on the additional issues added to the scope of this proceeding, as set forth in Section 2 of this ruling by June 30, 2020, and reply comments by July 14, 2020.
6. Class A Water Utilities shall submit to the Water Division their biweekly reports of the data listed above in Section 2 of this ruling beginning on June 12, 2020 through the end of September and monthly thereafter through the end of June 2021.

7. The January 9, 2018, scoping memo and the July 9, 2018, amended scoping memo remain as issued with the addition of the Phase II issues set forth in this ruling and the extension of schedule as set forth in this ruling.

Dated June 2, 2020, at San Francisco, California.

/s/ MARTHA GUZMAN ACEVES
Martha Guzman Aceves
Assigned Commissioner

/s/ ROBERT HAGA
Robert Haga
Administrative Law Judge