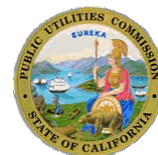


**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs.

Rulemaking 18-07-005  
(Filed July 12, 2018)

**INITIAL RESPONSE OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) AND  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) TO ADMINISTRATIVE LAW  
JUDGE'S RULING REQUESTING RESPONSES AND REPLIES TO THREE  
QUESTIONS CONCERNING ENERGY USE AND THE PIPP**

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February 5, 2021

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**I. INTRODUCTION**

Pursuant to 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (collectively, the Joint Utilities), respectfully provide their Initial Response to the Administrative Law Judge’s Ruling Requesting Responses and Replies to Three Questions Concerning Energy Use and the PIPP in the above-captioned proceeding.

**II. DISCUSSION**

**A. Will decoupling bills from energy use impact energy conservation and energy efficiency programs? Responses should be detailed and include as much information as possible.**

The Joint Utilities believe that an innovative and meaningful PIPP pilot should address the flaws of other customer assistance programs aimed at reducing disconnections, while still encouraging energy conservation and interest in energy efficiency programs. Currently, a customer’s energy bill is dependent on the customer’s consumption pattern and the technology they use. A PIPP that lacks any tie to the customer’s energy use may result in reduced interest in energy efficiency programs and overall conservation. Decoupling energy use from the energy bill has the potential to create an environment where customers are less motivated to reduce or shift their energy use or seek out and commit to energy efficiency upgrades. Thus, the Joint Utilities believe that a PIPP pilot is necessary to understand and balance the benefits to PIPP customers, the costs to other ratepayers, the impact on revenues for the utility, and the impact on

society from the potential change in energy consumption. Such an assessment should be completed during a pilot, prior to consideration of the PIPP becoming a broader or permanent program.

**B. Should there be an energy usage cap associated with any customer enrolled in the PIPP? Responses should be detailed and include as much information as possible.**

An energy usage cap would be unnecessary for PIPP pilot designs that leverage usage as a factor in the determination of customer bills, such as the Joint Utilities' proposals for an increased allotment of energy or an extra monetary bill credit. However, if a PIPP pilot design is adopted that determines a customer bill on factors that do not include usage, such as TURN's percent of income proposal, then there should be an energy usage cap to incentivize energy conservation and encourage customers to enroll in energy efficiency programs such as the Energy Savings Assistance (ESA) program. As the Joint Utilities understand it, the PIPP will impose a bill cap in the following sense: after some quantity and some point in time (referred to as X threshold for ease of reference), the PIPP customer will reach the bill cap and be charged zero for their marginal purchases of energy above the cap. The question arises what is the appropriate value for the X (usage cap) threshold, in other words at what quantity and at what point in time will a PIPP customer's excess energy use be associated with zero dollars in any additional charges. The Joint Utilities propose experimentally testing using a randomized control trial (RCT) similar to that described in the next section below. Then, the utilities, the Commission, and stakeholders could analyze data<sup>1</sup> under various scenarios to estimate the impact of PIPP on utility customers, both participating and non-participating, and society, and thereby have a better idea of what the appropriate value is for the X threshold.

**C. If there is an energy usage cap associated with the PIPP how should this be determined and what should the cap be? Responses should be detailed and include as much information as possible.**

The Joint Utilities propose using an RCT on the PIPP pilot participants to provide a data driven approach that will assist in answering this question more fully. The ultimate objective

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<sup>1</sup> Due to the nature of the information that will be collected about its customers, the Joint Utilities will ensure collection is performed in accordance with applicable privacy law, including the California Consumer Privacy Act. If any information is required to be shared with third parties, the Joint Utilities will ensure that participating customers provide their written and informed consent as part of the pilot process.

would be to measure the benefits and costs for PIPP customers, non-participating customers, the utility, and society at large under various scenarios.

It is crucial that potential changes in energy consumption, or other behaviors, resulting from a PIPP pilot be assessed and the Joint Utilities propose to administer a randomized controlled trial (RCT) on the population of interest. An RCT consists of a control group, and at least one treatment group. The goal would be to compare the average behavior of the control group against the treatment group(s) to see if there are differences in behavior (e.g., energy consumption). The key advantage of a well-designed RCT is that it allows decisionmakers to see and assess relationships between variables. For example, upon completion of the pilot, one may be able to see that PIPP causes an increase in energy consumption of X, at a cost to society of Y, and a cost to the utility of Z. These types of assessments cannot be made unless an RCT or other similar study is implemented. The Joint Utilities propose the following test design for a RCT of a PIPP pilot:

1. Control group receives no subsidy offer;
2. Treatment group receives CARE subsidy offer;
3. Treatment group receives PIPP increased allotment of energy subsidy offer; and
  - a. The Joint Utilities propose this treatment group be further broken down into 2-3 sub-groups, who will each receive a different allotment of energy usage;
4. Treatment group receives PIPP additional monetary bill credit subsidy offer.
  - a. The Joint Utilities propose this treatment group be further broken down into 2-3 sub-groups, who will each receive a different credit amount.

This proposal is offered for illustrative purposes with the precise experimental design to be determined after initial data analysis and different treatment groups could be used. Of course, the experiment requires a minimum treatment group size to observe statistically significant effects, which can be easily determined based on consumption data analysis to ensure the experiment has appropriate sample sizes. The Joint Utilities also urge that care be exercised in estimating the impacts of PIPP from other programs. For example, using the solar estimate for reduction in consumption may be misleading, given that it is a different program that affects a different segment of people.

Based on historical consumption analysis by SDG&E, an average of about 50% of CARE customers in SDG&E's service territory have monthly consumption under 100% of their baseline allowance. Hence, SDG&E could potentially leverage baseline usage to support the definition of the subgroups for PIPP eligibility.

### III. CONCLUSION

The Joint Utilities appreciate the opportunity to provide these initial responses.

Respectfully submitted on behalf of SoCalGas and SDG&E,

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