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

Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic.	R.21-02-014

CALIFORNIA COMMUNITY CHOICE ASSOCIATION COMMENTS ON ORDER INSTITUTING RULEMAKING

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The California Community Choice Association[1] (CalCCA) submit these comments in response to the *Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic* (OIR), issued on February 17, 2021, pursuant to Rule 6.2 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure and the directives provided by the OIR.

I. INTRODUCTION

CalCCA members share the Commission's concern for customers whose lives have been upended by the COVID-19 pandemic and recognize that unpaid electric bills are only the tip of the iceberg. The extent and duration of the crisis make critical the Commission's foresight in preparing for the transition from the COVID-19 protections for residential customers adopted in Resolution M-4842.[2] The Commission's leadership and the coordinated efforts of all stakeholders

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1 California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

2 These protections have been extended through June 30, 2021, by Resolution M-4849.

will reduce the potential for disconnection of vulnerable residential and small business customers when these protections end.

CalCCA generally supports the direction of the Staff Proposals for Arrearage Relief (Staff Proposals).[3] Some level of debt forgiveness combined with payment plans, as the Arrearage Assistance Program (AAP) proposal contemplates. is a reasonable approach. Indeed, the AAP is like the Arrearage Management Plan (AMP)[4] implemented for California Alternate Rates for Energy (CARE) and Family Electric Rates Assistance (FERA) customers. The details of the AAP's features, however, warrant a more studied review by stakeholders to determine (1) eligibility thresholds, (2) the amount of debt forgiveness, (3) the term of the payment plan, and (4) the timing of any debt forgiveness within the payment plan.

Like the AMP, the Commission must also consider cost recovery. CalCCA recommends the same approach adopted for recovery of AMP debt forgiveness: recovery of debt forgiveness for all load-serving entities (LSEs) participating in the program through the Public Purpose Program Charge (PPPC).[5]

CalCCA offers three additional recommendations that warrant consideration in the scope of this proceeding.

- ✓ The Commission should consider the interaction of any proposed programs with the debt forgiveness or incentives some Community Choice Aggregators (CCAs) have already provided to their customers;
- ✓ The Commission should extend the suspension by Pacific Gas and Electric Company (PG&E)[6] and San Diego Gas & Electric Company (SDG&E)[7] of tariff provisions allocating partial payments for past due balances to the investor-owned

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3 *Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic*, Feb. 17, 2021, Appendix A (Staff Proposal).

4 *See generally* D.20-06-003, Section 15 at 87-110, as implemented in Resolution E-5114.

5 Resolution E-5114 at 2-3.

6 *See* PG&E Advice 4244-G/5816-E at 5-6. https://www.pge.com/tariffs/advice-filing-index.page?xmldoc=sites-data/tariffs/data/advice-letters/2020/gas-electric.xml

7 *See* SDG&E Advice 3516-E-C at 10-11. https://regarchive.sdge.com/tm2/pdf/3516-E-C.pdf

utilities' (IOUs') past due balances before allocating any such payments to the customer's past due CCA balance; and

- ✓ The Commission should examine the IOU marketing plans and efforts in promoting the AMP to determine how those efforts should be augmented to ensure customers are made aware of their options.

CalCCA requests that all of the foregoing issues be included in the scope of this rulemaking and considered by stakeholders in a working group process.

II. PROPOSALS FOR SCOPE CLARIFICATION

A. The Staff Proposal Warrants Further Consideration

1. Establishing Several Features of the AAP Requires a More Informed Discussion

CalCCA supports the direction and development criteria underlying the Staff Proposals. Both the AAP structure and modifications to existing payments plans could soften non-CARE/FERA customers' COVID-19 impacts, help reduce disconnections, and encourage customer payments of past due balances. Both options should be explored by stakeholders through a workshop or working group process. While the Commission does not have jurisdiction over the rates and tariffs of CCAs, reasonably equitably structuring these plans will invite CCA participation.

CalCCA supports further consideration of key variables of the AAP. These variables, including initial straw proposals for consideration, include the following:

Eligibility Threshold: The Staff Proposal proposes a $1,000 threshold for arrearages for residential and small business customers.[8] CalCCA understands the drivers for this approach: consistency with the AMP and administrative simplicity. This approach may not be an equitable

8 Staff Proposal at A-4.

option, however, for small business customers and residential customers outside of the CARE/FERA population.[9]

Because the proposed AAP appears to offer participation without income thresholds, a percentage of bill approach, rather than a fixed dollar threshold, may provide a more equitable approach. A $1,000 threshold will capture more electricity users with big bills, who may not always be the most vulnerable customers. For example, an affluent customer who uses more electricity living in a high temperature zone could reach this threshold more quickly than a more vulnerable customer living in a coastal apartment. Similarly, it will take more time for a small business like a corner store to reach the threshold for participation than a larger business.

For example, East Bay Community Energy (EBCE)[10] conducted an analysis to evaluate the severity of the Covid-19 pandemic on its customers. About 60% of customers with an arrearage greater than 60 days, have an average EBCE arrearage of $200 or less.[11] Although this amount represents only EBCE arrearages, the total arrearages are most likely well below $1,000. For these reasons, CalCCA encourages consideration of alternatives to a fixed $1,000 approach by examining the potential impacts of this approach on customers at various levels of usage.

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[9] The Staff Proposal contemplates that the AAP would be available to "all residential customers" without reference to income thresholds. Staff Proposal at A-3.

[10] EBCE is a Joint Powers Authority formed on December 1, 2016 pursuant to California Government Code §§ 6500 et. seq. by the County of Alameda and each of the following cities incorporated therein: Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, and Union City. The Commission certified EBCE's Implementation Plan on November 8, 2017. EBCE started serving Alameda County businesses and municipalities in June 2018 and began serving residential customers in November 2018. On March 9, 2020, the Commission certified Addendum #1 to EBCE's Implementation Plan and Statement of Intent, adding the cities of Newark and Pleasanton, as well as the city of Tracy in San Joaquin County, to EBCE's service territory beginning in 2021. EBCE is currently one of the largest CCAs in the state and serves, as of March 2020, roughly 500,000 residential customers and 11,000 small commercial customers.

[11] This arrearage amount only represents EBCE arrearages, not total arrearage.

Further, the CalCCA recommends the Commission give consideration to stakeholder discussion of an appropriate cap for arrearage forgiveness under the AAP program, similar to the cap in the AMP but more reflective of the non-CARE/FERA and small business ability to pay.

Arrearage Forgiveness Amount:

The Staff Proposal for an AAP contemplates 50 percent responsibility for "Low- and moderate-income and medically vulnerable residential customers as identified through enrollment in CARE, FERA, Medical Baseline, or eligibility for LIHEAP."[12] Other customers would be eligible for a one-time bill forgiveness of $200.[13] CalCCA does not currently have a collective view on the right number or percentage for forgiveness but looks forward to further exploration with stakeholders.

Term of Payment Plan:

The term of payments plans considered in the Staff Proposal ranges from 12-24 months. Again, more data would be useful in understand which approach would best serve customers and whether setting a single payment plan term would be a reasonable approach given the range of customers that may be eligible. CalCCA supports a more informed discussion of the 12–24-month range.

Timing of Arrearage Forgiveness:

The AAP contemplates a mix of an upfront one-time bill credit and, for Low- and moderate-income and medically vulnerable residential customers, an upfront initial credit and further monthly reductions. CalCCA does not currently have a collective view on the timing of arrearage forgiveness but notes that stretching credits of any substantial amount over the term of the payment plan is more likely to encourage payment. The Commission might also consider the

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12 Staff Proposal at A-2.

13 *Id.*

application of credits as an incentive for completing the payment program for non-CARE/FERA and small businesses.

2. Greater Flexibility in Payment Plans in General May Lower Disconnections

The Staff Proposal contemplates extending payment plans for up to 24 months for customers who have been receiving service for at least the length of the payment plan. In other words, a customer receiving service for less than 24 months would not be eligible. Given the levels of displacement that have occurred during the COVID-19 pandemic, more flexibility may be required.[14]

The Staff Proposal also contemplates limited grace periods before a plan is considered "broken," leaving the customer facing disconnection.[15] CalCCA agrees that more flexibility in payment plans may benefit both the customers and, ultimately, LSEs. EBCE groups on how to prevent high residential arrearages and disconnections. In its preliminary findings, focus group participants have emphasized the need for greater flexibility to pay their utility bills. Residents have shared that the bill due date does not always align with their paycheck and their budget plans, so having a more lenient billing system can help tremendously. Whether three monthly deferrals are the right number of grace periods, however, should be further considered by stakeholders.

B. The AMP Cost Recovery Mechanism Should Be Used for Any AAP Adopted for Non-CARE/FERA Customers

The Commission concluded in Resolution E-5114 that the costs of the AMP debt forgiveness should be recovered for all participating LSEs through the PPP.[16] CalCCA recommends the same approach here for three reasons. First, the debt forgiveness serves a public

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14 Staff Proposal at A-7.
15 Staff Proposal at A-7.
16 Resolution E-5114, Finding 11 at 21-22.

purpose: assisting customers through the COVID-19 transition and minimizing disconnections. Second, the Commission has no jurisdiction over CCA rates and tariffs to compel participation in these public purpose programs, but a cost recovery mechanism as adopted in Resolution E-5114 strongly encourages broad CCA participation. Finally, all customers, regardless of location or service providers, should share equally in these costs, and the PPP enables equitable cost sharing. CalCCA thus urges adoption of the AMP model for cost recovery.

C. Any Adopted Programs Should Recognize Debt Forgiveness and Incentives Some CCAs Have Already Provided

CalCCA supports the Commission's efforts to enable debt forgiveness for customers unable to pay their electric bills and to encourage customer payment of arrearages. Indeed, some CCAs have already undertaken similar one-time bill forgiveness, among other programs. For example:

- Clean Power Alliance has allocated $1 million in bill assistance to COVID-19 impacted residential and small business customers who sign up for financial assistance through Southern California Edison.

- Lancaster Choice Energy has created the Grocery Workers Appreciation Program which will provide eligible grocery workers who are LCE customers with a one-time credit of up to $50 on their LCE charges.

- Peninsula Clean Energy to date has provided over $4 million in direct assistance to CARE/FERA customers and qualified small business customers in the form of bill credits as part of our COVID releif efforts. Approximately 36,000 CARE/FERA customers and just over 2,200 small businesses received $100 or $250 in respective bill credits.

- Silicon Valley Clean Energy (SVCE) is dedicating $10 million to COVID relief efforts. SVCE is providing immediate financial relief through a $100 bill credit for CARE and FERA customers and a $250 bill credit for impacted small businesses.

- In January, the Western Community Energy (WCE) Board of Directors took action to implement community support during the COVID-19 pandemic by approving a WCE Utility Assistance Program that will provide a one-time $25 bill credit to income-qualified WCE customers impacted by COVID-19.

- CleanPowerSF provided over $2.8 million in one-time bill credits to customers enrolled in CARE and FERA programs last October. The relief program offered one-time credits of $50 for single-family homes, $3,000 for multi-family residential buildings and $750 for nonprofits on small commercial rates – the equivalent to a month's worth of savings on the average customer's electricity bill.

The Commission should be aware of these initiatives and any other LSE-provided credits in evaluating programs for bill relief.

D. The Pro Rata Application of Partial Payments Currently in Effect Should Remain in Effect Through the End of Any COVID-19 Transition Payment Plans

During the COVID-19 residential customer disconnection moratorium, PG&E[17] and SDG&E[18] suspended past due payment "waterfalls" that would have applied partial payments from unbundled customers first to IOU charges before applying payments to CCA charges. CalCCA requests that the Commission extend these suspensions for the duration of the longest COVID-19 transition plan adopted in this proceeding. For example, if the Commission adopts 12- and 24-month payment plans, the suspension should remain in place for at least 24 months.

The "waterfall" problem arises because IOUs currently are required to bill unbundled customers for services CCAs provide.[19] The current IOU tariffs, while differing in terminology, result in partial payments from residential customers being applied first to delinquent IOU balances before application of any funds to a CCA's balance. Taking PG&E as an example, Rule 23.R.2. establishes a general rule for allocation of partial payments by customers.

> Except as provided below in Section 3, if a customer makes only a partial payment for a service account, the payment shall be allocated proportionally between PG&E's charges and the CCA's charges.

The only exception, as this provision notes, is Rule 23.R.3, which provides:

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[17] *See* PG&E Advice 4244-G/5816-E at 5-6. https://www.pge.com/tariffs/advice-filing-index.page?xmldoc=sites-data/tariffs/data/advice-letters/2020/gas-electric.xml

[18] *See* SDG&E Advice 3516-E-C at 10-11. https://regarchive.sdge.com/tm2/pdf/3516-E-C.pdf

[19] CAL. PUB. UTIL. CODE §779.2.

> In evaluating a delinquent residential Service Account for service termination and to the extent required by law or Commission regulations, partial payments shall be allocated first to delinquent disconnectable charges.

Because service cannot be disconnected for the nonpayment of CCA charges,[20] this means that all partial payments go first to satisfy delinquent IOU charges.

The Commission recognized in Resolution M-4842 the need for the IOUs to consult with CCAs regarding "their roles and responsibilities for each emergency customer protection."[21] As a part of these and earlier consultations between CCAs and the IOUs, CalCCA identified the disproportionate risk to CCAs for partial payments from residential customers in its protests to the PG&E and SDG&E advice letters. Both IOUs resolved the issue for the duration of the Protection Plans through their supplemental advice letters.[22]

PG&E's and SDG&E's Protection Plans now reasonably address this issue[23]. They provide that partial payments by a residential customer – whether simply a short pay or a payment under an approved payment plan – will be applied *pro rata* to IOU and CCA customer balances. CalCCA appreciates PG&E's and SDG&E's assistance in this resolution, which provides a blueprint for future action.

These modified practices are even more important through the COVID-19 transition period under consideration in this proceeding. With potentially more than a billion dollars of arrearages that could accrue by the end of the protections on June 30, 2021 – a material portion of

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[20] CAL. PUB. UTIL. CODE §779.2 prevents disconnection of utility service for delinquent balances owed to "a person or corporation other than the electrical, gas, heat, telephone or water corporation demanding payment therefore."

[21] Resolution M-4842, at 6.

[22] PG&E Advice 5816-E-A, at 5-6; SDG&E Advice 3516 E-A, at 10. Southern California Edison Company has an alternative practice of alternating past due payments between the IOU and CCA.

[23] *See* SDG&E Rule 27.R.2 (all partial payments are pro rated); PG&E Rule 23.R.2 footnote (allocate partial payments received from residential CCA customers on a pro rata basis with CCAs for up to one year, through April 16, 202). The protections have been extended pursuant to Resolution M-4842. Resolution M-4842, Feb. 11, 2021 at 22-23.

which could be unbundled customer debt -- partial payments will be pervasive. As customers regain their footing, partial payments could come in the form of payment plans or the customer's own initiative to avoid disconnection. Retention of the modified rules for partial payment -- placing IOUs and CCAs on equal footing in recovering arrearages -- should be maintained through the entire COVID-19 transition.

E. The Commission Should Examine and Augment Marketing Plans and Efforts as Necessary to Increase Customer Participation in All Payment Plans

Payment plans are critical to help residential and small business customers of all LSEs avoid disconnection after protections end on June 30, 2021. Their effectiveness, however, will turn on the success of IOU marketing efforts for the AMP and any new payment plan program. The Commission should review the IOUs' existing marketing procedures and budgets for these programs and ensure the IOUs make robust efforts to communicate with customers and get them on appropriate payment plans. CalCCA members look forward to working with the IOUs to support any such marketing efforts, as many of the CCAs have already initiated education efforts through news releases, communication to local agency and community-based organizations, and promotion of the AMP on their websites and social media.

III. CONCLUSION

CalCCA appreciates the opportunity to offer recommendations and requests that the Commission include the foregoing issues within the scope of the rulemaking.

Respectfully submitted,

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