FILED
03/05/21
04:59 PM

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

RESPONSE OF THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION TO THE ADMINISTRATIVE LAW JUDGE'S E-MAIL RULING REQUESTING COMMENTS ON FOUR QUESTIONS

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March 5, 2021

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The California Community Choice Association[1] (CalCCA) respectfully submits these comments in response to the *Administrative Law Judge's E-Mail Ruling Requesting Comments on Four Questions* (ALJ Ruling) issued January 28, 2021.

I. INTRODUCTION

CalCCA represents the interests of operating community choice aggregators (CCAs) and additional affiliated cities and counties interested in exploring the opportunities of community choice energy. CalCCA's members strongly support this proceeding's aim to reduce the number of customers experiencing disconnection after nonpayment. CalCCA supported the implementation of a Percentage of Income Payment Plan (PIPP) pilot in its January 8, 2021 response to the first PIPP Ruling in the PIPP phase of this proceeding. Subsequently, the ALJ

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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.

Ruling on energy use was issued, asking three questions that explore the application of an energy usage cap and the PIPP's potential impact on energy usage. Following this, the ALJ issued a third Ruling requesting comments on PIPP costs, cost recovery, and CCA customer participation. CalCCA's comments offer responses to the four cost-related questions posed in the ALJ Ruling, offering three recommendations.

1. The PIPP pilot should be funded through revenue collected from the Public Purpose Program rates;
2. The Commission should step back to determine what the PIPP program will be and delineate its role relative to the Commission's other programs; and
3. Once parties agree on the fundamental aspects of the PIPP pilot (e.g., eligibility and scope), costs should be estimated and a maximum PIPP pilot budget should be established.

CalCCA looks forward to further coordination with the California Public Utilities Commission (Commission) and stakeholders to further develop and implement the PIPP pilot.

II. RESPONSES TO QUESTIONS

1. What are the costs associated with a Percentage of Income Payment Plan (PIPP) Pilot?

A PIPP pilot program will incur various costs that will need to be recovered. For example, these costs include:

- Undercollected revenue resulting from applying a cap to PIPP customer bills;
- Program administration costs;
- Marketing, education, and outreach costs; and
- The cost of performing data analytics mid- and post-pilot, including third-party analytics administration costs.

If CCAs participate in the PIPP pilot and the pilot is implemented similarly to the Arrearage Management Plan (AMP), then operational costs are better estimated by the investor-owned utilities (IOUs).

Furthermore, the undercollected revenue resulting from the PIPP is likely to be the largest cost associated with the PIPP pilot. An estimate of this cost type will depend on the final eligibility requirements for the pilot. CalCCA recommends that the Commission determine the eligibility requirements, pilot duration, and the cap level before estimating the costs associated with the pilot. Once the Commission has determined these parameters, it should set a maximum range for the pilot's total budget to prevent the pilot costs from ballooning and contributing to California's electric utility bill affordability crisis.

2. How should the Commission handle cost recovery for the PIPP pilot related costs?

The PIPP pilot costs should be recovered through the Public Purpose Programs Charge (PPPC). The PPPC is the most appropriate rate component to use to recover PIPP pilot costs because the PPPC is used to fund other low-income and public benefit programs. Public Utilities Code Section 381 established the PPPC component to fund programs that provide "in-state benefits" that are in the public interest.

Electricity is a basic necessity, and the Commission is exploring the development of a PIPP to help reduce the rate of disconnection across California. The PIPP pilot will help to keep bills manageable by capping bills and will test whether customers that are on the PIPP are more likely to stay current on their bills and avoid disconnection. Because the PIPP pilot can be considered a public benefit program, the costs of the PIPP pilot should be recovered through a non-California Alternate Rates for Energy (CARE) subcomponent of the PPPC.

Furthermore, there is precedent for using the PPPC to fund a pilot program like the PIPP. The Commission previously approved funding for pilots such as the San Joaquin Valley

Disadvantaged Communities Pilot Projects[2] through the PPPC and most recently approved recovery of the forgiven debt in the AMP through the PPP rate.[3]

3. How will the PIPP pilot work when the customers are Community Choice Aggregator (CCA) customers?

In CalCCA's response to the *Administrative Law Judge's November 24, 2020 E-mail Ruling Requesting Responses to Seven Questions* (First E-mail Ruling), CalCCA recommended that the PIPP pilot be 12-18 months, limited in scope, and limited to bundled customers.[4] CalCCA had imagined that if this relatively short pilot were to be expanded into a full-fledged program after review of its performance, then unbundled residential customers (*i.e.,* CCA customers) would participate. However, various parties commented that the pilot should be 3-4 years.[5] CalCCA understands the value in increasing the length of time the PIPP pilot runs; it allows for more data points to be gathered. Thus, if the PIPP pilot is ultimately adopted as a lengthier pilot, CalCCA recommends that the PIPP pilot also include unbundled customers. It is critical, however, to provide for PPPC recovery, as discussed in response to Question 2, to encourage voluntary CCA participation.

As to how the PIPP pilot should work, CalCCA previously recommended implementing the PIPP as a bill credit.[6] This would markedly simplify implementation of the PIPP and streamline the inclusion of CCA customers because no change would be required to the calculation of either IOU charges or third-party charges. The PIPP benefit would then be applied as a credit to the entire bill. However, comments filed by parties have put into question the

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2 D.18-12-015 at 169.
3 *See generally* Resolution E-5114.
4 *See* CalCCA January 8, 2021 Comments at 4.
5 *See* Pacific Gas and Electric Company's January 8, 2021 Comments at 3; *see also* Southern California Gas Company and San Diego Gas and Electric Company's January 8, 2021 Opening Comments at 3.
6 *See* CalCCA February 5, 2021 Comments at 3.

foundational construct of a PIPP program.[7] Because there is disagreement about what a "PIPP" should be, CalCCA recommends that a working group be established to sort out the PIPP's relationship to the CARE program and whether the PIPP will be designed around a percentage of a customer's income before determining how a PIPP pilot would work if CCA customers are enrolled.

In terms of operationalizing the PIPP, CCAs have no visibility into a customer's complete bill or income (the customer's final bill is issued by the IOU). Thus, CalCCA recommends that investor-owned utilities enroll customers in the PIPP. This is because CCAs do not currently have any processes in place for verifying income. If CCAs were to enroll customers, the operational costs and complexity of enrollment would increase. CalCCA recommends that the PIPP be implemented similar to the AMP, for which all enrollment is handled by the IOU.

4. How will these billed amounts be attributed back to third party charges?

CalCCA recommends that billed amounts be attributed back to third-party charges proportionally to the total calculated bill (*i.e.,* the bill that includes the uncollected revenue that would have been owed if the customer was not enrolled in the PIPP). In response to Question 2, CalCCA recommended that the PIPP be funded through the PPPC rate. This would allow all amounts that are credited above the customer's PIPP bill cap to be recovered through the PPP rate. Once recovered, a portion of this money, the uncollected revenue that would have been owed to the third-party absent the PIPP, would be remitted to the CCA. Table 1 illustrates how this would work.

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7 *See* Southern California Gas Company and San Diego Gas and Electric Company's January 22, 2021 Reply Comments at 3-5; *see* The Utility Reform Network's January 22, 2021 Reply Comments at 3-5; and *see also* SCE's January 22, 2021 Reply Comments at 2-5.

Table 1: Sample Illustration of Billed Amount Attribution

<table>
<tr><td>a</td><td>Annual Household Income (4-person household)</td><td colspan="2">$53,000</td></tr>
<tr><td>b</td><td>Applicable Bill Cap (a*0.04)</td><td colspan="2">4% of annual income ($2,120)</td></tr>
<tr><td>c</td><td>Monthly Bill Cap (b/12)</td><td colspan="2">$176.67</td></tr>
<tr><td colspan="2">Calculated Bill</td><td>Investor-Owned Utility Charges</td><td>CCA Charges</td></tr>
<tr><td colspan="2">Monthly bill total (usage * rate): $210</td><td>$140 (2/3 of calculated bill)</td><td>$70 (1/3 of calculated bill)</td></tr>
<tr><td colspan="2">Actual Billed Amount (what customer pays after PIPP Benefit is applied)</td><td>Attributed to Investor-Owned Utility</td><td>Attributed to CCA</td></tr>
<tr><td colspan="2">$176.67 (c)</td><td>$117.78 (2/3 of actual bill)</td><td>$58.89 (1/3 of actual bill</td></tr>
<tr><td colspan="2">Amount Recovered Through PPP rate</td><td>Remains with Investor-Owned Utility</td><td>Remitted Back to CCA</td></tr>
<tr><td colspan="2">$33.33</td><td>$22.22</td><td>$11.11</td></tr>
</table>

III. CONCLUSION

CalCCA appreciates the Commission's consideration of this response and looks forward to continuing to work with the Commission and other stakeholders on the critical issues addressed herein.

Respectfully submitted,

Evelyn Kahl
General Counsel to the
California Community Choice Association

Dated: March 5, 2021