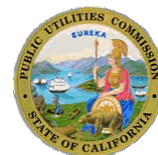


**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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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)

**OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M)
TO ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING RESPONSES AND
REPLIES TO FOUR QUESTIONS CONCERNING PIPP COST RECOVERY**

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March 5, 2021

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I. INTRODUCTION

Pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), San Diego Gas & Electric Company (SDG&E) respectfully provides their Opening Comments to the Administrative Law Judge’s Ruling Requesting Comments and Replies to Four Questions Concerning PIPP Cost Recovery in the above-captioned proceeding.

II. DISCUSSION

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

Given the various stakeholder PIPP pilot proposals, it is difficult to pinpoint and identify all of the costs associated with a PIPP pilot without further Commission direction.¹ Given the general intent of the PIPP proposals, however, the predominant “cost” of the PIPP will likely be the amount of any bill discount—or reduction—from the otherwise Commission-approved

¹ SDG&E also notes that it is currently in the process of replacing its legacy Customer Information System (CIS) with its new system, set to go live on April 5, 2021. Upon this implementation, SDG&E will be working to stabilize its new CIS over the course of the following six months, which is a period consistent with industry standards for an implementation of this size. This stabilization period is critical in order to mitigate risk and any unexpected customer impacts. Only after the stabilization period concludes can SDG&E begin to design and test any new functionality, including a program such as the PIPP. Thus, if SDG&E is required to implement any new programs prior to the end of the stabilization period, they must be completed manually.

customer rates. The amount of discount or reduction will be, in essence, an expense² that must be recovered from another source. In light of SDG&E's knowledge and expertise regarding similar customer assistance programs, other potential costs may include, but are not limited to, the following:

- Information Technology (IT) costs to implement and build this pilot into SDG&E's Customer Information System for billing, documentation, database, system reports, and potential data exchanges with other utilities and/or community-based organizations;
- Processing, Certification, and Recertification incremental labor costs for opening and sorting application forms, processing/data entering applications, initiating and responding to customer inquiries, and resolving billing issues related to program enrollment;
- Measurement and Evaluation costs for the randomized control trial (RCT) and other potential studies;
- Regulatory Compliance costs for labor and non-labor related to preparation of regulatory filings such as: advice letters, regulatory reports, comments, tariff revisions, participation in working group and/or public meetings;
- General Administration costs for labor and non-labor costs associated with day-to-day program operations, including program planning and design as well as general customer support; and
- Marketing, Education, and Outreach (ME&O) costs for printing and mailing applications/documents, postage, bill inserts, brochures and flyers, advertising, direct mail and/or telephone campaigns, and other efforts.

² SDG&E refers to this discounted amount as an expense, however, depending on the chosen PIPP pilot design, a different term may ultimately be appropriate.

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

a. Balancing Accounts

As requested in previous Reply Comments, SDG&E proposes to include a separate PIPP subaccount in the Residential Uncollectible Balancing Account (RUBA).³ Further, SDG&E agrees with Southern California Gas Company, Southern California Edison Company, Pacific Gas and Electric Company, and the Public Advocates Office at the California Public Utilities Commission, that implementation costs associated with the pilot should be tracked in the memorandum account established in the Disconnection OIR.⁴

b. Recovery in Rates

Similar to the Arrearage Management Plan (AMP), the PIPP is a program rooted in the public policy of reducing disconnections for the most vulnerable utility customers. Therefore, SDG&E proposes that the investor-owned utilities (IOUs) track all discounts/credit related to the PIPP pilot through the following: (1) for electric, SDG&E proposes to recover the RUBA PIPP Subaccount balances through the Public Purpose Program (PPP) rates addressed in its Annual Electric PPP surcharge advice letter submittals; (2) for gas, SDG&E proposes to recover the RUBA PIPP balance via its Annual Gas Regulatory Account Update advice letter submittal through customers' gas transportation rates.

The various stakeholder PIPP pilot proposals primarily target CARE-eligible customers. Some stakeholder proposals go so far as to allowing customers to be simultaneously enrolled in both CARE and PIPP. Such proposals raise questions around PIPP recovery through rates, such as:

- Since CARE participants do not pay for the CARE subsidy in rates, should PIPP participants pay for the CARE subsidy?
- Furthermore, should the costs of the PIPP pilot be recovered by CARE and/or PIPP customers in rates?

³ See Reply Comments of Southern California Gas Company and San Diego Gas & Electric Company to Administrative Law Judge's Ruling Requesting Replies to Seven Questions Regarding the Percentage of Income Payment Plan (PIPP) (January 22, 2021) at 7.

⁴ *Id.* at 7-8.

- If it is determined that a customer cannot be on both CARE and PIPP simultaneously, is a new PIPP rate necessary? And what costs should be excluded in the PIPP rate?

From the current proposals, it does not appear that CARE participants should pay for PIPP costs, nor should PIPP customers pay to cover the costs of CARE. SDG&E notes that at this time, CARE participants in SDG&E’s service territory are receiving the maximum 35% allowable effective discount, which means any increase in discounts resulting from the PIPP discount will likely cause the average effective low-income discount to exceed the statutorily mandated 35% cap.

Furthermore, the Commission should consider legislative intent when contemplating issues around the average effective discounts for low-income customers in rates as similar considerations may apply for PIPP. For example, Steven Bradford of The Assembly Committee on Utilities and Commerce noted that Assembly Bill 327 specifically requires the Commission to “ensure that the rates paid by residential customers are fair, equitable, and reflect the costs to serve those customers” and that the bill “specifies discounts for low-income customers are not to exceed 30% to 35% of the average non-low-income customer.”⁵

As discussed in previous comments, current PIPP pilot proposals may result in a program similar to CARE, but with a different discount percentage based on income. And the cost recovery components of these proposals are also similar to CARE. The proposals are also reminiscent of the Tiered CARE Discount proposal analyzed during CARE Rate Restructuring, which the Commission ultimately rejected because the proposal would require some CARE participants to have a decreased discount to accommodate a larger discount for lower income CARE participants to stay within the average effective discount threshold.⁶

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

The California Community Choice Association (CalCCA) argues that the PIPP pilot “should be small and offered to bundled customers at this time . . . Once the pilot is deemed

⁵ See Assembly Committee on Utilities and Commerce, Steven Bradford, Chair, AB 327 (Perea), (Date of Hearing, September 11, 2012) at 1.

⁶ See R.12-06-013, Joint Status Report on Development of Care Restructuring Consensus Proposals (April 9, 2019) at 5-7.

successful, PIPP can be expanded to enable CCAs to participate with their customers in the program.”⁷ Due to the complexity of including these customers in the pilot, SDG&E agrees with CalCCA and proposes that CCAs, Net Energy Metering (NEM) customers, and direct access customers be excluded from the PIPP pilot, with only bundled customers in SDG&E’s service territory allowed to participate. If the pilot is expanded to a full program, SDG&E is committed to working with CCAs and unbundled customers to determine how the operations for PIPP should be handled with respect to CCA, NEM, and direct access customers.

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

Similar to AMP, SDG&E intends to continue its current practices with respect to these payments, and “forgive” or discount any amounts associated with third-party charges off the customer bill and treat the forgiven amount as an expense for recovery through the PPP surcharge. SDG&E proposes to track PIPP forgiven amounts for recovery through a subaccount in its RUBA.

III. CONCLUSION

SDG&E appreciates the opportunity to provide these Opening Comments.

Respectfully submitted,

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⁷ Response of the California Community Choice Association to the Administrative Law Judge’s E-Mail Ruling Requesting Responses from the Parties to Seven Questions (January 8, 2021) at 4-5.