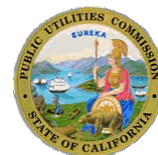


**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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

Rulemaking 21-02-014
(Filed February 11, 2021)

**SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902 M) RESPONSE TO THE
ADMINISTRATIVE LAW JUDGE'S RULING INVITING RESPONSES TO POST-
WORKSHOP QUESTIONS AND EXTENDING FILING DATES OF BRIEFS**

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April 12, 2021

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I. INTRODUCTION

Pursuant to Administrative Law Judge Watts-Zagha’s Ruling Inviting Responses to Post-Workshop Questions and Extending Filing Dates of Briefs, San Diego Gas & Electric Company (SDG&E) respectfully submits this Response.

II. QUESTIONS FOR PARTIES

Leveraging HCD ERAP

1. How many customers currently in arrears do you estimate will be eligible for HCD relief?

HCD relief eligibility is based on various factors and including customers who are: (1) renters, (2) have qualified for unemployment benefits or experienced a reduction in household income, incurred significant costs, or experienced other financial hardship due to COVID-19, (3) demonstrate a risk of experiencing homelessness or housing instability, and (4) have household income no more than 80% of the Area Median Income (AMI).¹ SDG&E does not track these types of criteria and eligibility requirements, nor does it request this information for a customer’s application for service. Therefore, SDG&E does not have insight into how many customers currently in arrears will be eligible for HCD relief. SDG&E customers apply through a separate application and verified by the local jurisdictions and entities.

2. What dollar amount of arrearages do you estimate will be eligible for HCD relief, notwithstanding the program’s budgetary limitations?

¹ Housing is Key, *California’s COVID-19 Rent Relief*, available at https://housing.ca.gov/covid_rr/program_overview.html#renter.

For the same reasons discussed in response to Question 1 above, SDG&E does not have insight into how many customers may be eligible for HCD relief, or if those customers have a corresponding arrearage balance, and therefore cannot identify those who are eligible. SDG&E customers apply through a separate application, which is verified by the local jurisdictions and entities.

3. What is the current status of your partner application with the HCD ERAP? For reference, see California ERAP Partner Application (tfaforms.net) or <https://lisc.tfaforms.net/308>.

a. Have you applied and what Tier (1/2/3) are you eligible for?

SDG&E has not applied to partner via the California ERAP Partner Application. However, SDG&E is currently working with the city and county jurisdictions in its service territory who are administering the COVID-19 Emergency Rental Assistance Program (ERAP). While the programs are administered by local authorities, who process the payments to reduce the qualifying customers' utility arrears, SDG&E is also incorporating program promotion into its marketing, education, and outreach (ME&O) activities.

SDG&E is promoting the ERAP as a potential source of utility bill debt forgiveness, for qualified residential renters. Beginning the week of April 12, 2021, SDG&E will promote the program on sdge.com/covid and sdge.com/assistance. Additionally, the program will be promoted on SDG&E's social media accounts, including Nextdoor, with targeted posts based on zip code for the respective jurisdiction, Twitter, and Facebook. SDG&E is developing talking points and a one-page PowerPoint on ERAP for the outreach advisors and partners at the Community Based Organizations (CBOs) in SDG&E's service territory, however this tactic and timing thereof, is still being developed. Lastly, pending available space, the ERAP will be promoted in SDG&E's bill inserts, at a later date.

b. If you have not applied, are you willing to apply? Why or why not?

SDG&E does not believe it is necessary to submit a partner application at this time. SDG&E is committed to maximizing its partnerships with the four localities² that are administering these programs throughout its service territory to promote awareness of the programs and make sure that the cities are directing those funds to utility payments where possible; and that SDG&E customers understand that the programs exist. As mentioned above, SDG&E is currently working with the city and county jurisdictions in its service territory who are administering the COVID-19 ERAP. While the programs are administered by local authorities, who process the payments to reduce the qualifying

² For SDG&E's service territory, this includes: The City of San Diego, the County of San Diego, the City of Chula Vista, and Orange County, and those organizations who were chosen on their behalf where applicable, to administer the ERAP.

customers' utility arrears, SDG&E is also incorporating program promotion into its marketing, education, and outreach (ME&O) activities, as mentioned above.

4. Please comment on the eligibility criteria for HCD ERAP as a proxy for identifying utility customers most in need of utility arrearage relief.
 - a. Does HCD eligibility criteria for emergency COVID Rental Relief appropriately target customers in need of relief? Do you think potentially additional utility COVID arrearage relief should follow these criteria (provided HCD performs the eligibility verification)?

SDG&E has no comment on whether the eligibility criteria for the HCD emergency COVID Rental Relief appropriately targets customers in need of relief for that program.

- b. Should customers verified by HCD as eligible for COVID rental relief receive the CARE and/or FERA discount on a provisional basis? Why or why not?

SDG&E believes it would be inappropriate to provide the CARE or FERA discount to customers based purely on participation in the HCD ERAP, due to a misalignment of income qualifications that may violate statute. To elaborate, CARE and FERA program income eligibility criteria is legislatively mandated to use federal poverty guideline levels³ while HCD ERAP income eligibility utilizes Area Median Income (AMI). In San Diego County a four-person household with 80% AMI would equate to \$97,000.⁴ For purposes of CARE and FERA, eligibility would require the same household to have income at or below \$52,400 or \$65,500, respectively. In some instances, automatic enrollment of ERAP-eligible customers in the CARE or FERA program would effectively almost double the current income qualifications and violate statutory income limits.

In addition, SDG&E believes automatic enrollment in CARE or FERA based purely on ERAP participation may be inappropriate because there may be instances in which an ERAP participant may only require rent assistance and may not have a past due balance with their utility bills.

Furthermore, current investor-owned utility (IOU) program Commission directives require a customer be enrolled in CARE and FERA for two years, before they are required to recertify their eligibility.⁵ Due to these directives, SDG&E will not have the ability to grant enrollment on a “provisional” basis if that provisional period is less than two years

³ Assembly Bill (AB) 327 and Public Utilities Code Section 739.1 mandate that CARE program participants “have annual household incomes that are no greater than 200 percent of the federal poverty guideline levels.” Additionally, AB 1135 and Public Utilities Code Section 739.12 mandate that FERA program participants have “three or more persons with total household annual gross income levels between 200 percent and 250% of the federal poverty guideline level.”

⁴ San Diego County AMI limits effective April 1, 2021.

⁵ With the exception for fixed-income CARE customers, who are required to verify every four-years.

and require extensive system enhancements that would require additional program funding. SDG&E remains concerned that a two-year enrollment period for a customer that is potentially above statutory income limits is inappropriate.

However, assuming the appropriate customer privacy protocols are in place, SDG&E is open to receive information for HCD qualified ERAP participant information for customers in SDG&E's service territory, which could then be used for targeted CARE and FERA outreach.

- c. Do you think customers verified by HCD as eligible for COVID rental relief should be eligible for enrollment in an Arrearage Management Plan (AMP) while they are provisionally enrolled in CARE/FERA, as suggested in (b)?

Due to the issues described in response to Question 4b above, SDG&E does not believe it would be appropriate to enroll customers in CARE/FERA based purely on ERAP participation. In addition, AMP eligibility requires a customer to be a residential CARE/FERA customer, so for the same reasons, SDG&E believes it is inappropriate to enroll customers in AMP if they are provisionally enrolled in CARE/FERA.

5. Is your utility able to pause an AMP enrollment until the customer has subsequently applied for relief through the HCD ERAP?

Whether a customer enrolls in the Arrearage Management Payment (AMP) plan is up to the customer and is initiated by the customer, as SDG&E does not automatically enroll customers in AMP. If a customer would like to apply for relief through the HCD ERAP, and subsequently enroll in AMP, that is entirely the customer's choice. However, once enrolled in AMP, systematically, SDG&E cannot pause the 12-month commitment.

Follow-up Questions to 3/26 Workshop Presentations Regarding Modifications to Payment Plan Policies

6. According to the Advice Letter filings of April 1, 2021 pursuant to Commission Resolution M-4849, at least two utilities will automatically enroll customers in payment plans if the customer needs a threshold for age and amount of arrears. If the Commission were to order automatic enrollment in payment plans,

SDG&E has previously made clear that it does not support automatic enrollment in payment plans. Customers need to indicate that they are willing to participate in a payment arrangement, which is a contractual agreement between a customer and the utility.⁶

⁶ See Comments of San Diego Gas & Electric Company to the Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic (March 3, 2021) (SDG&E Comments on the OIR) at 8.

- a. What threshold(s) for age of arrears and dollars in debt would you recommend for customers (for utilities: of your utility) (for all other parties: would you recommend variations by utility, customer class, other)?

SDG&E does not support automatic enrollment in payment plans, and as such, has no comment on this question.

- b. Would you recommend any additional qualifying criteria beyond age of arrears and dollars in debt be set for automatic enrollment in payment plans (for utilities: of your utility) (for all other parties: would you recommend variations by utility, customer class, other)?

SDG&E does not support automatic enrollment in payment plans, and as such, has no comment on this question.

- c. Would you recommend exempting any customers from auto-enrollment and if so, which customers would you exempt and why?

SDG&E does not support automatic enrollment in payment plans, and as such, has no comment on this question.

- d. Are all residential customers currently eligible for payment plans, regardless of CARE/FERA status or age of customer account (including current accounts)? If all residential customers are not currently eligible, should they be?

All residential customers are eligible for payment arrangements. Additionally, pursuant to D.20-06-003, all residential customers are now eligible for a payment plan, of up to 12-months.

- e. Are all small business customers currently eligible for payment plans, regardless of age of customer account (including current accounts). If all residential customers are not currently eligible, should they be?

Pursuant to SDG&E's business practices, all small business customers are eligible for a payment plan.

7. How much flexibility should utilities grant customers unable to keep the terms of their payment plan before the customer becomes eligible for disconnection?
 - a. What should occur when a customer misses one or more payments required by a payment plan?

The customer should reach out to the utility to adjust their payment plan if they are unable to keep the terms of their arrangement.

- b. How many missed payments should result in a customer's payment plan being considered "broken"?

SDG&E's current business practice allows one missed payment before a payment arrangement is considered broken. However, the customer can contact the utility to update the terms of the payment arrangement if they are unable to make a payment. In addition, while SDG&E is opposed to payment arrangements exceeding 12-months, in this OIR, SDG&E is proposing up to a 15-month payment arrangement, with up to three deferrals, before the arrangement breaks. As noted in SDG&E's Comments on the OIR, due to the systematic limitations required by SDG&E's Customer Information System (CIS) replacement, SDG&E noted that it will be unable to automate the option for three months of deferrals within these extended payment arrangements, and the deferrals will be on a manual basis.⁷

Follow-up Questions to 3/26 Workshop Presentations on Goals and Mechanics of Potential Arrearage Forgiveness

8. How adequate do you believe the disconnection caps ordered by D.20-06-003, both the monthly caps service territory-wide, as well as the requirement to keep disconnects below 30% in any one zip code, will be at minimizing disconnections?

SDG&E is of the opinion that any discussion related to the disconnection caps, ordered by D.20-06-003, should be discussed in the context of that proceeding – Rulemaking (R.) 18-07-005. However, SDG&E feels that the disconnection cap and the 30% requirement are sufficient at minimizing disconnections because the disconnection cap is lower than the historical average (which is the lowest in the State of the large electric IOUs), so it is adequate at limiting disconnections. Unfortunately, by limiting disconnections, SDG&E has historically seen a rise in arrears and customers continuing to get behind on bill payments.

9. How might any new COVID arrearage relief be targeted to customers most at risk of being disconnected?

Rather than focusing on customers most at risk of being disconnected, because any customer who is past due is at risk of being disconnected, SDG&E proposed arrearage relief for residential and small business customers of \$1,000 or more, as proposed by the Commission.⁸ For instance, to qualify for the Arrearage Assistance Program (AAP), customers must be at least \$1,000 in arrears to receive a \$200 bill credit, subject to other proposed modifications in SDG&E's Comments, including two consecutive on-time payments.⁹ Additionally, in response to the Commission's proposal of extended payment

⁷ *Id.* at 10.

⁸ *Id.* at 8.

⁹ *Id.* at 5-9.

plans, SDG&E proposed payment arrangement terms of 15 months, with up to three monthly deferrals.¹⁰ SDG&E's proposals would target customers most at risk for being disconnected because these customers are past due, and eligible for disconnection.

10. Several Work Team presentations listed fairness and equity as separate criteria.

Assuming any new COVID arrearage relief is funding through either rates or surcharges,

- a. Please comment on how arrearage forgiveness might be structured in the most fair way?

SDG&E is of the opinion that this question is vague and ambiguous, and that fairness is subjective. However, SDG&E believes that SDG&E's proposals in the Comments on the OIR are the fairest way to structure arrearage forgiveness because it expands arrearage forgiveness to residential and small business customers; expanding debt forgiveness beyond CARE/FERA customers.

- b. Please comment on how arrearage forgiveness might be structured in the most equitable way?

SDG&E is of the opinion that this question is vague and ambiguous, and that equity is subjective. However, SDG&E believes that SDG&E's proposals in the Comments on the OIR are the fairest way to structure arrearage forgiveness because it expands arrearage forgiveness to residential and small business customers; expanding debt forgiveness beyond CARE/FERA customers.

- c. Please comment on utilizing zip codes with the highest rates of disconnections to target residential customers most in need of arrearage relief, with regard to equity and fairness.

In Phase II of the Disconnection OIR, the Percentage of Income Payment Plan (PIPP) Phase, SDG&E has raised concerns around equity and fairness regarding proposed program eligibility requirements dependent on zip codes with the highest rates of disconnections.¹¹ To summarize, such concerns include:

- **The top ten zip codes with disconnections change from season-to-season (winter vs. summer), month-to-month, and even year-to-year. In addition, since no customers have been disconnected from service since March 2020 due to COVID-19 emergency customer protections, there were questions raised around the appropriate starting**

¹⁰ *Id.* at 9-10.

¹¹ 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 5-7.

point to determine the top ten zip codes for eligibility (ex: winter vs. summer, correct year, etc.).

- Targeting the top ten zip codes based on disconnection rate rather than the number of customers disconnected may negatively affect customers living in areas with a higher population. As the IOU Monthly Disconnection Reports demonstrate, in most cases the zip codes do not align when comparing the two data points. A theoretical table below is provided to demonstrate these points.

Zip Code	Total Population	# of Customers Disconnected	Disconnection Rate
91913	523	150	29 %
91977	12,807	150	1 %
92028	654,974	150	0.02 %

- d. Assume a theoretical customer with utility debt exceeding \$1,000 is unlikely to pay the debt even subsequent to service disconnection. How would forgiving 90% of this customer’s outstanding arrearage impact ratepayers differently than disconnecting this customer for nonpayment? How would paying 90% of this customer’s outstanding arrearage impact this customer differently than disconnecting this customer for nonpayment?

If SDG&E forgives 90% of a customer’s outstanding arrearage balance, instead of disconnecting them for non-payment, the impact to other ratepayers is higher. Historically, SDG&E has seen that when a customer in arrears receives a disconnection, they are more likely to pay partial or all of their outstanding balance. This is evident by the high reconnection rates SDG&E has typically seen. In this theoretical scenario, if the customer is not presented with a disconnection notice or disconnection, and instead 90% of their debt is forgiven, that will impact rates, for all customers, including low-income customers, because the amount forgiven will have to be recovered in rates.

11. Please comment on how arrearage forgiveness might best be structured to increase the likelihood of keeping customers connected to the system.
 - a. Would a standardized, flat amount of forgiveness or a customized amount of forgiveness be more likely to keep a customer connected as a utility customer?

SDG&E believes that a flat amount of forgiveness, with two consecutive on-time payments, likely has a higher chance of keeping the customer connected because they are incentivized to pay their current bill, in order to receive a benefit.

- b. Both LIHEAP grants and individual utility-sponsored relief programs appear to operate as arrearage forgiveness. Do you agree with this characterization? How

effective have the utility-sponsored relief programs (REACH, EAF, GAF, Neighbor-to-Neighbor) been at minimizing disconnections? What other impacts have you identified on the recipients of the utility-sponsored relief programs?

The LIHEAP Energy Crisis Intervention Program (ECIP) and SDG&E’s Neighbor-to-Neighbor program are bill assistance programs that offer a predetermined amount of assistance for those customers with past due balances, who meet specific criteria and apply. The LIHEAP non-emergency Home Energy Assistance Program (HEAP) is similar to ECIP, but offers assistance on future bills.

SDG&E does not track or analyze the effectiveness of the utility-relief programs at minimizing disconnections. Typically, customers who receive LIHEAP or Neighbor-to-Neighbor are disconnected less than low-income customers. Pursuant to D.20-06-003, during the LIHEAP pledge period SDG&E does not disconnect customers, so this prevents disconnection for the 90-day pledge period. However, with LIHEAP and Neighbor-to-Neighbor, while these programs are designed to assist customers facing financial hardships, which can include disconnection, SDG&E does not track whether a customer is more or less likely to be disconnected in the future. Thus, SDG&E is unable to comment on the effectiveness at minimizing disconnection beyond the initial assistance of these programs.

Small Business

12. Team 5 at the workshop came to consensus on the following for small business payment plans, does your party join the consensus?

As discussed further below, SDG&E disagrees with this Ruling and does not believe consensus was reached for Work Team 5. SDG&E used this workshop as an opportunity to further explore proposals and gather information for additional reflection post-workshops. However, lack of outright opposition does not constitute agreement (“consensus”).

- a. Utilities should offer all small business customers with arrears payment plans of no more than 24 months.

As discussed above and in SDG&E’s Comments on the OIR, SDG&E disagrees with payment plans of up to 24-months, and instead proposed 15-month payment plans, with up to three monthly deferrals.¹²

- b. Utilities should have no specific minimum length for small business payment plans, but should provide small business customers with up to 24 months to repay their arrears and should work with each customer to determine the best plan for the customer.

¹² SDG&E Comments on the OIR at 9-10.

During Team 5 of the workshop, SDG&E remained neutral regarding extended payment plans up to 24-months and shared concern that in the Disconnection OIR proceeding (R.8-07-005) and the COVID-19 Bill Debt OIR (R.21-02-014) data shows that residential customers on payment plans longer than 3-4 months are largely unsuccessful – and customers on payment plans longer than 12-months, are successful zero percent of the time.¹³ While similar data is not available for small business customers, many parties in this working group generally agreed that longer payment plans may be unsuccessful and the working group provided reduced scoring for the criteria to reflect this concern.

13. Team 5 at the workshop identified a need for utilities to increase outreach to small business customers, both to individual customers and community-based organizations that work with small businesses, to personalize assistance for small business and help these customers receive assistance for which they are eligible.

On April 1, 2021, SDG&E filed Advice Letter 3729-E/2967-G, which included a Transition Plan outlining an ME&O strategy for residential and small business customers. Below, SDG&E will include some of those small business ME&O tactics, with additional elaboration.

- a. For utilities: please comment on your plans to conduct outreach to small business customers with arrears, including plans to target community-based organizations that have relationships with these customers, streamline relevant application processes, and/or identify individual customers to assist these customers with their arrears.

SDG&E’s ME&O strategy for small business is in alignment with its residential outreach activities to ensure consistency in messaging and timing. Customer messaging will focus on customer options aimed at helping the customer with energy bills and energy use management. Primary messages will focus on changes in customer protections with key dates, while secondary messages will provide information on payment plans to help customers manage arrears and avoid disconnection.

Proposed ME&O activities include:

¹³ See California Public Utilities Commission, *Rulemaking 21-02-014 to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic*, SDG&E Data Supplement, available at <https://www.cpuc.ca.gov/General.aspx?id=6442468180>; see also Comments of San Diego Gas & Electric Company to the Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic (March 3, 2021) at 9-10; see also R.18-07-005, Joint Comments of Southern California Gas Company and San Diego Gas & Electric Company to Administrative Law Judge Kelly’s Ruling Requesting Responses to Questions (June 14, 2019) at 18 (stating that “data from a pilot demonstrated that pay arrangement plans over three months were not beneficial to the customer and were kept less than 3% of the time.”).

- **Updating SDG&E website(s) to communicate the upcoming end of the emergency customer protections (www.sdge.com/business-summer, www.sdge.com/coronavirus);**
 - **Utilizing summer preparedness rate education emails to promote payment plans and available assistance programs;**
 - **Communicating the end of Customer Protections in the SDG&E bill package (insert and/or onsert message); and**
 - **Communicating the end of Customer Protections through SDG&E’s social media channels in coordination with residential communications.**
 - **Leveraging existing partnerships with SDG&E’s Energy Solutions Partner Network, which includes non-profits, Chambers of Commerce and business trade associations to provide outreach to small business customers through monthly social media messaging, virtual presentations, and meetings.**
- b. For all parties: please provide any comments on how utilities should conduct Marketing, Education, and Outreach activities to target small business customers with arrears, including any comments on how to specifically target small business customers that serve or are located in ESJ communities.

Typically, SDG&E’s ME&O strategy for small business customers is the same for all small business customers. However, SDG&E has partnered with various ethnic business associations who serve minority and small business customers in ESJ and disadvantaged communities (DACs), to provide relief to businesses, during this unprecedented health and economic crisis. SDG&E has helped promote information through these partnerships, including resources to assist these small business customers during COVID-19.

In 2020, SDG&E Community Relations invited Community Based Organizations (CBOs) and ESJ partners in SDG&E’s service territory to participate in the following webinars:

- **Better Business Bureau webinar to support small businesses during the pandemic;**
- **Supplier Diversity webinar “How Nonprofits are Helping Small Businesses Survive COVID-19”, hosted by SDG&E; and**
- **San Diego Regional EDC Town Hall Recovery Series, underwritten by SDG&E.**

Additionally, SDG&E participated in the SDG&E WeCare Campaign, which provided small businesses with a care package, including assistance information.

The list of partners includes, but is not limited to: Accion San Diego, the Asian Business Association, CDC Small Business Finance, Hispanic Chamber of E-Commerce, Local Initiatives Support Corporation (LISC), the San Diego Central Black Chamber of Commerce, San Diego Regional EDC, and the San Diego Regional Chamber.

