**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 (Filed February 11, 2021)

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING INVITING
RESPONSES TO POST-WORKSHOP QUESTIONS**

Evelyn Kahl, General Counsel
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
(415) 254-5454
regulatory@cal-cca.org

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Pursuant to the *Administrative Law Judge's Ruling Inviting Responses to Post-Workshop Questions and Extending Filing Dates of Briefs,* filed April 2, 2021 (Ruling), the California Community Choice Association[1] (CalCCA) submits the following responses.

I. INTRODUCTION

CalCCA and many other Parties participated in a two-day workshop, deliberating over potential customer relief proposals[2] considering criteria such as simplicity, feasibility, fairness, behavioral incentives, efficacy, adequacy, and equity. CalCCA appreciates the intentional space provided by the Commission to discuss potential relief efforts for our customers especially to those experiencing financial difficulties due to the pandemic.

CalCCA provides comments on the four topics issued by the Commission: leveraging the California Housing and Community Development's Emergency Rental Assistance Program

[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] The CPUC hosted workshops from Thursday, March 25 to Friday, March 26.

(ERAP), modifying payment plan policies, addressing arrearage forgiveness, and meeting small business needs. In summary, CalCCA the following points to the Commission:

- CalCCA supports the Administrative Law Judge's (ALJ's) direction to leverage existing funding such as the ERAP. CalCCA strongly urges the Commission to include CCA customers and ensure funding is applied to both generation and transmission and delivery costs, as supported by California Department of Housing and Community Development (HCD's) program rules.

- CalCCA supports HCD's eligibility requirements, utilizing 80 percent Area Median Income thresholds instead of Federal Poverty Level.

- CalCCA requests that the Commission direct the large utilities to further break out the data provided on total dollar value of arrearages owed to the utility for both bundled and unbundled customers by zip code, similar to data provided for small businesses.

- Equity should be a main criterion when developing relief programs. CalCCA supports TURN's scoping memo comments to open Public Participation Hearings (PPHs).

CalCCA looks forward to further dialogue with stakeholders to enable a measured transition for customers from existing current COVID-19 measures.

II. RESPONSES TO POST-WORKSHOP QUESTIONS

A. Leveraging the California Housing and Community Development's ERAP

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

Response: California Community Aggregators (CCAs) currently do not have access to income data, therefore cannot provide an estimate.

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

Response: CCAs currently do not have access to income data, therefore cannot provide an estimate.

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?

Response: CalCCA is currently not a partner and does not have experience participating as a partner.

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

Response: CalCCA has not applied.

3b. If you have not applied, are you willing to apply? Why or why not?

Response: CalCCA represents community choice aggregators, representing counties throughout the state of California. Some CCAs would be interested in a partnership, ensuring our customers have access to the HCD ERAP. Participation would be dependent on the CCA.

4. Please comment on the eligibility criteria for HCD ERAP as a proxy for identifying utility customers most in need of utility arrearage relief.

Response: CalCCA supports using the HCD ERAP income eligibility criteria as a proxy for identifying utility customers most in need of utility arrearage relief. ERAP defines eligible households as meeting or below 80 percent of Area Median Income (AMI), with a priority on helping households at or below 50 percent of AMI as well as households unemployed for the preceding 90 days at the time of application.[3] AMI income levels are calculated by the U.S. Department of Housing and Urban Development (HUD) and based on estimates of median family income and fair market rent definitions for county and

[3] See State Rental Assistance Program General Information and Guidance: https://www.hcd.ca.gov/grants-funding/active-funding/erap/docs/state-rental-assistance-program-general-info-and-guidance-to-web.pdf

metropolitan areas and updated annually.[4] The use of AMI accounts for differences in the cost of living across California, which Federal Poverty Level (FPL) guidelines do not address holistically. For example, residents whose income may exceed the federal guidelines and are unable to access programs like California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance Program (FERA) may still experience economic insecurity due to cost of living in their area. By basing eligibility criteria on AMI levels, the Commission can assist those communities and households who are at the border of not making the eligible requirements of CARE/FERA, yet still experiencing financial hardships.

In addition, ERAP eligibility criteria requires households to have experienced a financial impact due to COVID-19.[5] ERAP guidelines include participating jurisdictions to make the verification process as simple as practicable.[6] While many forms of documentation may be considered in demonstrating financial hardship, decrease in income, or housing instability, it may be unclear to the applicant the type of documentation needed and may vary across jurisdictions. If the Commission were to adopt these additional eligibility criteria as a proxy, documentation details should be made clear and concise to successfully identify customers in need of relief.

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4 See https://www.huduser.gov/portal/datasets/il.html#2021_query. See also HCD's California Income Limits for 2020 based on HUD updates: https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/income-limits-2020.pdf

5 See COVID Rental Relief applicant portal: https://housing.ca.gov/covid_rr/program_overview.html#renter

6 State Rental Assistance Program General Info and Guidance at 10.

4a. Does HCD eligibility criteria for Emergency COVID Rental Relief appropriately targets customers in need of relief? Do you think potentially additional utility COVID arrearage relief should follow these criteria (provided HCD performs the eligibility verification)?

Response: Yes, HCD eligibility criteria for Emergency COVID Rental Relief appropriately targets customers in need of relief as it addresses the segment of customers who are currently underserved; these customers would not be able to access existing programs like CARE, FERA or the Arrearage Management Plan (AMP) which are based on FPL guidelines. Due to the unprecedented nature of COVID-19 and the resulting economic impacts on customers as reflected in the overall increase in total arrearages during this period, relief should be augmented to address the additional burdens placed on households as a result of the pandemic.

By following ERAP's criteria for any potential additional utility COVID arrearage relief, the Commission would be able to leverage this existing program to help capture more customers in need of relief. If HCD were to provide eligibility verification, it would further reduce the burden of having to create a new program from the ground up and utilities having to verify customer eligibility.

4b. 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?

Response: Yes, CalCCA supports customers verified by HCD as eligible for COVID rental relief to receive the CARE and/or FERA discount on a provisional basis. First, this would expand the CARE/FERA programs to those who would otherwise not meet current eligibility guidelines but may still need assistance. Those seeking rental and utility assistance under the ERAP program are likely to benefit from the additional discounts provided by CARE/FERA, which will help reduce monthly bills on a temporary basis.

Second, extending CARE/FERA to ERAP-eligible customers lessens the burden on those customers of having to go through the process of qualifying for more than one program. Lastly, allowing ERAP-eligible customers to receive CARE/FERA discounts also enables these customers to access programs like AMP as discussed below.

4c. 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)?

Response: Yes, customers verified by HCD as eligible for COVID rental relief should also be deemed eligible for enrollment in an AMP while they are provisionally enrolled in CARE/FERA. CalCCA supports this modification as it would effectively leverage each of the existing programs in place. In making eligibility requirements consistent on a provisional basis across the CARE, FERA and AMP programs, the process for customers to seek assistance becomes much more streamlined and less burdensome. Customers would only need to go through one eligibility verification process, and the marketing/outreach about programs becomes more simplified, resulting in less confusion for customers. The potential layering of relief across these programs can also increase the likelihood that customers who enroll in AMP will be able to successfully meet their monthly payments and complete payment plans.

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

Response: CCAs do not handle AMP enrollment, therefore CalCCA is not positioned to answer this question.

B. Modifying 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 meets a threshold for age and amount of arrears. If the Commission were to order automatic enrollment in payment plans,

6a. 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 customers by utility, customer class, other?

Response: CalCCA does not recommend automatic enrollment with respect to payment plans because ratepayers must be aware of the payment plan structure. While CalCCA has no specific recommendations at this time regarding thresholds, if customers were to be automatically enrolled, program participants should be given multiple notifications about their payment plan enrollment, including terms and conditions, and the ability to easily decline participation, via phone and web, in a payment plan should they choose to do so.

6b. Would you recommend any additional qualifying criteria beyond age of arrears and dollars in debt be set for automatic enrollment in payment plans by utility, customer class, other?

Response: At this time, CalCCA does not have a suggestion on additional qualifying criteria.

6c. Would you recommend exempting any customers from auto-enrollment and if so, which customers would you exempt and why?

Response: CalCCA recommends that customers are not auto-enrolled into payment plans because customers would need to know about the type of plan they are on, the benefits, and risks. East Bay Community Energy (EBCE) conducted several focus groups to discuss strategies to lower arrearage and prevent disconnections from occurring. Several participants noted that automatic enrollment can cause further anxiety due to the loss of control over their payment structure. CalCCA recommends that payment plan eligible customers give the utilities consent to enroll them in a plan to start (Opt In).

6d. 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?

Response: Yes, all residential customers should be eligible for a payment plan.

6e. Are all small business customers currently eligible for payment plans, regardless of age of customer account (including current accounts). If all small business customers are not currently eligible, should they be?

Response: Yes, all small business customers should be 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?

Response: Flexibility is crucial to helping customers getting back on track with their bills. If customers can provide a partial payment, the utilities should allow customers to move forward with their payment plan. CCAs have heard from their customers that payment flexibility can support customers at an extremely uncertain time.

7a. What should occur when a customer misses one or more payments required by a payment plan?

Response: CCAs encourage their IOU partners to allow customers to start a new payment plan that can potentially better fit their needs if they are removed from their current plan due to non-payment.

7b. How many missed payments should result in a customer's payment plan being considered "broken"?

Response: Similar to AMP, customers should be allowed to miss two non-consecutive payments before removing them from the plan. CalCCA would support another proposal if more flexibility is needed.

C. Forgiving Arrearage

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?

Response: In the Disconnections Proceeding (R.18-07-005), CalCCA requested that the Commission relook at the disconnection cap in any one zip code.[7] Many of the zip codes that CCAs serve do not experience a disconnection rate higher than 17 percent. The 30 percent cap is too high and not an aggressive goal. Reviewing zip code disconnection data from 2018, could give us a better goal to reach.

The 2024 disconnection targets based on IOUs as noted in D.20-06-003 seem reasonable as the percentages range from 2 – 8 perceent.[8] Once these goals are met, CalCCA encourages the Commission and involved stakeholders to continue to push for lower targets.

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

Response: CalCCA recommends that relief can be targeted to customers who live in zip codes with historically high disconnection rates (not total disconnection numbers). It is important that this is not the only metric because people's livelihoods have changed dramatically since 2018. CalCCA suggests that modeling the current disconnection trends can help target customers who are facing economic hardships today. CalCCA believes the Commission is moving into the right direction by look at arrearages incurred between March 2020 to June 2021. CalCCA supports expanding the AMP eligibility requirements

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7 CalCCA met with Commissioner Guzman Aceves and Commissioner Rechtschaffen and their staff on June 4, 2020.

8 D.20-06-003 at 31.

of total arrearages from \$500 to \$250, as we have heard from our customers that the \$500 threshold is too high.

CalCCA also requests that the Commission direct the large utilities to provide additional data on arrearages by zip code,[9] similar to data provided for small businesses.[10] This data would be helpful to parties in better understanding and determining thresholds and the level of relief that should be provided to those most at risk of being disconnected.

10. Several Work Team presentations listed fairness and equity as separate criteria. Assuming any new COVID arrearage relief is funded through either rates or surcharges,

10a. Please comment on how arrearage forgiveness might be structured in the most fair way?

Response: All customers are experiencing the pandemic, regardless if they are unbundled or bundled customers. All customers therefore should participate in any relief efforts put forth by the Commission. A potential fair approach would allow arrearage forgiveness only on the transmission and delivery side of the bill, as both bundled and unbundled customers would be treated the same. CalCCA supports forgiving generation arrearages for all providers only if cost-recovery is socialized through the Public Purpose Program Charge or a distribution charge.

10b. Please comment on how arrearage forgiveness might be structured in the most equitable way?

Response: Equity means elevating individuals and communities who have been systemically harmed more. To instill equity practices, CalCCA supports TURN's scoping

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9 Provide total number of residential and small business customers in arrears by zip code, total dollar amount of arrearages for residential and small business customers by zip code and total number of residential and small business customers by zip code. This data should be further broken down by bundled and unbundled customers.

10 Administrative Law Judge's Ruling Directing Utilities to Provide Data, Attachment A, at 3

memo comments to “hold Public Participation Hearings (“PPHs”)” to center people’s experiences in this proceeding.[11]

Furthermore, CalCCA has heard the argument from other Parties the need to mitigate cost-shifting from non-participants, but this raises huge equity concerns. Customers eligible for program relief should not pay for these programs as they are already having difficulties keeping up with their bills. Using the Public Purpose Program Charge (PPPC) as a cost-recovery mechanism is an equitable approach since it is spread across a large base and can exclude CARE/FERA customers. To have CCAs cover their own generation charges could burden one region over another as we are seeing growing numbers of customers eligible for relief programs in under-resourced, populated Cities. Ratepayers of smaller communities with a higher eligibility will have to bear more of the burden of recovering costs.

Lastly, historically low-income neighborhoods could take a longer time recovering economically from the pandemic. Relief should be granted for communities that have been underserved first and foremost using the most inclusive metrics for this designation.

10c. 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.

Response: CalCCA recommends using highest rates of disconnection, but not the total number of disconnections to occur in one zip code. Using highest rates of disconnection permits a more equitable evaluation across zip codes by neutralizing the influence of population. Zip code sizes and populations vary dramatically and setting targets by total number of disconnections could results in significant disparity between areas and the

11 Comments of The Utility Reform Network on the Assigned Commissioner’s Scoping Memo and Ruling at 2.

actual number of disconnections that occur relative to the number of people living in the area.

10d. 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?

<u>Response:</u> CalCCA would like to recognize that keeping customers online is extremely important and is undoubtedly preferred to than a disconnected resident or business owner. Ultimately, the choice between actively forgiving debt compared to an uncollectable is an accounting matter for IOUs as to how it affects other ratepayers. CCAs have fewer levers in terms of accounting for losses and seek a more socialized approach where debt forgiven or deemed uncollectable is not concentrated with those CCAs that are more likely to serve these populations.

11. Please comment on how arrearage forgiveness might best be structured to increase the likelihood of keeping customers connected to the system.

<u>Response:</u> CalCCA recommends that a payment plan is tied with arrearage forgiveness. For example, customers would receive an upfront arrearage forgiveness, as well as forgiveness provided at mid-point

11a. 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?

<u>Response:</u> CalCCA suggested in our Opening Comments that a percentage of bill approach, rather than a fixed dollar threshold is more equitable.[12]

[12] *California Community Choice Association Comments On Order Instituting Rulemaking,* March 3, 2021 (Opening Comments).

11b. 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?

Response: CalCCA agrees with this characterization. On the ground-level, we have supported customers who have greatly benefitted from once-a-year relief such as LIHEAP. For example, some CCAs have conducted Understanding Your Bill sessions and walked customers through the CARE and FERA application. During these sessions, customers have shown their LIHEAP discount to us at their discretion, in which they have shared it is helpful but extremely tedious to apply for. Some customers eligible for LIHEAP have found the application process long and hard to overcome. Re-evaluation of the application process and pushing funds to support case managing will be critical to the success of the LIHEAP program.

D. Meeting Small Business Needs

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

12a. Utilities should offer all small business customers with arrears payment plans of no more than 24 months.

Response: PG&E has stated that its statistics show that payment plans longer than 6 months are routinely broken. CalCCA agrees with the plan to offer payment plans to small businesses, but would encourage that plan options of 6 months, 12 months and 18 months be offered to allow small businesses to select a payment that the business may accommodate. In addition, businesses should also have the option, if not already part of the plan, to pay down the debt in greater amounts should the business begin to flourish and the business determine greater payment is possible.

12b. 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.

Response: CalCCA agrees with this statement.

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.

13a. 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.

Response: This question does not seem to be directed towards CCAs. CCAs would be interested in providing outreach support to small businesses even if we were not implementers of relief programs. Here are examples of how we have reached our small business customers:

- CleanPowerSF leverages its quarterly digital newsletter to target commercial customers, which include small businesses. CleanPowerSF also works with San Francisco's Department of Environment through their Green Business Program to message important updates to small businesses.

- East Bay Community Energy has reached out to small businesses through various local Chambers of Commerce as well as leverage direct email, paid digital advertising opportunities. EBCE has reached small customers effectively through local newspaper or local city publications such as City newsletters.

- Central Coast Community Energy engages with their small business customers through community outreach efforts such as in-person or online events and webinars. 3CE works closely with Community Based Organizations to help reach our customers.

- Peninsula Clean Energy joined all Chambers of Commerce throughout San Mateo County in an attempt to better connect with the local business community. Through targeted COVID bill credit program offered in the Fall of 2020, we collected information from over 2,000 of our local small businesses to aid in future outreach opportunities and programs.

13b. 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.

Response: CalCCA recommends that the IOUs work closely with several Chamber of Commerce organizations that support racial, ethnic, or gender identities and groups such as the Oakland Chinatown Chamber of Commerce. The Chambers have longstanding history with various community groups, business owners, and individuals at the center of our communities' economic workforce. Please refer to question 13a of the types of outreach CCAs have conducted.

14. Is a utility's recourse to collect on unpaid arrearages from a small business customer who "walks away" different than the utility's recourse for residential customers? How so?

Response: CCAs see a higher risk of unpaid arrearages from a small business via bankruptcy discharge. CalCCA supports extended payment plans and innovative repayment options for small businesses.

15. How much risk is there to a utility that a small business customer who is disconnected for nonpayment and does not reconnect service?

Response: CCAs do not have the authority to disconnect a customer. The IOU is the CCA's billing agent by law. And while an IOU can pursue through deposit or payment plan balances owed by small businesses who reconnect, CCAs cannot. CCAs have higher risk of non-collection because even if a business does reconnect, the outstanding balance owed to the CCA is not addressed. IOUs have been known to collect on the total past debt, wiping their arrearage and keeping any additional funds which might have covered the CCA outstanding debt as a "deposit" on the account. In fact, CCAs are not made aware that the business has reconnected because data linking past closed accounts and newly opened accounts is not available to CCAs.

16. What is your utility's success rate in collecting utility arrearages from small business customers after the small business does not reconnect service?

Response: CCAs as electric generation providers do not have the authority to disconnect customers. When an IOU disconnects a customer and closes the account, the portion of the outstanding balance for the CCA not collected within the period allotted by the IOU is returned to the CCA for collection. Success rates for CCAs in collecting outstanding debt is low.

III. CONCLUSION

For all of the foregoing reasons, CalCCA respectfully submits these responses to the post-workshop questions.

Respectfully submitted,

Evelyn Kahl
General Counsel to the
California Community Choice Association

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