STATE OF CALIFORNIA GAVIN NEWSOM, Governor

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

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May 24, 2021 **Agenda ID #19550**
Ratesetting

TO PARTIES OF RECORD IN RULEMAKING 21-02-014:

This is the proposed decision of Administrative Law Judge Camille Watts-Zagha. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 24, 2021 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4)(B).

/s/ ANNE E. SIMON__________

Anne E. Simon
Chief Administrative Law Judge

AES:avs

Attachment

Decision **PROPOSED DECISION OF ALJ WATTS-ZAGHA**
(Mailed 5/24/2021)

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.	Rulemaking 21-02-014

DECISION ADDRESSING ENERGY UTILITY CUSTOMER BILL DEBT VIA AUTOMATIC ENROLLMENT IN LONG TERM PAYMENT PLANS

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DECISION ADDRESSING ENERGY UTILITY CUSTOMER BILL DEBT VIA AUTOMATIC ENROLLMENT IN LONG-TERM PAYMENT PLANS

Summary

Today's decision orders energy utilities to automatically provide all residential customers two years over which to pay off energy bill debt, with an opt-out provision. We allow the Small and Multi-Jurisdictional energy utilities to choose between the two-year timeframe or the Southwest Gas automatic payment plan model, which provides customers a minimum of eight months over which to pay off their debt.

This decision requires similar relief for Small Business customers with arrearages, that will be tailored to the Small Business customer's debt and ability to recover from the COVID-19 crisis. We direct all energy utilities, large or small, to automatically enroll their Small Business customers in plans with payoff terms long enough so that the debt payments are no more than 10 percent over their average bill, or for Small Business customers located in disadvantaged communities, no more than 5 percent over their average bill.

Together with significant state and federally funded arrearage relief programs that are beginning to be implemented, these mandatory, automatic amortizations of debt will relieve customers of the threat of disconnection and put them on a path toward solvency. To address the mixed record of payment plan success, we pair payment plans with intensive follow-up efforts by Community Based Organizations (CBOs). As a first step toward this enhancement, we order the energy utilities to begin documenting their partnerships with CBOs as a means of helping the hardest-to-reach customers navigate these important relief programs.

In light of potential external sources of funding for utility bill debt, we defer determinations on the remaining issues in this proceeding to a second phase in this proceeding. This proceeding remains open.

1. Background

On February 11, 2021, the California Public Utilities Commission (Commission or CPUC) adopted this *Order Instituting Rulemaking* (OIR) *to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic.* The OIR included two examples of relief mechanisms to spark discussion. Straw Proposal A was a combination of one-time financial relief ($200) for all customers in arrears, with additional ongoing assistance to address any remaining debt not covered by the one-time financial relief. Straw Proposal B was similar to the relief we order today, allowing customers two years over which to pay their accumulated bill debt.

As documented in the OIR, California, the Commission, and Commission-regulated energy utilities continue to respond and support utility customers in dealing with the consequences of the COVID-19 pandemic on their utility services and bills. In particular, we highlight the Commission's Resolution M-4842, initiating the disconnection moratorium and Resolution M-4849, extending the disconnection moratorium until June 30, 2021.[1] Pursuant to Resolution M-4849, all CPUC-jurisdictional electric and gas investor-owned utilities filed Transition Plans on April 1, 2021 in which they propose timelines for the resumption of credit and collections activity after June 30, 2021.

The same CPUC-jurisdictional electric and gas investor-owned utilities are respondents in this proceeding: Pacific Gas and Electric Company (PG&E),

[1] The protections in Resolutions M-4842 and M-4849 stem from the current Emergency Disaster Rulemaking (R.) 18-03-011.

San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Southern California Gas Company (SoCalGas) (Large Investor Owned Utilities or IOUs), PacifiCorp, Liberty Utilities (CalPeco Electric) LLC, Bear Valley Electric Company, Inc. (Bear Valley), Southwest Gas Corporation (Southwest Gas), Alpine Natural Gas, Inc (Alpine),[2] West Coast Gas Company, Inc. (West Coast Gas)[3] (Small and Multi-Jurisdictional Utilities or SMJUs).

On March 3, 2021, respondents and the following parties filed comments on the OIR: PG&E, SDG&E, SCE, SoCalGas, Southwest Gas, joint comments by PacifiCorp, CalPeco Electric, and Bear Valley as the California Association of Small and Multi-jurisdictional Utilities (CASMU), The Utility Reform Network (TURN), Utility Consumers Action Network (UCAN), California Community Choice Association (CalCCA), joint comments by Leadership Counsel for Justice and Accountability and The Greenlining Institute, Small Business Utility Advocates (SBUA), joint comments by the National Consumer Law Center (NCLC) and the Center for Accessible Technology (CforAT), and the Public Advocates Office at the CPUC (Cal Advocates).

On March 8, 2021 a prehearing conference (PHC) was held to discuss the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. At the PHC, the assigned Administrative Law Judge (ALJ) granted the motions of the California Water Association (CWA) and the California Environmental Justice Alliance

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[2] Alpine Natural Gas, Inc. has not participated in R.21-02-014 but did file its Transition Plan pursuant to Resolution M-4849.

[3] West Coast Gas Company has not participated in R.21-02-014 but did file its Transition Plan pursuant to Resolution M-4849.

(CEJA) for party status. East Bay Community Energy was granted party status on March 15, 2021.

Assigned Commissioner Guzman Aceves' Scoping Memo and Ruling (Scoping Memo) was issued March 15, 2021, setting forth a schedule that included comments on the Scoping Memo, a workshop, post-workshop comments, and opening and reply briefs. The Scoping Memo expanded the array of potential relief options beyond the OIR's Straw Proposals, categorizing parties' proposals into five groups: 1) one-time financial assistance, 2) ongoing financial assistance, 3) ongoing, non-financial assistance (payment plans) 4) leveraging and/or matching existing activities, and 5) Small Business relief. The Scoping Memo also established a webpage for this proceeding[4] to collect and present relevant information publicly. CalCCA, jointly NCLC and CforAT, SoCalGas, jointly LCJA and CEJA, TURN and SBUA commented on the Scoping Memo.

An ALJ Ruling on March 18, 2021 directed utilities to file and serve additional and updated data on arrearages, uncollectibles, and describe how unpaid utility bills relate to uncollectible expenses. On March 25 - 26, 2021, twenty parties and many stakeholders participated in a workshop developing *Proposals to Address COVID-19 Related Arrearages of Residential and Small Business Customers.* At the workshop, representatives from the Los Angeles Department of Water and Power, Sacramento Municipal Utility District, East Bay Community Energy and the National Regulatory Research Institute shared experience with COVID-19 relief efforts in their jurisdictions and nationwide. Parties actively deliberated and discussed five proposal areas. Panelist presentations, party

[4] The CPUC webpage for R.21-02-014 is at https://www.cpuc.ca.gov/General.aspx?id=6442468180.

proposals and supporting documentation, recordings of workshop sessions 1, 2 and 4, and the transcript of workshop session 5 are available on this proceeding's webpage.

An ALJ Ruling Inviting Responses to Post- Workshop Questions And Extending Filing Dates Of Briefs was issued April 2, 2021, to which responses were filed on April 12, 2021 by Cal Advocates, jointly NCLC and CforAT, jointly Greenlining, LCJA, and CEJA, SBUA, PG&E, CASMU, TURN, SCE, SoCalGas, Southwest Gas, SD&GE, CalCCA, and UCAN. An ALJ Ruling Directing Utility Action to Leverage Federal Funding Available for Utility Arrearages was issued April 5, 2021, requiring energy utilities to report weekly to Energy Division on the status of customer applications to the federally-funded and state and locally-administered Emergency Rental Assistance Program (ERAP).

The following parties filed opening and reply briefs on schedule:[5] CASMU, PG&E, SCE, SDG&E, SoCalGas, TURN, Cal Advocates, UCAN, jointly LCJA, CEJA and Greenlining, jointly NCLC and CforAT. Southwest Gas filed an Opening Brief only. SBUA was granted permission to late-file their opening brief by the ALJ on April 26, 2021. The SBUA opening brief included a study on Small Business customers' arrearages. While the study is in the record, it is not evidence and cannot be relied upon.

An ALJ Ruling Setting Hearing to Discuss Utility Progress Leveraging Federal Funding Available for Utility Arrearages was issued May 11, 2021. The hearing is scheduled for May 27, 2021 at 10:00 a.m. and will examine the amount by

[5] The Scoping Memo's dates for filing Opening and Reply Briefs were extended twice; first in the ALJ Ruling issued April 2, 2021 and again by ALJ Ruling of April 8, 2021 granting the procedural motion of PG&E for an extension of time to file and serve Opening and Reply Briefs.

which energy utilities have reduced the arrearages of their sample group of customer applicants to ERAP.

1.1. Federal and State Funding for COVID-19 Arrearage Relief

In the three months in which this proceeding has been open, external resources have begun to become available from the federal and state government to help address utility bill arrearages associated with the COVID-19 pandemic. We take notice of the potential funding sources below.

1.1.1. California's 2022 Pending Budget

On May 10, 2021, Governor Gavin Newsom announced his intention to propose $2 billion, in the upcoming 2022 state budget, to help Californians pay their overdue water and utility bills.[6] Details will not be finalized until the budget is approved by the legislature in June 2021.

1.1.2. Emergency Rental Assistance Program

On December 27, 2020, the federal Consolidated Appropriations Act, 2021 was signed into law, establishing the federal Emergency Rental Assistance Program (ERAP) and authorizing allocations of funds to states, local governments, tribal communities, and territories to assist renters with unpaid rent and utility bills accrued between April 1, 2020, and March 31, 2021. California Senate Bill (SB) 91 (2021) established California's program for administering and distributing rental assistance funds, authorizing the California Department of Housing and Community Development (HCD) to administer the funds in accordance with state and federal law, and providing a framework for cities, counties, and tribes that received a direct allocation of funds from the

[6] Economic Recovery Package Factsheet "Newsom's Plan to Deliver Immediate Relief for Californians" available at https://www.gov.ca.gov/wp-content/uploads/2021/05/Economic-Recovery-Package-Factsheet.pdf

U.S. Treasury to implement ERAP funding in partnership with HCD. On April 15, 2021, the Commission 's Executive Director issued a letter authorizing the energy utilities to "validate utility customer information of applicants for ERAP, upon HCD's request or upon request of a partner city, county, or tribe, for the purpose of administering relief."

California has already received and is distributing $2.6 billion, and will receive at least $152 million more[7] through the federal American Rescue Plan Act. While the bulk of ERAP is likely to be applied toward rent, any qualifying renter may also apply to this fund for utility bill relief.[8]

1.1.3. Housing Assistance Fund

California was allocated $1.055 billion through the American Rescue Plan Act to assist homeowners with housing as well as utility debt.

1.1.4. Low-Income Home Energy Assistance Program (LIHEAP)

At the April 25, 2021 workshop, California's Department of Community Services and Development (CSD) presented federal funding allocations administered by their agency. In 2020, the Low-Income Home Energy Assistance Program (LIHEAP) allocation available for utility arrearages was approximately $85.8 million.[9] The CARES Act, 2020 allocation was approximately $24.9 million.[10] In 2021, the LIHEAP allocation available for utility arrearages was

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[7] SoCalGas Opening Brief at 14.

[8] NCLC/CforAt Opening Brief at 10.

[9] $205.3 million, of which 5% is for administrative purposes and 95% for services. Of the 95% for services, 44% is for utility bill assistance, with the remainder for weatherization and energy services.

[10] $49.5 million, of which 5% is for administrative purposes and 95% for services. Of the 95% for services, 53% is for utility bill assistance, with the remainder for weatherization and energy services.

approximately $83.2 million.[11] California's allocation from the American Rescue Plan Act, 2021 is still unknown, with estimates presented from $100 million[12] to $250 million.[13]

1.2. Status Update on Unpaid Utility Bills

Arrearages remain a problem. In the OIR, we identified over $1 billion in arrearages from IOUs' residential customers at the end of 2020. In the first quarter of 2021, IOU residential arrearages have grown to over $1.3 billion, as displayed below.

IOU Residential Arrearages, By Low-Income and Non-Low Income

	PG&E	SCE	SDG&E	SoCalGas	Total
$ in Arrears, CARE/FERA Customers	$295,071,341	$153,717,802	$73,260,047	$84,538,012	$606,587,202
Number of CARE/FERA Customers in Arrears	487,041	311,813	141,097	536,803	1,476,754
Percent of CARE/FERA Customers in Arrears	30.95%	21.28%	41.08%	29.88%	28.51%
$ in Arrears, non-CARE/FERA Customers	$338,963,776	$193,798,751	$94,267,428	$101,194,928	$728,224,884
Number of non-CARE/FERA Customers in Arrears	563,168	307,142	343,979	613,058	1,827,347
Percent of non-	14.28%	9.86%	34.92%	15.87%	15.34%

[11] California Department of Community Services and Development presentation at the R.21-02-014 Workshop on April 25, 2021, slides 4-6.

[12] NCLC/CforAT Opening Brief at 7.

[13] California Department of Community Services and Development presentation at the R.21-02-014 Workshop on April 25, 2021, slide 4.

CARE/FERA Customers in Arrears					

Source: Monthly Disconnection Reports filed in R.18-07-005 on April 20th, 2021 for data through March 31, 2021.

As shown in the table below, the proportion of SMJU residential customers in arrears is roughly half of the proportion of IOU residential customers in arrears. While 29 percent of IOU customers in the CARE/FERA program are in arrears, 15 percent of SMJU customers in the CARE/FERA program are in arrears. For other residential customers, IOUs show 15 percent in arrears compared to the SMJU's 9 percent in arrears.

SMJU Residential Arrearages[14]

	Liberty/ CalPeco	Bear Valley Electric Service	PacifiCorp	Southwest Gas[15]	West Coast Gas	Alpine Natural Gas	Total
$ in Arrears, All Residential Customers	$978,204	$2,180,103	$2,677,704	$2,636,063	$4,972	N/A	$8,477,047
Number of CARE/FERA Customers in Arrears	462	1,688	2,546	8,797	1	5	11,349
Percent of CARE/FERA Customers in Arrears	13.87%	82.14%	21.07%	15.05%	1.85%	3.25%	16.04%
Number of non-CARE/FERA Customers in Arrears	2,247	14,154	3,093	10,806	8	32	13,939

[14] Alpine Natural Gas Company did not provide data in response to the February 26th Ruling.

[15] Southwest Gas reported it is unable to provide arrearage information related to specific time periods in its response to Administrative Law Judge's Ruling Directing Utilities to Provide Data, filed in R.21-02-014. Information reported in this table is current as of February 28, 2021, but it includes arrearages incurred outside of the requested March 2020 to February 2021 timeframe.

Percent of non-CARE/FERA Customers in Arrears	8.46%	68.55%	13.38%	8.13%	0.66%	2.12%	8.78%

Source: Responses to Administrative Law Judge's Ruling Directing Utilities to Provide Data, filed in R.21-02-014 on March 30th, 2021. Data is as of February 28, 2021.

As shown in the tables below, the proportion of SMJU Small Business customers in arrears (29 percent) is more than double the IOU Small Business customers in arrears (11 percent).

IOU Small Business Arrearages

	PG&E	SCE	SDG&E	SoCalGas	Total
$ in Arrears, Small Business Customers	$64,872,084	$32,149,526	$17,569,417	$11,265,459	$125,856,486
Number of Small Business Customers in Arrears	65,963	37,856	N/A[16]	30,018	133,837
Percent of Small Business Customers in Arrears	13.57%	10.85%	N/A	16.24%	11.47%

Source: Responses to Administrative Law Judge's Ruling Directing Utilities to Provide Data, filed in R.21-02-014 on March 30, 2021. Data is as of February 28, 2021.

SMJU Small Business Arrearages

	Liberty/ CalPeco	Bear Valley Electric Service	PacifiCorp	Southwest Gas	West Coast Gas	Alpine Natural Gas	Total
$ in Arrears, Small Business Customers	$242,176	$1,345,781	$202,462	$788,868	N/A	N/A	

[16] In response to ALJ Watts-Zagha's February 26th Ruling Directing Utilities to Provide Data SDG&E reported that it does not track the number of Small Business customers in arrears.

Number of Small Business Customers in Arrears	383	1,023	3,294	949	0	0	4,243
Percent of Small Business Customers in Arrears	10.04%	99.61%	65.80%	10.08%	0%	0%	29.14%

Source: Responses to Administrative Law Judge's Ruling Directing Utilities to Provide Data, filed in R.21-02-014 on March 30, 2021. Data is as of February 28, 2021.

2. Issues Before the Commission

Today's decision partially addresses scoped items 1 – 5, 8 and items 10 - 11 listed below. The actions ordered in the instant decision are intended to integrate with additional state and federally funded utility arrearage relief, anticipated to be forthcoming in the next few months.

Once the parameters of state and federally funded utility bill arrearage relief are established, we will revisit all the scoped issues, in order to incorporate an expected amount of state and federally funded arrearage relief to be distributed to customers according to defined terms and parameters.

1. What is the extent and scale of necessary arrearage relief for customers and utilities?
    a. What amount of uncollected revenue should be considered for relief?
    b. Identify revenue sources potentially applicable for arrearage relief.
    c. How does the amount of uncollected revenue to be considered for relief relate to the sources of revenue ultimately identified as applicable?
2. What mechanism(s) should be used to provide the necessary relief presented in Question 1?

3. To what extent will relief mechanism(s) advance Goals 1, 4, 5, or 7 of the Commission's Environmental and Social Justice Action Plan?

   Goal 1*: Consistently integrate equity and access considerations throughout CPUC proceedings and other efforts;*

   Goal 4*: Increase climate resiliency in ESJ communities;*

   Goal 5*: Enhance outreach and public participation opportunities for ESJ communities to meaningfully participate in the CPUC's decision-making process and benefit from CPUC programs;*

   Goal 7*: Promote economic and workforce development opportunities in ESJ communities.*

4. How should we define the COVID-19 pandemic period for purposes of determining the appropriate arrearage relief period ordered in this proceeding?
   a. When should arrearage relief begin?
   b. Should arrearage relief sunset?
   c. How should the arrearage relief be timed relative to the disconnection moratorium?

5. Which customer classes and within customer classes which customer segments, are most in need of relief, in light of the existing programs and policies currently available to energy utility customers, and on what basis? Should different customer classes receive different amounts or types of relief? What data support this?
   a. How should customers be identified for arrearage relief?
   b. Should arrearage relief be conditional upon customer payment behavior, either past or future?
   c. Is there a reason to target arrearage relief to customers making timely payments? If so, how might such customers be identified?
   d. Consider and recommend how arrearage relief could be tailored to residential customers so vulnerable and burdened that they are unlikely to be able to meet the terms of the Arrearage Management Program (AMP).

6. Please identify models of funding structures that would be applicable to funding arrearage relief, and provide a basis for such applicability.
   a. If at all, how would existing funding mechanisms in place for energy utilities related to the COVID-19 period or other cost recovery mechanisms be applicable to arrearage relief?
   b. Do the impacts to utilities differ when customer debt is booked as uncollectible after a customer has been disconnected for non-payment, and when a customer's debt is forgiven through participation in an AMP?
   c. How do utilities avoid double booking customer debt in light of this combination of uncollectible balances and forgiveness programs?
   d. How should utilities determine and track the costs of arrearage relief?
   e. Are funding structures that anticipate private capital, including those structures being utilized in other states and referenced in Section 2.6 of the OIR, suitable for arrearage relief? If so, how might such structures be utilized and implemented by the Commission?

<u>Third-Party Energy Service Providers</u>

7. Should arrearage relief be applied to Core Transport Agent (CTA), Energy Service Provider (ESP), and Community Choice Aggregator (CCA) customers? If so, how?
   a. Should Resolution E-5114 determinations to include or exclude CTA, Direct Access, or Net Energy Metering customers in AMPs be followed in this proceeding?
   b. To the extent that customers are not at risk of disconnection for failure to pay their CCA charges, does this change the need for arrearage relief of CCA charges?
   c. To what extent does Public Utilities Code Section 779.2 require utilities to allocate partial payments first to disconnectable charges?

<u>SMJUs</u>

8. What are the concerns and considerations, if any, unique to the small and multi-jurisdictional utilities (SMJUs) and their customers? If necessary, identify variations or alternatives to the straw proposals that would be applicable to the SMJUs.

<u>Integration and Coordination</u>

9. How should parties address the end date of the disconnection moratorium? Through/in R.18-03-011?
10. How can arrearage relief integrate with the recently adopted orders in D.20-06-003? Are any adjustments needed?
11. Should arrearage relief be coordinated with the utility transition plans ordered by the Commission in Resolution M-4849, including customer outreach?
12. What lessons, if any, should the Commission leverage from other relevant Commission proceedings addressing disconnections and bill affordability, and why?

3. "COVID-19 Relief Payment Plans" for Residential Customers

Payment plans were considered extensively throughout the proceeding, first in Straw Proposal B in the OIR, and next at the workshop, by Workshop Team #3[17] discussing proposals categorized as *Ongoing Non-Financial Assistance*. Finally, the ALJ Ruling of April 2, 2021 asked a series of questions about parameters of payment plans to which parties responded on April 12, 2021.

While the concept of payments plans was widely supported, the appropriate terms were vigorously debated, including:

- Enrollment method: Automatic or upon request?

[17] Workshop Team #3 included representatives of Cal Advocates, CWA, CleanPowerSF, PG&E, SCE, Southwest Gas, and TURN.

- Start and end period.
- Should thresholds be applied to qualify:
  - Dollars in debt
  - Age of arrears
  - In good standing on prior payment plans
  - Not participating in other relief programs.
- Number of times a customer may fail to make payments before being removed from the payment plan.
- Variations for SMJUs.

The "COVID-19 relief payment plans" we adopt add only the element of time, rather than money, to assist customers. By adding a portion of the debt to each monthly bill, payment plans depend upon customers' ability to pay an amount larger than their current bill. While this proposition is likely untenable for households with the lowest incomes and highest arrearages, IOU customers enrolled in CARE/FERA have access to a different program, the Arrearage Management Program, to defray their arrearage without adding to their current bill. At the very least, the parameters we mandate of automatic enrollment, coupled with a two-year term and two waivers for customers who miss payments, provide a minimum five months of time for customers to access one of the many promising programs offering significant forgiveness.

3.1. Party Positions

Party positions on payment plans were refined at the workshop, with the Workshop Team #3[18] coming to consensus around: offering payment plans to all customers; having customers take the initiative to participate and opt-in; and

[18] Work Team #3 included representatives of Cal Advocates, CWA, CleanPowerSF, PG&E, SCE, Southwest Gas and TURN.

keeping the program in effect for 12 months once disconnections resume. Workshop Team #3 diverged in their recommendations on payment plans terms-- among flat 24-month terms, 12, 18, or 24 month terms, or terms calculated relative to the amount or age of arrears. Subsequently, other parties, including Cal Advocates, CEJA, LCJA, Greenlining, NCLC and CforAT argued that automatic enrollment is appropriate because it removes a barrier to participation.[19] Southwest Gas also recommends their current automatic payment plan be approved and adopted for all SMJUs. Southwest Gas, speaking from experience with automatic enrollment into its own payment plans, states that deferred payment arrangements would tend to preserve affordability. SoCalGas sees a payment plan duration over 15 months as beneficial because it "would give customers some discretion to prioritize their utility bills with their other obligations, better match their cashflow situation, including allowing customers to not add to the peak season utility bills."[20]

CalCCA, CASMU, PG&E, SDG&E and SCE oppose automatic enrollment of customers in relief programs, whether payment plans, AMP, or forgiveness, primarily on the basis of removing customer choice and decreasing customer buy-in. SCE also bases its objection to longer payment plans on the impact to cash flow, pointing out that cost of debt may eventually impact all customer rates.

With the exception of Southwest Gas, SMJUs oppose automatic enrollment in payment plans, also contending that "automatic enrollment negates a customer's ability to work with the utility to develop an appropriate payment

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[19] NCLC/CforAT Opening Brief at 20, LCJA/CEJA/Greenlining Reply Brief at 7, Cal Advocates Opening Brief at 7, TURN Opening Brief at 7.

[20] SoCalGas Opening Brief at 28-29.

plan."[21] Bear Valley is the only SMJU to assert its arrearages since March 4, 2020 are no higher than in 2019.

3.2. IOU Residential Customers

Automatic enrollment of all residential customers in arrears into standardized payment plans is the simplest, most direct, and likely the most effective approach to assisting customers while waiting for external arrearage relief programs to ramp up. While there is a potential impact to cash flow, as noted by SCE, payment plans are among the least cost options being considered. Removing the transaction costs associated with the opt-in process also keeps costs down, as does a flat and uniform term of 24 months. Additionally, Resolutions M-4842 and M-4849 direct utilities to track expenses associated with the COVID-19 pandemic in memorandum accounts.

We, therefore, only prescribe two variations in the "COVID-19 Residential Relief Payment Plans": 1) setting the threshold for residential customer eligibility at 60 days past due, and 2) allowing SMJUs to choose either the terms we mandate for IOUs or the terms employed by Southwest Gas, described in Section 3.3.

The Commission's intent of providing a smooth transition, rather than a snap cut back to credit and collections policies (including disconnection), is achieved by moving arrearages onto payment plans. The utilities' Transition Plans filed in response to Resolution M-4849 did not offer meaningful gradual steps for customers to begin to address accumulated debt, with two notable exceptions. Southwest Gas unilaterally moved their customers to payment

[21] CASMU Opening Brief at 9.

plans[22] as described in Section 3.3 below. Southwest Gas' transition also provides customers impacted by COVID-19 an "opt-in" method of extending their disconnection moratorium. This is the meaning of transition. Additionally, SCE identifies a gradual ramp-up of disconnections in their Transition Plan. Rather than disconnect levels immediately returning to the maximum allowed under the new monthly cap, SCE plans to disconnect fewer customers than permitted by the monthly cap, gradually increasing over a period of months until reaching their monthly disconnection cap. The other energy utilities do not propose much phasing in their transition plans, instead relying on extra and more frequent notification to customers as their primary means of returning to typical credit and collection timelines. Automatic payment plans provide customers a gradual and potentially more manageable path to address arrearages.

The only automatic elements of the payment plan ordered in this decision are enrollment and the length of time (24 months) over which the arrearage must be distributed evenly. Customers should be permitted to opt-out of the plan, either explicitly upon request, or informally, by accelerating payments toward their arrearage, making payments in excess of the required 1/24 amount, or receipt of arrearage forgiveness from existing or new programs offering forgiveness. Therefore, automatic enrollment does not conflict or interfere with any other assistance program. Specifically, qualifying customers may enroll in the AMP program according to the AMP rules, which would necessitate moving out of the "COVID-19 Relief Payment Plan." The rules of other customer assistance and relief programs, such as CARE/FERA, LIHEAP and ERAP permit

[22] Southwest Gas Advice Letter 1170-G, April 1, 2021 at 4. Southwest Gas refers to its automatic amortization initiative as a Deferred Payment Arrangement.

concurrent enrollment of customers and will not necessitate moving out of the "COVID-19 Relief Payment Plan."

In considering the value of automatic enrollment rather than an opt-in model, we took into account other opt-in programs designed to help customers address their arrearages. While AMP only began on February 1, 2020, it appears to have gotten off to a slow start. If AMP, which includes a forgiveness element,[23] has slow uptake under an opt-in enrollment rule, it is reasonable to expect payment plan enrollment to be even slower. Making payment plan participation contingent upon customer request is likely to leave a significant number of customers out for a significant period of time. In addition, customers may have to make call to adjust or renegotiate terms beyond just initiating a payment plan.[24] Based on the ERAP rules, customers should dedicate their time towards the extra steps they are likely to be asked to take to qualify for external relief programs.

We do not share party concerns that customers will lose flexibility, choice and buy-in if they are automatically enrolled. Being required to pay 1/24 of debt rather than all outstanding debt to maintain energy service does not remove basic customer choice, just as a disconnection moratorium does not remove customer choice. The overwhelming majority of customers during COVID-19 are not in arrears, despite having been offered a "free pass" to defer utility bill payments. Even during a disconnection moratorium, the majority of customers exercised their flexibility and choice to pay their utility bills on time and in full.

[23] AMP is a payment plan with a forgiveness element. Such a forgiveness element should provide more incentive to participate than payment plans without forgiveness.

[24] SDG&E states that it allows customers to call to renegotiate the terms of a payment plan as the preferred alternative for customers instead of missing (or breaking) the terms of a payment plan.

We are convinced that customers required to pay 1/24 of their debt, rather than the full amount, will similarly be able to decide whether it is in their interest to accelerate payments. Automatic enrollment gives a customer more, not less, agency to decide at what pace they can best manage the debt.

Parties objecting to automatic enrollment assert that they want to maintain their ability to customize payment plan terms based on conversations with their customers. From the utility's perspective, this may be a reasonable approach, but it is unclear that this approach is reasonable for customers. Customized payment plans have been the default approach prior to COVID-19. The low "keep" rates of payment plans in the years prior to COVID-19 are not compelling arguments that customized payment plans result in better outcomes.[25] Other parties suggest that "working with the utility" to pay off debt may create barriers for ESJ communities, and it is better to err on the side of reducing barriers. Low-income and vulnerable communities may have experience with debt management other than utility debt, perhaps credit card debt or home loan debt.

From the customer perspective, it is reasonable to expect some aversion to initiating the call to the entity to whom debt is owed. Recovery from COVID-19 is not the time to require a customer to take the initiative. Even if it were, as emphasized by TURN, the sheer number of customers in arrears makes individual conversations with customers infeasible.[26] While it is unlikely that Customer Service Representatives will be able to devote much time to customizing arrangements for each caller at the outset, automatically enrolling

[25] The IOUs also noted several technological and design challenges that would affect their ability to create flexibility in payment plans (March 26, 2021 Reporter's Transcript of Status Conference at 49:17-28).

[26] TURN Response of April 12, 2021 to Post-Workshop Questions at 10.

customers should reduce the number of customers calling utility representatives. Rather, utility representative can spend time with customers when customers call to ask questions or renegotiate plans.

Automatic enrollment meets the goal of reaching all those eligible for relief, with a priority on ESJ or DAC or hard-to-reach or non-English speaking or medical baseline customers. LCJA/CEJA/Greenlining argued that reaching the hardest-to-reach necessitates inclusive criteria. We agree that casting a wider net, especially for a relief program that is the lowest cost of many of the options, is the best choice. While automatic enrollment surmounts the barrier of initiation, it may not surmount the barrier of understanding the new arrangement, and that disconnection is again a consequence of nonpayment within just a few bill cycles. In Section 5, we mandate additional outreach with the intention of assisting communities that may need guidance and support with payment plans even once automatically enrolled.

Setting the eligibility threshold by age of arrears is appropriate because it allows the program to scale to each utility's rates and each customer's consumption and bills rather than fixing a dollar threshold for participation. Regarding thresholds to determine which customers to automatically enroll, we choose any customer with arrearages 60 days or older as the only marker determining automatic participation. An age threshold better reflects differences among utility rates and fuels than does a dollar threshold. Sixty days is the appropriate cutoff as it captures most arrearages. Including arrearages less than 60 days past due may capture unpaid amounts due to customers' payment lag.

Arrearages that existed prior to March 4, 2020, the beginning of COVID-19, shall be included in "COVID-19 Relief Payment Plans." For the same reasons we adopt a standard and inclusive approach to payment plans, including arrearages that existed prior to COVID-19 is appropriate. We minimize the number of variations and rules in this relief mechanism. Customers behind on their bills prior to COVID-19 may be able to benefit the most from the extended time frame, if their prior arrearages were compounded by COVID-19 and the disconnection moratorium.

We agree with TURN's recommendation that payment behavior on prior payment plans should not be a criterion for "COVID-19 Relief Payment Plan." We also agree with CASMU that participation in some other arrearage relief programs should not necessarily disqualify customers from participation in a "COVID-19 Relief Payment Plan." As long as other program rules do not conflict with participation in a payment plan, customers should be encouraged to maximize available relief and participate concurrently.[27]

Regarding the number of times a customer may fail to make payments before being removed from the payment plan, we permit two waivers for missing payments before the customer is removed from the payment plan. Permitting two waivers is consistent with the AMP program rules. For simplicity's sake we do not import additional AMP parameters, such as customers' missed payments cannot be consecutive and that customers must make up the missed amount in the following month. Since the "COVID-19 Relief Payment Plan" is automatic, it must remain as simple as possible.

3.3. SMJU Residential Customers

As detailed below, SMJU customers have significant arrearages and merit the relief that automatic enrollment in payment plans provide. To give SMJUs

[27] As noted above, the rules of AMP would require a customer to shift from a "COVID-19 Relief Payment Plan" in order to enroll in AMP. CARE, FERA, LIHEAP and ERAP are examples of programs that accommodate concurrent enrollment in a payment plan.

flexibility on the terms that are best suited for their customers, they may choose between two models, the Southwest Gas model or the IOU model we direct in Section 3.2.

We note that SMJU customers in arrears do not yet have an AMP,[28] which heightens the need to automatically place SMJU customers in arrears in "COVID-19 Relief Payment Plans." The data on SMJU customer arrearages indicates a need for relief. Bear Valley's report of the percentage of customer in arrears (in Section 1.2) shows the highest of all the SMJUs, with 68 percent of non-CARE residential customers, 88 percent of CARE residential customers, and nearly 100 percent of Small Business customers in arrears. While Bear Valley has pointed out that its arrearages during COVID-19 are consistent with arrearages prior to the crisis, the data indicates that Bear Valley had a significant arrearage problem prior to COVID-19.

Southwest Gas has convincingly presented a model for automatic payment plans[29] that is comprehensive and includes nearly all customers in arrears. Southwest Gas has taken the initiative to place their customers in this plan immediately.

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[28] CASMU Opening Brief at 3.

[29] In their Transition Plan filing of April 1, 2021, we note Southwest Gas' use of the term "Deferred Payment Arrangement" to describe its automatic 8-month residential payment plan.

Southwest Gas
Comparison of Arrearages to Arrears Enrolled in Payment Plan

	Arrearages as of February 2021[30]	Arrearages Automatically Enrolled in Payment Plans as of March 31 2021
Dollars	$2,636,063	n/a[31]
Customers	19,603 (all residential)	19,660[32]

In the table below, we compare the parameters of the Southwest Gas plan to the IOU "COVID-19 Residential Relief Payment Plan" we adopt.

Comparison of "COVID-19 Residential Relief Payment Plan" to Southwest Gas model

Payment Plan Feature	COVID-19 Residential Relief Payment Plans	Southwest Gas model	Different or same?
Enrollment method	Automatic	Automatic	Same
Starting point	Immediately	Immediately	Same
Ending point	12 months after disconnection moratorium lifts	12 months after disconnection moratorium lifts	Same
Minimum dollar amount	N/A	$20	Different
Minimum age of arrearage	60 days past due	60 days past due	Same
"Good standing" requirement	None	None	Same
Non-participation in other relief programs	Not required	Not required	Same
Number of missed payments allowed before removal	2	Not specified	Unknown

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30 Responses to Administrative Law Judge's Ruling Directing Utilities to Provide Data, filed in R.21-02-014 on March 30th, 2021.

31 Southwest Gas Opening Brief at 3 provided an amount of arrears automatically enrolled in payment plans, $20.7 million. Since this proceeding covers only residential and Small Business customers, we are awaiting amounts specific to these customer classes. However, other Southwest Gas reporting indicates nearly all residential arrearages are currently in payment plans.

32 Southwest Gas Opening Brief at 8.

The main difference between the Southwest Gas and IOU models is the length of time over which arrearages are amortized, and the thresholds set for amortization. It is reasonable for Southwest Gas, and potentially all SMJUs, to set a shorter amortization timeframe for arrearages. SMJU average arrearages per customers are lower than IOU average arrearages per customer. As Southwest Gas did not explain how they treat customers who miss payments, we require Southwest Gas to conform their payment plan to allow customers to miss two payments without being removed from the plan.

Because SMJUs are more likely to be similar to Southwest Gas than the IOUs, we allow them to determine which type of residential "COVID-19 Relief Payment Plan" better fits their customers' needs.

4. "COVID-19 Relief Payment Plans" for Small Business Customers

As noted supra, Small Business customers have been protected from disconnection by the Commission's actions in response to the pandemic. In this proceeding, we have gathered information on the degree of payment difficulty Small Business customers have experienced during the COVID-19 crisis. We have also explored the patterns of Small Business credit and collections prior to and during the pandemic, asking the following questions.[33]

1. 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?
2. Team 5 at the workshop came to consensus on the following for Small Business payment plans, does your party join this consensus?

[33] The enumeration of questions was 6.e, 12.a, 12.b, 13.a, 13.b, 14, 15, 16, respectively in the ALJ Ruling of April 2, 2021.

  a. Utilities should offer all Small Business customers with arrears payment plans of no more than 24 months.

  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.

3. 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.

  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.

  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.

4. Is a utility's recourse to collect on unpaid arrearages from a Small Business customer who "walks away" different from the utility's recourse for residential customers? How so?

5. How much risk is there to a utility that a Small Business customer who is disconnected for nonpayment will not reconnect service?[34]

[34] Question 15 in the ALJ Ruling of April 2, 2021 mistakenly read as "How much risk is there to a utility that a small business customer who is disconnected for nonpayment and does not reconnect service?

6. What is your utility's success rate in collecting utility arrearages from Small Business customers after the Small Business does not reconnect service?

4.1. Party Positions

SDG&E and SoCalGas support the concept of reasonable payment plans as a solution to arrearages amassed by Small Business customers during the pandemic.[35] Their definition of reasonable differs from the SBUA definition of reasonable, primarily over automatic enrollment and reasonable amortization periods. SBUA argues for an automatic, standardized payment extension for all Small Business customers. They also propose capping the payments of arrearages to 10 percent of the customer's current bill for Small Businesses generally, and to 5 percent of the customer's current bill for customers in Disadvantaged Communities.[36]

A part of Workshop Team #5, SBUA was initially proposing non-financial assistance for Small Business customers. In post-workshop comments and briefs, SBUA has presented more extensive analysis on the conditions faced by Small Business customers, and recommends financial relief as well as automatic enrollment in payment plans. Furthermore, SBUA points out that Small Business customers are not monolithic, and especially Small Businesses in ESJ communities may merit special consideration.

SBUA points out consensus in their working group for affirmative outreach to Small Business customers for the purposes of counseling customers on bill reductions strategies, such as Time of Use adjustments, and generation

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[35] SDG&E Opening Brief at 3, SoCalGas Opening Brief at 29.

[36] SBUA Opening Brief at 13-14.

investments/incentives. [37] SBUA consistently recommended counseling by trained representatives throughout this proceeding.[38]

PG&E disagrees with the SBUA recommendations for auto-enrollment into a payment plan, citing their adherence to the Workshop Team #5's consensus proposal at the workshop, which recommended against automatic enrollment. In contrast, SDG&E believes the Commission's characterization of the Workshop Team #5's presentation as consensus is inaccurate.[39]

SoCalGas also suggests relief for Small Business, whether existing or new through this proceeding, indirectly impacts workforce development. We agree Small Business relief furthers Goal 7 of promoting economic and workforce development opportunities in ESJ communities.[40]

4.2. Discussion

We utilize the Workshop Team #5 recommendations as a framework for relief, ordering two prongs of relief: payment plans plus aggressive outreach to counsel Small Businesses on how to best reduce their existing bills. However, we make adjustments primarily to the payment plan terms for Small Business customers. The Workshop Team #5 recommended a combination of payment plans, with no outright forgiveness, together with aggressive counseling to help Small Business customers reduce their current bills through existing available programs. As noted by SDG&E, Workshop Team #5's recommendations were not binding and according to some team members, not necessarily consensus.

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[37] SBUA Opening Brief at 16-17.

[38] SBUA Comments of March 22, 2021 on Scoping Memo at 3 and Response of April 12, 2021 to Post-Workshop Questions at 9-10.

[39] SDG&E Response of April 12, 2021 to Post-Workshop Questions at 9.

[40] SoCalGas Comments on OIR at 15.

Today's order does not adopt the payment plan terms recommended by Workshop Team #5 and instead orders energy utilities to set the amortization terms relative to the Small Business customer's average bill, with the average based on bills over the past 24 months. While SBUA recommended a similar outcome of capping debt payments relative to each customer's bill, their recommendation contained more steps and resulted in more variation. This is an appropriate method of standardizing the payment plans for Small Business in that it 1) scales relative to the consumption and rate of the Small Business, 2) gives Small Business customers an ability to gradually pay their debt, and 3) embodies the same principles of simplicity and customer agency that we found essential in ordering the "COVID-19 Residential Payment Plans."

Unlike the external funding for residential arrearage relief on the horizon, we are unaware of new programs to reduce utility arrearages of Small Business customers.[41] We are convinced by the SBUA position that energy utilities must tailor payment plan amounts so that Small Business customers pay just fractionally more than their typical bill. We are further convinced by party responses to the Post-Workshop questions that Small Business customers are not at high risk for defaulting on debt, even when repayment of the debt is extended for a long-term.

We believe automatic enrollment for Small Business customers into these payment plans will simultaneously increase the likelihood of Small Business customers reaching out their utility to make the necessary connections to begin the counseling supported by all parties. Should this not occur, we further increase the likelihood of the customer reaching out to the utility, or the utility

[41] SDG&E Opening Brief at 10 references the federal Paycheck Protection Program.

reaching out to the Small Business customer, through our mandates regarding leveraging Community Based Organizations (CBOs), discussed in Section 5 below.

5. Payment Plan Support Via More Robust Community Based Organization Outreach

Payment plans are not a one-time occurrence. Rather, payment plans are ongoing, as described in the Workshop Proposals and by workshop participants. Enrollment is the first step, which we have automated. We cannot automate the next important steps-- making payments until the debt is resolved--but we can give customers tools to increase their chances of success. By pairing the "COVID-19 Relief Payment Plans" with support from CBOs, customers should know how and when to make contact with their utility should they need additional help.

Hard-to-reach communities may not fully utilize utility resources without intervention. The Commission has engaged, or directed utilities to engage, CBOs to bring specialized or niche communities to the utility programs. CBOs play different roles depending on their mandates and contracts, but the end goal is the same: helping customers manage and pay for utility service. For one example, the utilities utilize CBOs to market and deliver their CARE/FERA and ESA programs.[42] For a second example, a different set of CBOs, contracted through the Commission rather than the utilities,[43] includes complaint resolution as well as education and outreach to non-English and limited English populations.

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[42] CARE/FERA and ESA Annual Reports posted to this proceeding's webpage list CBOs on Table 5 (ESA) and Tables 7 and 11 (CARE/FERA).

[43] Commission Decision 15-12-047 approved the Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) program which provides outreach, education, and bill issue assistance on natural gas and electricity bills and services to limited English proficient (LEP) consumers through a statewide network of CBOs.

Tribal and Small Business networks have been established through the Commission's Business and Community Outreach program, as well as through energy utility networks.[44]

We must take this same approach with COVID-19 relief, as California's COVID impacts are documented to be exacerbating existing equity gaps. The problem is tracking the reach and impact of CBOs. The utilities' Transition Plans were not specific in describing how CBOs would connect customers to the new COVID-19 relief we are ordering. While automatic enrollment may overcome the barrier of enrollment, ongoing customer contact is a necessary ingredient to making payment plans manageable and successful.

5.1. Party Positions

Workshop Team # 4[45] *Leveraging/Matching Existing Activities*, compared three options for pursuing relief through leveraging. The highest scoring proposal was: Utilities Partner With CBOs To Help Reach Hardest-To-Reach Customers. Panelist commenters on the Workshop Team #4 presentation echoed this assessment. From NCLC, Charlie Harak explained how Massachusetts stakeholder groups focus on removing barriers for collaboration among agencies and programs. He encouraged the utilities to think about how to work with and incentivize CBOs. From the Sacramento Municipal Utility District, Kim Rikalo agreed that working with CBOs is critical to program success.

Cal Advocates recommends energy utilities continue coordinating with CBOs that target disadvantaged communities to ensure that residential and

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[44] In its Response of April 12, 2021 to Post-Workshop Questions at 11, SDG&E identifies CBOs as part of its Energy Solutions Partner Networks, as well as Chambers of Commerce and business trade associations.

[45] Work Team #4 included representatives of Cal Advocates, CWA, Greenlining, SCE, SDG&E and SoCalGas.

Small Business customers in those areas receive information detailing the assistance programs that will result from this proceeding.[46] PG&E intends to expand work with CBO networks to target harder-to-reach customers.[47] NCLC and CforAT recommend CBOs provide wrap-around resources for vulnerable customers and neighborhoods by contracting with CBOs, especially for IOUs who point out case management is not their strong suit.[48] NCLC and CforAT review the IOU strategies regarding CBOs to assist customers at the end of the disconnection moratorium, notably citing the SCE Transition Plan at 11 indicating payments to 30-50 CBOs while relying upon 1,600 CBOs.[49]

5.2. Discussion

Utility partnerships with CBOs are an important tool in providing community-based assistance to customers in need of arrearage relief. With regard to Small Business customers, CBOs that specialize in energy efficiency and utility rate programs can help Small Business customers navigate existing programs available to lower and better manage their bills.

Similar to NCLC and CforAT's assessment, the Low-Income Oversight Board (LIOB) also pronounced the energy utilities' Transition Plans lacking with regard to CBO utilization.[50] As California moves toward recovery from the impacts of the COVID-19 pandemic, we must understand working relationships

[46] Cal Advocates Opening Brief at 10.

[47] PG&E Reply Brief at 18.

[48] NCLC/CforAT Reply Brief at 8, 13-14.

[49] NCLC/CforAT Opening Brief at 5.

[50] Letter to CPUC on March 19, 2021 regarding LIOB Recommendations Pursuant to Resolution M-4849 and Related Matters. See: https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2021/04/2021-03-19-LIOB-Rec.-Letter-to-Commission-on-Utility-Transition-Plans-FINAL-1.pdf

between energy utilities and CBOs and ensure these networks are more robust than ever before.

We take immediate action so that the Commission will be able to systematically assess the constellation of CBO relationships. Working together with IOUs, Energy Division staff will create a map of CBOs in each energy utility service area. The map will display the geographic reach of each CBO, and identify the functions that each CBO currently performs, and the communities to whom they offer service. This map will provide a structure to identify gaps to fill or barriers to overcome.

Energy utilities should jointly develop a template of the map displaying their current CBO networks. Either on the map or in a companion report there should be listings of the functions each CBO performs, the communities with which they engage, and the compensation structure, if any. At a minimum, communities should be labeled as DACs, ESJs, hard-to-reach, Small Business, tribes, or access and functional needs.[51] More specific labels for types of communities are preferred. Energy utilities shall submit their template to the Energy Division via a Tier 2 Advice Letter filing within 60 days of the issuance of this decision.

After the IOUs make their filing, the Commission's Energy Division will work cooperatively with the energy utilities to finalize the template, populate the map and companion report, and present it to the LIOB at a future LIOB meeting for additional refinement.

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[51] Only the CBOs must be geographically identified, not necessarily types of communities. Types of communities may instead be listed alongside the CBO(s) that specialize in outreach to the particular community.

6. Comments on Proposed Decision

The proposed decision of ALJ Watts-Zagha in this matter was mailed to the parties in accordance with Pub. Util. Code section 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on __________, and reply comments were filed on _____________.

7. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Camille Watts-Zagha is the assigned ALJ in this proceeding.

Findings of Fact

1. The number of customers behind on their energy utility bills has increased throughout the COVID-19 pandemic period.
2. The dollar amount of utility bill arrearages has increased throughout the COVID-19 pandemic period.
3. Retaining access to electricity and gas service remains critical to public health.
4. Without intervention, residential IOU customers with energy utility bill arrearages persisting longer than 60 days will be at risk of disconnection when the disconnection moratorium ends on June 30, 2021.
5. Without intervention, residential SMJU customers with energy utility bill arrearages persisting longer than 60 days will be at risk of disconnection when the disconnection moratorium ends on June 30, 2021.
6. Significant state and federally funding sources for utility bill relief have become available recently or are in the implementation stage and expected to become available within approximately six months.

7. Maximizing external funding sources for utility bill relief is the best approach to assisting customers in need.

8. For residential customers of IOUs, automatic enrollment in 24-month payment plans is a reasonable approach to bridge the gap between the end of the disconnection moratorium and the availability of significant arrearage relief on the horizon.

9. For residential customers of SMJUs, automatic enrollment in payment plans ranging in length between eight and 24 months is a reasonable approach to bridge the gap between the end of the disconnection moratorium and the availability of significant arrearage relief on the horizon.

10. For Small Business customers of IOUs and SMJUs in disadvantaged communities, automatic enrollment in payment plans that add no more than five percent to the customer's average bill is an effective strategy to allow Small Businesses to gradually pay down accumulated utility bill debt.

11. For Small Business customers of IOUs and SMJUs in communities elsewhere in California, automatic enrollment in payment plans that add no more than 10 percent to the customer's average bill is an effective strategy to allow Small Businesses to gradually pay down accumulated utility bill debt.

12. Automatic enrollment with an opt-out provision is the simplest and most direct strategy to reach all customers in need of assistance addressing utility bill arrearages.

13. Nothing prevents customers enrolled in payment plans from accelerating payments or paying off entirely their utility arrearage to better fit their own circumstances.

14. Customers automatically enrolled in payment plans retain agency to pay off their arrearages more quickly than required by the standard terms.

15. Nothing prevents customers enrolled in payment plans from accessing additional or alternative programs to address their utility arrearages.

16. The number of contacts with customers to enroll all customers in need in payment plans would be overwhelming if enrollment occurred on a case-by-case basis.

17. Payment plan terms specific to the COVID-19 pandemic and at this point in the disconnection moratorium should be simple and standardized.

18. Customers should be permitted to opt-out of the automatic payment plan, either explicitly upon request, or informally, by accelerating payments toward their arrearage, making payments in excess of the required 1/24 amount, or upon receipt of arrearage forgiveness from existing or new programs offering forgiveness.

19. As long as program rules do not conflict with "COVID-19 Relief Payment Plan" terms, residential and Small Business customers shall be encouraged to enroll concurrently in a "COVID-19 Relief Payment Plan" and other customer assistance and arrearage relief programs.

20. Automatic enrollment of all customers with arrearages over 60 days old is consistent with Goal 5 of the Commission's Environmental and Social Justice Action Plan.

21. Southwest Gas automatically enrolled all residential customers with arrears over 60 days and with arrearage amounts over $20 in 8-month payment plans.

22. Southwest Gas should permit customers automatically enrolled in 8-month payment plans to miss two payments before being removed from the plan.

23. Small Business customers in arrears will be relieved by amortizing their debt so that their payments toward debt do not add more than 10 percent to their average bill based on the prior 24 months.

24. Small Business customers in arrears located in disadvantaged communities will be relieved by amortizing their debt so that their payments toward debt do not add more than five percent to their average bill based on the prior 24 months.

25. Utilities shall offer renegotiation of payment plan terms if a customer contacts the utility in advance of missing a payment.

26. CBOs can assist customers with meeting the terms of payments plans or renegotiating plans as necessary.

27. CBOs can be an important resource to reaching and assisting Disadvantaged Communities, Environmental and Social Justice Communities, and other hard-to-reach populations and helping them navigate the array of arrearage relief programs in California.

28. The energy utilities' relationships with CBOs are difficult to understand and assess as presented in energy utility Transition Plans filed pursuant to Resolution M-4849.

29. Expanding and growing CBO networks can facilitate arrearage relief for utility customers in Disadvantaged Communities, Environmental and Social Justice Communities, other hard-to-reach populations, and in the Small Business community.

Conclusions of Law

1. Resolutions M-4842 and M-4849 direct energy utilities to record expenses associated with the COVID-19 pandemic in COVID-19 Pandemic Protection Memorandum Accounts.

2. It is reasonable to require PG&E, SDG&E, SCE, and SoCalGas to automatically enroll all residential customers with arrearages more than 60 days past due in "COVID-19 relief payment plans" according to the terms in Appendix A within 60 days of the issuance of this decision.

3. It is reasonable to require PacifiCorp, Liberty Utilities (CalPeco Electric) LLC, Bear Valley Electric Company, Inc., Alpine Natural Gas, Inc., and West Coast Gas Company, Inc. to automatically enroll all residential customers in arrears in "COVID-19 relief payment plans" according to the terms in either Appendix A or Appendix B within 60 days of the issuance of this decision.

4. It is reasonable to direct Southwest Gas to permit residential customers automatically enrolled in 8-month payment plans to miss two payments before being removed from the plan.

5. It is reasonable to require PG&E, SDG&E, SCE, SoCalGas, PacifiCorp, Liberty Utilities (CalPeco Electric) LLC, Bear Valley Electric Company, Inc. , Southwest Gas Corporation, Alpine Natural Gas, Inc., and West Coast Gas Company, Inc. to automatically enroll Small Business customers with arrearages more than 60 days past due in payment plans with payoff terms long enough so that the debt payments are no more than 10 percent over the customer's average bill based on the past 24 months, or for Small Business customers located in disadvantaged communities, no more than 5 percent over the customer's average bill based on the past 24 months, within 60 days of the issuance of this decision.

6. Costs associated with activities to secure access to state and federally funded COVID-19 arrearage relief programs on behalf of their customers are included among the types of costs that energy utilities may track in COVID-19 Pandemic Protection Memorandum Accounts authorized by Commission Resolution M-4842.

7. It is reasonable to require PG&E, SDG&E, SCE, and SoCalGas to jointly file via Tier 2 Advice Letter a reporting template that displays their current CBO networks, their structures for compensating CBOs, and reveals each CBO's links and benefit delivered to Disadvantaged Communities, Environmental and Social Justice Communities, Small Business customers, tribes, access and functional needs communities, and other hard-to-reach populations within 60 days of this decision.

8. This decision should be effective immediately.

9. Application 21-02-014 should remain open.

O R D E R

IT IS ORDERED that:

1. Within 60 days of the issuance of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall automatically enroll all residential customers with arrearages more than 60 days past due in "COVID-19 relief payment plans" according to the terms in Appendix A.

2. Within 60 days of the issuance of this decision, PacifiCorp, Liberty Utilities (CalPeco Electric) LLC, Bear Valley Electric Company, Inc., Alpine Natural Gas, Inc., and West Coast Gas Company, Inc. shall automatically enroll all residential customers in arrears in "COVID-19 relief payment plans" according to the terms in either Appendix A or Appendix B.

3. Southwest Gas Corporation's automatic 8-month payment plan is adopted with the clarification that enrolled customers are permitted to miss two payments before being removed from the plan.

4. Within 60 days of the issuance of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison

Company, Southern California Gas Company, PacifiCorp, Liberty Utilities (CalPeco Electric) LLC, Bear Valley Electric Company, Inc., Southwest Gas Corporation, Alpine Natural Gas, Inc., and West Coast Gas Company, Inc. shall automatically enroll Small Business customers with arrearages more than 60 days past due in payment plans with payoff terms long enough so that the debt payments are no more than 10 percent over the customer's average bill based on the past 24 months, or for Small Business customers located in disadvantaged communities, no more than 5 percent over the customer's average bill based on the past 24 months, as specified in Appendix C.

5. To the extent that the energy utilities require additional budgets to secure access to state and federally funded arrearage relief programs on behalf of their customers, they may track costs in their existing COVID-19 Pandemic Protection Memorandum Accounts authorized by Commission Resolution M-4842, which will be subject to Commission review applicable to such memorandum accounts in accordance with Commission Resolution E-3238 and Section 454.9 of the California Public Utilities Code.

6. Within 60 days of the issuance of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall jointly file via Tier 2 Advice Letter a reporting template that displays their current Community Based Organizations (CBO) networks, their structures for compensating CBOs, and that reveals each CBO's links and benefit delivered to Disadvantaged Communities, Environmental and Social Justice Communities, Small Business customers, tribes, access and functional needs communities, and other hard-to-reach populations.

7. Rulemaking 21-02-014 remains open.

This order is effective today.

Dated ____________________________, at San Francisco, California.

APPENDIX A

TERMS OF "COVID-19 Residential Relief Payment Plans"

1. Customers are eligible for COVID-19 Residential Relief Payment Plans if they meet the following criteria:

    a) The customer is a residential customer of a large IOU or SMJU that has chosen not to implement the Southwest Gas COVID-19 Residential Relief Payment Plans.

    b) The customer has unpaid bills at least 60 days past due.

2. When a customer is eligible for a COVID-19 Residential Relief Payment Plan, the IOU or SMJU shall automatically enroll the customer in a payment plan amortizing the customer's arrearage over 24 months of payments.

3. A customer who misses more than two payments required by a COVID-19 Residential Relief Payment Plan shall be removed from the plan. The utility shall provide written notice to the customer of removal and of the outstanding amount past due.

4. When a customer misses a required payment under a COVID-19 Residential Relief Payment Plan, all payments are delayed an additional month, and the customer is not required to make up the missed payment in the subsequent month, unless the subsequent month is the final month of the plan.

5. A customer enrolled in a COVID-19 Residential Relief Payment Plan is not eligible for disconnection.

(END OF APPENDIX A)

APPENDIX B:

TERMS OF "Southwest Gas COVID-19 Residential Relief Payment Plans"

1. Customers are eligible for Southwest Gas COVID-19 Residential Relief Payment Plans if they meet the following criteria:

    a) The customer is a residential customer of an SMJU that has chosen to implement the Southwest Gas COVID-19 Residential Relief Payment Plans.

    b) The customer has unpaid bills at least 60 days past due.

    c) The customer's cumulative arrearage is at least $20.

2. When a customer is eligible for a Southwest Gas COVID-19 Residential Relief Payment Plan, the SMJU shall automatically enroll the customer in a payment plan amortizing the customer's arrearage over 8 months of payments.

3. A customer who misses more than two payments required by a Southwest Gas COVID-19 Residential Relief Payment Plan shall be removed from the plan. The utility shall provide written notice to the customer of removal and of the outstanding amount past due.

4. When a customer misses a required payment under a Southwest Gas COVID-19 Residential Relief Payment Plan, all payments are delayed an additional month, and the customer is not required to make up the missed payment in the subsequent month, unless the subsequent month is the final month of the plan.

5. A customer enrolled in a COVID-19 Residential Relief Payment Plan is not eligible for disconnection.

(END OF APPENDIX B)

APPENDIX C:

TERMS OF "COVID-19 Small Business Relief Payment Plans"

1. Customers are eligible for COVID-19 Small Business Relief Payment Plans if they meet the following criteria:

   a) The customer is a small business customer of a large IOU or SMJU.

   b) The customer has unpaid bills at least 60 days past due.

2. When a customer is eligible for a COVID-19 Small Business Relief Payment Plan, the utility shall automatically enroll the customer in a payment plan.

4. Utilities shall customize the length of the COVID-19 Small Business Relief Payment Plan term so that the combination of the customer's monthly bill and the payment on a portion of the outstanding debt is no more than 10 percent, or 5 percent for customers located within an Environmental and Social Justice Community, compared to the customer's average monthly bill for the previous 24 months.

6. A customer who misses more than two payments required by a COVID-19 Small Business Relief Payment Plan shall be removed from the plan. The utility shall provide written notice to the customer of any missed payments, and the utility shall notify the customer upon removal from the payment plan and of the outstanding amount past due.

7. A customer enrolled in a COVID-19 Small Business Relief Payment Plan is not eligible for disconnection.

(END OF APPENDIX C)