



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

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Order Instituting Rulemaking to Consider
New Approaches to Disconnections and
Reconnections to Improve Energy Access
and Contain Costs.

R.18-07-005

**COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON
PROPOSED DECISION AUTHORIZING PERCENTAGE OF INCOME PAYMENT
PLAN PILOT PROGRAMS**

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**COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON PROPOSED
DECISION AUTHORIZING PERCENTAGE OF INCOME PAYMENT PLAN PILOT
PROGRAMS**

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SUBJECT INDEX OF RECOMMENDED CHANGES

Southern California Edison Company (SCE) provides the following Subject Index of Recommended Changes in support of its Comments on Administrative Law Judge Wang's Proposed Decision Authorizing Percentage of Income Payment Plan (PIPP) Pilot Programs, dated September 2, 2021 (PD). SCE recommends the following changes:

- Before any joint application for a long-term PIPP program, there should be an appropriately timed evaluation that permits collection of sufficient data to adequately assess the effectiveness of the pilot and the appropriateness of expansion beyond the pilot phase.
- The PD should not require the investor-owned utilities (IOUs) to contract with community-based organizations (CBOs) to conduct intake and enrollment for the PIPP pilot.
- The PD should be modified to correctly describe the current High-Usage Verification removal process for California Alternate Rates for Energy (CARE), with which PIPP pilot participants must comply.
- The PD should clarify that each IOU's share of costs associated with the third-party evaluator and the working group meeting facilitator will be recorded in the IOU's respective PIPP Memorandum Account.
- The PD should order a different contracting structure for hiring the third-party evaluator.
- The PD should align calculation of franchise fees with the Franchise Act of 1937.

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I.

INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE) submits these opening comments on Administrative Law Judge Wang’s Proposed Decision Authorizing Percentage of Income Payment Plan Pilot Programs, dated September 2, 2021 (PD).

II.

DISCUSSION

As SCE has indicated throughout this phase of the proceeding, SCE generally supports the Commission’s expressed desire to create a Percentage of Income Payment Plan (PIPP) pilot. However, SCE strongly believes that to establish a useful pilot that helps customers and yields an evaluation that can effectively inform whether PIPP should be developed as a long-term program, the PD must be modified in terms of its timing and operational proposals. To that end,

SCE reiterates its support for the general concept of a PIPP pilot but recommends refinements to the PD below to help ensure an effective evaluation and to improve operation of the pilot.

A. The PD Should Modify the Evaluation Timing So That the Evaluation Can Be Based on Sufficient Data and Can Adequately Assess the Effectiveness of the Pilot

As explained in previous comments,¹ any application for PIPP should be filed after the pilot and evaluation are completed to avoid premature data conclusions. Although the PD provides that the investor-owned utilities (IOUs) would file any joint application within 7 months after the PIPP evaluation report is served,² the timing of the evaluation—*i.e.*, for a report to be completed within 25 months of advice letter approval,³ to be based on a minimum of 18 months of pilot data⁴—still does not allow for sufficient data collection on pilot participants. Thus, a single evaluation on the PD’s timeline will not adequately assess the effectiveness of the PIPP pilot, and should not be used to determine whether PIPP should proceed beyond the pilot phase. To avoid the costs of multiple evaluations, SCE recommends that a single evaluation be done closer to the end of the pilot, such as at 40 months following advice letter approval of the 48-month pilot, and use at least 30 months of data. However, if the Commission orders an evaluation at the timing currently provided by the PD, presumably to understand the preliminary impacts of PIPP and determine if there should be interim modifications to the pilot, SCE would recommend that two evaluations be completed, with the initial using at least the first 18 months of data and the second using at least 30 months of data.

The PD states “[t]he evaluation report for the pilot programs shall be completed and served on the service list of this proceeding within 25 months of the approval of the Percentage of Income Payment Plan pilot program advice letters,”⁵ and that the evaluation report will be

¹ SCE Reply Comments on PIPP Pilot Straw Proposal (filed July 16, 2021), pp. 2-3.

² PD, OP 8.

³ PD, OP 6.

⁴ PD Attachment A, p. 4.

⁵ PD, OP 6.

“based on at least the first 18 months of pilot data.”⁶ The PD’s timing of the evaluation report may not provide adequate time to enroll enough participants for meaningful data collection, resulting in an evaluation that is not based on a significant number of enrolled customers. Based on the PD’s recognition that there should be a minimum 18 months of post-participation data for each participant, the viable sample resulting from the PD’s currently timed evaluation (*i.e.*, a final report within 25 months of advice letter approval) will likely be insufficient to adequately evaluate the pilot. PIPP pilot marketing, education, outreach, and enrollment are not expected to begin until 45 days after the approval of the PIPP implementation advice letter,⁷ effectively removing 1.5 months from the total 25 months. The PD seems to recognize this in requiring completion of the evaluation report “within 23 months after pilots launch.”⁸

In addition to collecting the data and developing the analysis plan, the evaluator historically requires a minimum of 4 months to gather and analyze the participant and non-participant data, and another 1.5 months to draft and vet the report. As shown in the table below, in order to have 18 months of data, a customer would need to be enrolled on the first day to meet the requirement. It is unlikely that a substantial number of customers will be enrolled on the first day when customer outreach begins, which would result in the evaluation lacking adequate data.

Table 1: PIPP Pilot Participation and Evaluation Timing Estimates

Evaluation Report Due	25.0 months after approval of advice letters
Start of Customer Outreach and Enrollment	-1.5 months
Evaluator to Analyze and Gather Data	-4.0 months
Draft and Check Evaluation Report	-1.5 months
Remaining Time for Pilot Participation	18 months

⁶ PD, Attachment A, p. 4.

⁷ PD, OP 4.

⁸ PD, Attachment A, p. 4.

The PD also sets target enrollment levels equal to half of the pilot cap at six months after pilot enrollment begins.⁹ SCE would have a target enrollment of 2,000 customers at six months and have a total enrollment cap of 4,000 customers.¹⁰ While SCE expects it will meet the target enrollment, it is unlikely that SCE would do so on the first day. As such, it is unlikely the evaluator will have 18 months of viable data to produce a meaningful evaluation.

For these reasons, SCE recommends that the PD be modified so the evaluation uses more of the pilot data and provides an adequate means of informing pilot effectiveness before any application is filed for a long-term PIPP program. Specifically, SCE recommends the evaluation report be completed and served within 40 months instead of 25 months of approval of the implementation advice letters (and within 38 months instead of 23 months after pilots launch), and to be based on at least 30 months of data instead of 18.

B. The PD Should Be Modified So That It Does Not Require IOUs to Contract with CBOs to Conduct Intake and Enrollment for the PIPP Pilot

The PD states that the Commission “envision[s] that community-based organizations will provide intake and enrollment services for the PIPP pilots, rather than merely conducting outreach.”¹¹ It requires each IOU, as part of its marketing, education and outreach plan, to contract with community-based organizations (CBOs) to conduct outreach, intake and enrollment for the PIPP pilot.¹² It also states that “[u]tilities will contract with community-based organizations to provide upfront income verification services for PIPP pilots during pilot intake and enrollment if such community-based organizations currently provide upfront income verification services for CARE and/or Energy Savings Assistance Program (ESAP).”¹³ For SCE,

⁹ PD, Attachment A, p. 1.

¹⁰ PD, Attachment A, p. 1.

¹¹ PD, p. 57.

¹² PD, Attachment A, pp. 5-6.

¹³ PD, Attachment A, p. 2.

some CBOs provide income verification services for the Energy Savings Assistance (ESA) program, but not for California Alternate Rates for Energy (CARE).

SCE does not object to and even welcomes CBOs' involvement in the outreach for the PIPP pilot. However, as SCE explained in previous comments in this proceeding, CBOs should not be tasked with income verification and enrollment.¹⁴ For any CBOs newly handling income verification data and PIPP enrollment, SCE anticipates cybersecurity and data privacy issues and complexities that would need to be resolved prior to implementation. But even for CBOs currently providing income verification services for SCE's ESA program, current processes may require modification for those CBOs to provide income verification for PIPP specifically. Working through such issues could delay implementation, or at the very least divert resources from resolving other implementation and operational details. Additionally, even if the CBOs only enroll customers and do not perform income verification, there may be customer dissatisfaction resulting from scenarios where a CBO, lacking the most up-to-date enrollment status of the pilot, enrolls a customer that must ultimately be turned away due to the pilot being full. SCE maintains it would be more efficient for only SCE to handle income verification and enrollment.

In addition, SCE posits that the motivations for requiring CBO involvement in enrollment include streamlining the enrollment process for customers and reducing administrative challenges for enrollment. SCE does not believe the requirement will help realize either of these goals. According to the PD's own Finding of Fact, the PIPP pilots "will reduce administrative costs and avoid customer confusion" by "[l]everaging the existing CARE income verification and reverification process."¹⁵ SCE believes the same is true with respect to enrollment. For SCE, the existing CARE enrollment process does not include enrollment by CBOs. Currently, CBOs can assist customers in applying for CARE/FERA and will receive a capitation

¹⁴ SCE Opening Comments on Administrative Law Judge's E-mail Ruling Requesting Responses from the Parties to Seven Questions (filed January 8, 2021), p. 12.

¹⁵ PD, Finding of Fact 11.

fee for each new, approved CARE application submitted on behalf of the customer. Even in this circumstance, the CBO is not performing the enrollment in CARE; SCE is. Enrollment for the PIPP pilot should leverage CARE processes where appropriate for administrative efficiency and to avoid customer confusion. For SCE, that means not requiring CBOs to perform enrollment for PIPP. Thus, SCE recommends that the PD be modified to limit CBO engagement to outreach activities only, and not require CBO handling of intake, enrollment, or income verification.

C. The PD Should Be Modified to Correctly Describe SCE’s High-Usage Verification Removal Process for CARE

The PD states that “PIPP pilot participants must comply with CARE income verification and reverification rules,”¹⁶ and also that “[c]ustomers who exceed 600% of baseline usage in any monthly billing cycle must reduce usage substantially within 90 days or will be de-enrolled from CARE and barred from the program for 24 months.”¹⁷ SCE clarifies that its current CARE high usage verification removal process differs from what is written in the PD. First, when a customer exceeds 400 percent of monthly baseline three times in a 12-month period or exceeds 600 percent of monthly baseline in any month, the CARE customer is normally subject to High-Usage Verification and mandatory participation in ESA.

Second, under SCE’s current CARE high usage verification removal process, when a current CARE customer exceeds a monthly usage of 600 percent of baseline, the customer is provided a warning letter and a three-month grace period to reduce their usage. After the grace period, the customer is placed on a 24-month “probation period” where the account’s usage is monitored. If the customer exceeds the 600 percent threshold a second time during this “probation period,” the customer would be removed from CARE. SCE recommends that the PD

¹⁶ PD, Attachment A, p. 2.

¹⁷ PD, p. 50.

be modified to clarify how PIPP customers will be removed, pursuant to the CARE high usage verification process, for exceeding the 600 percent of baseline.

D. The PD Should Be Modified to Clarify PIPP Memorandum Account Treatment for Costs Associated with the Third-Party Evaluator and Working Group Meeting Facilitator

The PD orders PG&E to record evaluation contractor costs in its PIPP memorandum account.¹⁸ The PD should clarify the treatment of these costs for the other IOUs. SCE understands PG&E would not be the only IOU with costs associated with the evaluation contractor, because the IOUs would co-fund and share the costs of the evaluation contractor. Sharing the costs between IOUs would result in more equitable treatment of customers between IOUs.

Similarly, SCE understands that although it is required to hire a third-party facilitator to coordinate the pilot working group,¹⁹ the other IOUs would also co-fund any costs associated with the third-party facilitator. SCE recommends that the PD clarify that costs for both the evaluation contractor and the third-party working group facilitator will be co-funded by the IOUs and each IOU's costs will be recorded in the IOU's respective PIPP memorandum account.

E. The PD Should Be Modified to Use a Different Contracting Structure to Hire the Independent Evaluator

The PD states that PG&E “shall conduct a Request for Proposals to hire an evaluation contractor for the pilots, based on direction by the California Public Utilities Commission’s Energy Division, and shall contract with the evaluation contractor selected by Energy Division staff.”²⁰ As SCE previously explained in its comments to the PIPP straw proposal,²¹ this

¹⁸ PD, OP 13.

¹⁹ PD, OP 12

²⁰ PD, OP 13.

structure creates risks associated with government contracting compliance, contract enforceability, and use of customer funds. It is likely that contracts issued by a utility as an administrative contracting agent for the Commission must comply with the requisite state contracting laws. Thus, to avoid issues that arise with a contracting agent structure, SCE recommends the PD be modified to direct the utility to solicit and administer the contract in a non-agent capacity, such that the Commission would lack principal-agent control but the utility is still subject to regulatory oversight by the Commission. Additionally, the Commission could require the contracting IOU to submit the contract for Commission approval.

F. The PD Should Be Modified to Align Calculation of Franchise Fees with the Franchise Act of 1937

SCE recognizes that its previous comments recommended the PIPP bill cap be applied to a customer's bill after calculating any taxes and fees, such that the amount of utility user tax (UUT) or franchise fees is not reduced by the customer's participation in PIPP,²² and appreciates the PD's adoption of its recommendation. SCE continues to agree with this approach for UUT. However, the Franchise Act of 1937, specifically Cal. Pub. Util. Code § 6231, requires payment of franchise fees based on gross receipts. SCE now anticipates that, because the PIPP subsidy costs will be recovered through the Public Purpose Program Charge, implementation of the PIPP pilots will result in a reallocation of gross receipts commensurate with the actual amounts collected from customers located in different jurisdictions. This may cause jurisdictions to receive a different amount of franchise fees, compared to what they would have received in the absence of PIPP. The PD should not prohibit this consequence of implementing the PIPP pilot, and should be modified accordingly.

Continued from the previous page

²¹ SCE Comments on the PIPP Pilot Straw Proposal (filed July 9, 2021), pp. 9-11.

²² SCE Reply Comments on PIPP Pilot Straw Proposal (filed July 16, 2021), pp. 8-9.

III.

CONCLUSION

SCE appreciates the opportunity to submit its comments and respectfully requests the Commission adopt SCE's recommendations as proposed herein.

Respectfully submitted,

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Appendix A

**SCE's Proposed Modifications to the Proposed Decision, Including Findings of Fact,
Conclusions of Law, and Ordering Paragraphs**

SCE’s Proposed Modifications to the Proposed Decision, Including Findings of Fact, Conclusions of Law, and Ordering Paragraphs

Proposed text deletions are in bold and strikethrough (~~abcd~~). Proposed text additions are in bold and underlined (abcd).

Reference	Proposed Modification
Conclusion of Law (CoL) 6.f.	Utilities will contract with community-based organizations to provide upfront income verification services for PIPP pilots during pilot intake and enrollment if such community-based organizations currently provide upfront income verification services for CARE and/or ESAP; and
CoL 12	It is reasonable to apply the PIPP bill cap to a customer’s bill after calculating any taxes and fees, so that the amount of the utility user tax or franchise fees will not be reduced by the customer’s participation in a pilot.
CoL 13.g.	The evaluation contractor will complete the PIPP evaluation report within 2538 months after pilots launch, based on at least the first 1830 months of pilot data.
CoL 26.a.	Contract with community-based organizations that serve eligible high disconnection rate zip codes and currently conduct outreach for ESAP and/or LIHEAP to conduct outreach, intake and enrollment for the pilots (and, if they currently conduct income verification for ESAP, to also conduct income verification at enrollment for the pilots);
CoL 31	It is reasonable (i) to direct PG&E, <u>acting for itself only and not as an agent of the Commission</u> , to conduct a Request for Proposals and enter

	<p>into a contract with an evaluation contractor with experience evaluating low-income energy programs, based on direction from the Commission's Energy Division, within six months of this decision, and (ii) to authorize the Commission's Energy Division to select the evaluation contractor and approve key deliverables of the evaluation contractor, including the scope of work, the evaluation plan, the reporting metrics, and the evaluation report.</p>
<p>Ordering Paragraph (OP) 6</p>	<p>The evaluation report for the pilot programs shall be completed and served on the service list of this proceeding within 2540 months of the approval of the Percentage of Income Payment Plan pilot program advice letters.</p>
<p>OP 12</p>	<p>Southern California Edison Company shall hire a third-party facilitator to coordinate the pilot working group, which shall convene within 60 days of the effective date of this decision. <u>Each utility shall record its share of costs for the third-party facilitator in the utility's PIPP memorandum account.</u></p>
<p>OP 13</p>	<p>Pacific Gas and Electric Company (PG&E), <u>acting for itself only and not as an agent of the Commission,</u> shall conduct a Request for Proposals to hire an evaluation contractor for the pilots, based on direction by the California Public Utilities Commission's Energy Division, and shall contract with the evaluation contractor selected by Energy Division staff. PG&E shall record these costs in its Percentage of Income Payment Plan memorandum account. PG&E shall conclude the Request for Proposals process and shall enter into a contract with the chosen evaluation contractor within six months of the date of this decision. <u>Each utility shall record its share of costs for the third-party evaluator in the</u></p>

	<u>utility’s PIPP memorandum account.</u>
Attachment A, p. 2 (Section 4(vi))	(vi) Utilities will contract with community-based organizations to provide upfront income verification services for PIPP pilots during pilot intake and enrollment if such community-based organizations currently provide upfront income verification services for CARE and/or Energy Savings Assistance Program (ESAP); and
Attachment A, p. 3 (Section 6)	Taxes and fees. Utilities will apply the PIPP bill cap to a customer’s bill after calculating any taxes and fees, so that the amount of the utility user tax or franchise fees will not be reduced by the customer’s participation in pilot.
Attachment A, p. 4 (Section 7.g.)	The evaluation contractor will complete the PIPP evaluation report within 2338 months after pilots launch, based on at least the first 1830 months of pilot data.
Attachment A, pp. 5-6 (Section 11.a.)	Contract with community-based organizations that serve eligible high recurring disconnection rate zip codes and currently conduct outreach for ESAP and/or LIHEAP to conduct outreach, intake and enrollment for the pilots (and, if they currently conduct income verification for ESAP, to also conduct income verification at enrollment for the pilots);
Attachment A, p. 8 (Section 15)	Evaluation contractor. PG&E, <u>acting for itself only and not as an agent of the Commission</u> , will conduct a Request for Proposals and enter into a contract with an evaluation contractor with experience evaluating low-income energy programs, based on direction from the Commission’s Energy Division, within six months of this decision. The

	<p>Commission's Energy Division will select the evaluation contractor and approve key deliverables of the evaluation contractor, including the scope of work, the evaluation plan, the reporting metrics, and the evaluation report.</p>
p. 50	<p>Customers who exceed 600% of baseline usage in any monthly billing cycle <u>will be subject to the CARE high usage verification process, which for SCE currently means that the customer must not exceed 600 percent a second time within the 24-month "probation period"</u> must reduce usage substantially within 90 days or will be de-enrolled from CARE and barred from the program for 24 months.</p>