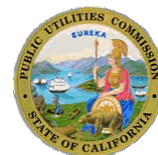


**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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

Rulemaking 18-07-005  
(Filed July 12, 2018)

**REPLY COMMENTS OF THE UTILITY CONSUMERS' ACTION NETWORK ON  
THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE WANG ON THE  
PERCENTAGE OF INCOME PAYMENT PLAN PILOT PROGRAM**



September 27, 2021

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**I. Introduction**

Pursuant to Rule 14.3(d) of the Rules of Practice and Procedure of the California Public Utilities Commission the Utility Consumers' Action Network ("UCAN") submits its Reply Comments on the Opening Comments of PG&E, SDG&E, SoCalGas, SCE, CalCCA on the Proposed Decision ("PD") of Administrative Law Judge Wang on the Percentage of Income Payment Plan ("PIPP") pilots. While all parties that submitted Opening Comments on the PD support the general direction of the decision and believe that the Commission should move forward with PIPP pilots in each of the service territories of the four major energy investor-owned utilities in California, several of the comments recommended significant changes in the PD--some of which would have major consequences that may adversely affect the PIPP pilots possibly impairing their prospects for success, and some of the proposed changes will limit the relief afforded to selected enrollees. UCAN's specific response to these recommendations is detailed below.

**II. Discussion**

**A. SDG&E's Recommendation to Increase the Percentage of Income Devoted to Energy Utility Bills from 4% to 6% Is Inappropriate and Unnecessary**

SDG&E offers several justifications for its position that 6% (instead of 4%) of PIPP enrollees' income should be devoted to paying for the electricity and natural gas that they consume. On p. 2 of SDG&E's Opening Comments it states "...but it's unclear why savings under a cap of 4% would better promote the goals of a PIPP than savings under any other

percentage.” SDG&E’s apparent confusion on this issue is hard to fathom.<sup>1</sup> Rulemaking 18-07-005 was established to address the problem of affordability of energy utilities for the state’s low-income ratepayers. Over the years various programs such as CARE/FERA, and LIHEAP have been established to assist low-income customers struggling to pay for the electricity and natural gas that they use. Before the soon to expire disconnection moratorium was established by the Commission, hundreds of thousands of California households had large arrearages and utilities routinely disconnected many of them for failing to pay their utility bills. Once the moratorium expires, it is likely many customers will once again face the prospect of being disconnected. This situation should be recognized as a crisis that represents an imminent threat to the health and well-being of millions of low-income Californians. For a low-income family with a monthly income of \$3,000, a PIPP set at 6% would require them to pay up to \$180 per month for the energy they consume, whereas if 4%<sup>2</sup> were used their month bill would be \$120, or a savings of \$60 per month. Over a year’s time the lower PIPP percentage would save the family \$720; savings that could be used to pay for other household necessities.

SDG&E’s Opening Comments state that using the higher PIPP percentage would reduce the cost of the pilots and that the higher percentage figure is consistent with existing PIPP programs in other states.<sup>3</sup> Assuming *arguendo* that the average SDG&E pilot household would save an additional \$720 per year, using the lower figure would raise the cost of the program \$720,000 per year, i.e., an extremely modest sum given SDG&E’s several billion dollars annual revenues.<sup>4</sup>

While UCAN has not performed a similar analysis for PG&E or Southern California Edison’s service territories, if one assumes that similar annual savings of (6% versus 4%) were available to households in their service territories the annual cost for PG&E would be 5,000 households times \$720 = \$3.6 million; for Edison’s 4,000 households the annual figure would be \$2.88 million. Both figures are *de minimus* in comparison to both utilities’ multi-billion dollars annual revenues.

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<sup>1</sup> It should be noted that SDG&E currently has the highest electric rates of the three major electric IOUs in California. Given that reality, SDG&E has no basis to be confused about why its low-income customers struggle to pay for the electricity and natural gas they use.

<sup>2</sup> PG&E’s Opening Comments clarify that its endorsement of the 4% income figure only applies to the electricity portion of their energy services and does not include natural gas. It is not clear what figure what they would endorse for the combined electricity and natural gas bill.

<sup>3</sup> SDG&E Opening Comments, p. 2.

<sup>4</sup> Calculated by multiplying SDG&E’s target of 1,000 households by \$720 per annum.

**B. PG&E's Request for Pre-Approval of PIPP Administrative Costs Should be Rejected**

PG&E's Opening Comments (pp. 2-3) argue that the Commission should pre-approve a level of administrative costs for their PIPP pilot rather than the PD's approach of requiring them to record their administrative costs in a memorandum account that would be subject to a reasonableness review. PG&E's proposal for pre-approval of a set level of administrative costs that would foreclose a reasonableness review violates the section 454 of the Pub. Util. Code that requires the Commission to find utility costs to be justified. Prior approval of a fixed level of cost eliminates the Commission's discretion to determine whether PG&E's costs are justified and reasonable. The Commission should reject the temptation to pre-approve utility expenditures; doing so undermines the dictates of section 454.

**C. PG&E's Proposed 60/40 Split Between Electric Bills and Natural Gas Has No Apparent Evidentiary Basis**

On p. 8 of its Opening Comments PG&E proposes that PIPP program should be applied to the respective electricity and natural gas components of customer bills on a 60/40% basis, however, PG&E offers no evidentiary grounds for this proposed allocation of costs for its PIPP enrollees. Rather than simply accept PG&E's suggestion, the Commission should require the working group established in the PD to examine the proportion of customer bills that is attributable to each form of energy consumption. Given the large size of PG&E's service territory it is unlikely that this proposed division of customer costs is uniform over the entire area. For example, customers in the Northern area of PG&E's territory are likely to use more natural gas for heating than customers that live in the Southern area. Instead of relying on a mechanical formula for allocating PIPP costs, PG&E should base its allocation on the actual usage of its low-income customers of both electricity and natural gas.

**D. Southern California Edison's Proposal to Extend the Evaluation Process for 40 Months is Unnecessary and Will Likely Further Delay the Availability of PIPP for All Low-income Customers**

SCE's Opening Comments contend that PD's proposal to initiate the evaluation of the PIPP after 18 months of data have been collected is inappropriate and that 40 months of experience is needed before an evaluation should be performed. In support of its position Edison notes that it will take some time for the utility to initiate its marketing, education and outreach program and that 18 months is simply an inadequate trial period to perform an evaluation. While

UCAN acknowledges that while it would be better to have additional data to perform the evaluation, the disconnection crisis in California weighs against further delay in implementing the PIPP program. In a recent year SCE disconnected fully 8% of its residential customers—this level of service interruptions is an imminent threat to the health and well-being of hundreds of thousands of low-income Edison ratepayers. Such a large number of disconnections should be unacceptable to the Commission. Once the disconnection moratorium expires in three days, large number of Edison’s customers may begin to again lose their electric service with the attendant negative consequences associated with utility service interruption.

PIPP enrollees will receive an immediate and important benefit from being participants in the program in that their electric and natural gas costs will be fixed and predictable once they are in the program. The Commission does not have the luxury of waiting over four years to begin a broader offering of PIPP. Delaying evaluation of the program as Edison suggests would likely mean that the earliest Edison would be able to offer PIPP to all qualified customers would be well into 2027, far too late for the millions of low-income customers that need relief today.

#### **E. The Role of CBOs in Income Verification Needs to be Clarified**

SoCalGas and SCE’s Opening Comments both state that it is inappropriate to rely on community-based organizations to verify the income of potential enrollees in the PIPP pilots. In support of their position the utilities argue customer privacy issues may arise if CBOs are used for income verification and that these organizations will raise the administrative costs of establishing PIPPs in their service territories. Because the PIPP are of limited size and duration, UCAN agrees that given the urgent need to begin the PIPP pilots it is probably inappropriate to use CBOs for income verification purposes since doing so is likely to further delay the roll-out of the program.

#### **F. CalCCA’s Proposal to Revise Eligibility Criteria to Include Customer with High Arrearages or a History of Late Payments May Complicate the Enrollment Process**

CalCCA’s Opening Comments, p. 3 urge the Commission to expand the eligibility criteria to include customers that have high arrearages and a history of late payments appropriately targets low-income customers that are most in need of the type of assistance that a PIPP could provide to enrollees, however, one of the merits of the PD’s approach is its simplicity—CARE customers, households that have already been determined to be eligible for

rate assistance, and households living in zip codes with a high rate of disconnections, would be—in essence—pre-selected as being eligible for enrollment in a PIPP. CalCCA’s additional criteria would complicate the selection process and may delay the implementation of the PIPP pilots. Given the urgency of the arrearage problem facing low-income customers, additional delay in pursuing this program is unacceptable. CalCCA’s additional criteria should be rejected by the Commission.

### **III. Conclusion**

The Commission should reject SDG&E’s request to increase the percentage of household income that should be devoted to paying for electricity and natural gas from 4 to 6%. SCE’s request to extend the review period for the PIPP to 40 months should also be dismissed. Similarly, the Commission should reject PG&E’s request to pre-approve administrative costs for its PIPP pilots. If PG&E runs its PIPP pilot properly it needn’t fear a Commission reasonableness review.

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Respectfully Submitted,  
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