



**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

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) AND PACIFIC GAS AND  
ELECTRIC COMPANY'S (U 39 M) PETITION FOR MODIFICATION OF  
DECISION 21-10-012 AUTHORIZING PERCENTAGE OF INCOME PAYMENT PLAN  
PILOT PROGRAMS**

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**I.**

**INTRODUCTION**

Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission or CPUC), Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E)<sup>1</sup> respectfully submit this Petition for Modification of Decision (D.) 21-10-012 Authorizing Percentage of Income Payment Plan (PIPP) Pilot Programs (the Decision).

SCE and PG&E respectfully request that the Commission modify the Decision to reference consistently the program as a discount throughout the Decision by replacing references to “line-item bill credit” with “line-item discount” so that the Decision is consistent in its characterization of the PIPP pilot programs as providing a bill discount to eligible customers similar to the California Alternate Rates for Energy (CARE) program. This modification will more accurately capture the intent and purpose of PIPP, which is to provide customer assistance

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<sup>1</sup> Pursuant to Commission Rule of Practice and Procedure 1.8(d), counsel for SCE confirms that PG&E has authorized SCE to file this Petition for Modification on behalf of SCE and PG&E.

in the form of a bill discount to help customers pay their monthly utility bills and reduce disconnections. In addition, this modification would be consistent with and would advance the Commission's conclusion that it is reasonable to apply the PIPP bill discount to a customer's bill prior to calculating any third-party taxes, charges, and fees, because PIPP is a rate discount that applies prior to charges made or billed to customers, similar to the CARE discount. Replacement of "line-item bill credit" with "line-item discount" also will help avoid challenges that try to characterize the bill discount as a type of credit that should be applied after the calculation of third-party taxes, charges, and fees. SCE's and PG&E's proposed modifications are set forth in Appendix A.

## II.

### **STANDARD OF REVIEW**

The Commission may "rescind, alter, or amend any order or decision" it has made.<sup>2</sup> This authority may be exercised pursuant to a petition for modification filed in accordance with Rule 16.4(a), which "asks the Commission to make changes to an issued decision."<sup>3</sup> Petitions for modification may be granted where, as here, ambiguities, inconsistencies, or omissions exist in the issued decision.<sup>4</sup>

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<sup>2</sup> Pub. Util. Code § 1708.

<sup>3</sup> Rule 16.4(a).

<sup>4</sup> See, e.g., *Application of S. Cal. Edison Co. for Authority to Recover Capital Additions to its Fossil Generating Facilities Made Between Jan. 1, 1996 and Dec. 31, 1996*, D.99-07-005, 1999 Cal. PUC LEXIS 475 at \*2-5 (Cal. P.U.C. July 8, 1999); *Investigation on the Commission's Own Motion and Order to Show Cause to Determine if Pac. Gas. & Elect. Co. Should Be Held In Violation of Gas Tariff Rule 16 for Failure to Provide Trenching at No Cost within the Allowance of 100 Feet*, D.98-02-003, 1998 Cal. PUC LEXIS 319 at \*3-4 (Cal. P.U.C. Feb. 4, 1998); *In re S. Cal. Edison Co. and San Diego Gas & Elect. Co., for a Certificate of Public Convenience and Necessity*, D.92-09-071, 1992 Cal. PUC LEXIS 947 at \*1-2 (Cal. P.U.C. Sept 16, 1992); *In re Application of San Diego Gas & Elect. Co. for Authority to Increase Its Authorized Level of Rate Base Revenue under the Elect. Revenue Adjustment Mechanism and Steam Revenue Adjustment Mechanism*, D.92-04-016, 1992 Cal. PUC LEXIS 351 at \*3 (Cal. P.U.C. Apr. 8, 1992).

**III.**  
**DISCUSSION**

In Decision (D.) 20-06-003, the Commission concluded Phase I of this proceeding by adopting near-term reforms to reduce residential disconnections of electric and gas service in the state of California.<sup>5</sup> Decision 20-06-003 also established a ratesetting phase of this proceeding to consider a PIPP pilot program.<sup>6</sup> The Commission made clear that the purpose of the PIPP pilot is to provide “a valuable assistance program for households who are struggling to meet their monthly obligations.”<sup>7</sup>

On October 11, 2021, the Commission issued Decision 21-10-012 ordering SCE, PG&E, and other large energy utilities in the state of California to implement PIPP pilot programs.<sup>8</sup> The PIPP pilot programs provide customers a discount on their monthly utility bills by setting a cap on the amount the customer must pay at a percentage of the participant’s monthly income. Participants’ utility bills are capped at four percent of a representative household’s monthly income.<sup>9</sup>

To enable customers to get the benefit of the best program package to meet their needs, the Decision adopted an approach that allows PIPP customers to remain enrolled in other rate discount programs so that the charges to the customer are the lower of their PIPP bill or their actual bill with existing discounts applied, protecting customers from higher charges.<sup>10</sup> This is similar to how the CARE discount functions as indeed it is the Commission’s determination that utilities can recover the PIPP bill discount in a two-way balancing account<sup>11</sup> much as CARE

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<sup>5</sup> See Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs, *Phase I Decision Adopting Rules and Policy Changes to Reduce Customer Disconnections for the Larger California-Jurisdictional Energy Utilities*, Rulemaking 18-07-005, D.20-06-003 at 2-4 (Cal. P.U.C. June 11, 2020).

<sup>6</sup> *Id.* at 129-30.

<sup>7</sup> *Id.* at 129.

<sup>8</sup> D.21-10-012 at 89 (OP 1).

<sup>9</sup> *Id.* at 2 and Attachment A at Section 8.

<sup>10</sup> *Id.* at 43-47.

<sup>11</sup> *Id.* at 63-67, 87 (COL 28), and Attachment A at Section 12.

does today.<sup>12</sup> The Decision’s conclusion to apply the PIPP bill discount prior to calculating any third-party taxes and fees<sup>13</sup> also is consistent with the treatment of taxes and fees for customers receiving the CARE discount.<sup>14</sup> Similarly, for administrative efficiency purposes, the Commission determined that the PIPP discount should be implemented through a line item on the customer’s bills, similar to the CARE discount, which is applied as a line-item discount.<sup>15</sup> By using a line-item mechanism, the utilities can more easily calculate whether customers should be charged the lower of their PIPP discount or their actual bill with existing discounts applied.<sup>16</sup>

In describing how the PIPP will appear on customer bills, however, the Commission refers to it as a “line-item bill credit.”<sup>17</sup> The description of the line item as a “credit,” as opposed to a discount, does not accurately reflect the purpose and function of the PIPP methodology, which is to provide a discount to customers on their charges. It also is inconsistent with the treatment of the CARE – a discount which appears as a line-item discount on customer bills.<sup>18</sup>

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<sup>12</sup> See SCE, Preliminary Statement, AA, California Alternate Rates for Energy (CARE) Balancing Account, which among other items records the under or overcollection in revenue that results from the difference between the amount of the CARE discount provided to CARE-eligible customers and the CARE surcharge charged to non-CARE customers; PG&E Electric Preliminary Statement Part M, California Alternate Rates for Energy Account, which records the revenue shortfall associated with the CARE program.

<sup>13</sup> D.21-10-012 at 33-34, 83 (COL 12), and Attachment A at Section 6.

<sup>14</sup> D.21-10-012 at 33-34. See also SCE Schedule D-CARE, California Alternate Rates for Energy Domestic Service; PG&E Electric Schedule D-CARE, Line-Item Discount for California Alternate Rates for Energy (CARE) Customers.

<sup>15</sup> See SCE Schedule D-CARE, California Alternate Rates for Energy Domestic Service; PG&E Electric Schedule D-CARE, Line-Item Discount for California Alternate Rates for Energy (CARE) Customers; *Application of Pacific Gas and Electric Company for Approval of its Residential Rate Design Window Proposals, including to Implement a Residential Default Time-Of-Use Rate along with a Menu of Residential Rate Options, followed by addition of a Fixed Charge Component to Residential Rates (U39E). And Related Matters*, D.18-12-004, 2018 Cal. P.U.C. LEXIS 626 at \*104-111, \*125-26 (OP 10-11) (Cal. P.U.C. Dec. 13, 2018) (approving SCE’s and PG&E’s proposals to implement a single line-item discount for CARE).

<sup>16</sup> *Id.* at 46-47, 79 (FOF 24).

<sup>17</sup> *Id.* at 46-47, 79 (FOF 24), 84 (COL 17), and Attachment A at Section 8(b).

<sup>18</sup> See SCE Schedule D-CARE, California Alternate Rates for Energy Domestic Service; PG&E Electric Schedule D-CARE, Line-Item Discount for California Alternate Rates for Energy (CARE) Customers; *Application of Pacific Gas and Electric Company for Approval of its Residential Rate Design Window Proposals, including to Implement a Residential Default Time-Of-Use Rate along with a Menu of Residential Rate Options, followed by addition of a Fixed Charge Component to Residential Rates (U39E). And Related Matters*, D.18-12-004, 2018 Cal. P.U.C. LEXIS 626 at

*Continued on the next page*

In addition, the description of the line-item as a “credit” could give rise to challenges that the PIPP discount should be applied after the calculation of third-party taxes and fees under the Court of Appeal’s decision in *City of Torrance v. Southern California Edison Co.*<sup>19</sup> That decision addressed the treatment of climate credits in connection with the imposition and calculation of utility users tax.<sup>20</sup> Such challenges would be inconsistent and conflict with the Commission’s conclusion that the PIPP should be applied prior to the calculation of third-party taxes and fees. That conclusion reflects the Commission’s determination that PIPP is a rate discount that applies prior to charges made or billed to customers, similar to the CARE discount.

In describing the PIPP line item as a “line-item bill credit,” the Decision erroneously suggests that a “line-item bill credit” is interchangeable with a “line-item discount.” But they are fundamentally different. A discount results in reduced energy charges (e.g., commodity, transportation, and distribution) in a customer’s bill, whereas a credit may represent monies owed to the customer for a particular reason (e.g., correction to a customer’s prior bill). Given these fundamental differences, a “line-item bill credit” has different tax implications from a “line-item discount.” Under the PIPP pilot programs, the energy charges made or billed to the customer are the lower of the PIPP bill or the actual bill with existing discounts applied. As such, the Commission’s conclusion that PIPP should be applied prior to the calculation of third-party taxes and fees is consistent with a discount to customers.

SCE and PG&E further note that because the PIPP subsidy costs will be recovered through the Public Purpose Program Charge for Electric and Gas Transportation Rates for Gas,<sup>21</sup> local and state governments, in the aggregate, will be made whole with respect to utility users tax because SCE and PG&E each collect utility users tax on the Electric Public Purpose Program Surcharge and PG&E collects on Gas Transportation Rates.

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\*104-111, \*125-26 (OP 10-11) (Cal. P.U.C. Dec. 13, 2018) (approving SCE’s and PG&E’s proposals to implement a single line-item discount for CARE).

<sup>19</sup> *City of Torrance v. S. Cal. Edison Co.*, 61 Cal. App. 5th 1071 (Cal. Ct. App. 2021).

<sup>20</sup> *Id.*

<sup>21</sup> D.21-10-012 at 66, 87 (COL 28), Attachment A at Section 12.

SCE and PG&E therefore respectfully request that the Commission modify Decision 21-10-012 to reflect consistently the PIPP program as a discount by replacing the references to “line-item bill credit” with “line-item discount,” as set forth in Appendix A. The replacement of “line-item bill credit” with “line-item discount” will capture more accurately the purpose of PIPP, which is to provide a bill discount to customers to assist them in paying their monthly utility bills. It also advances the Commission’s conclusion that it is reasonable to apply the PIPP bill discount to a customer’s bill prior to calculating any third-party taxes, charges, and fees because it is a discount that applies prior to charges made or billed to the customer, similar to the CARE discount.

**IV.**

**CONCLUSION**

For the foregoing reasons, SCE and PG&E therefore respectfully request that the Commission modify Decision 21-10-012 and replace the references to “line-item bill credit” with “line-item discount,” as set forth in Appendix A.

Respectfully submitted,

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**Appendix A**

**SCE's and PG&E's Proposed Modifications to Decision 21-10-012, Including Findings of  
Fact, Conclusions of Law, and Attachment A**

## SCE's and PG&E's Proposed Modifications to Decision 21-10-012, Including Findings of Fact, Conclusions of Law, and Attachment A

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

Reference	Proposed Modifications
Page 47	We conclude that the PIPP bill caps should be implemented as a line-item <del>bill-credit</del> <b><u>discount</u></b> , and the <del>bill-credits</del> <b><u>line-item discount</u></b> should be either (a) the difference between the bill cap and the actual bill, or b) zero if the actual bill is lower than the bill cap.
Finding of Fact (FOF) 24	Implementing the bill cap as a line-item <del>bill-credit</del> <b><u>discount</u></b> will simplify administration while protecting CARE participants from higher bills than they would have received without a PIPP.
Conclusion of Law (COL) 17	The PIPP bill caps should be implemented as a line-item <del>bill-credit</del> <b><u>discount</u></b> , and the <del>bill-credits</del> <b><u>line-item discount</u></b> should be either (a) the difference between the bill cap and the actual bill, or b) zero if the actual bill is lower than the bill cap.
Attachment A, Section 8(b)	The PIPP bill caps shall be implemented as a line-item <del>bill-credit</del> <b><u>discount</u></b> , and the <del>bill-credits</del> <b><u>line-item discount</u></b> should be either (a) the difference between the bill cap and the actual bill, or b) zero if the actual bill is lower than the bill cap.