



PUBLIC UTILITIES COMMISSION

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TO PARTIES OF RECORD IN RULEMAKING 18-07-005:

This is the proposed decision of Commissioner Darcie L. Houck. 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 August 31, 2023 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.

/s/ MICHELLE COOKE

Michelle Cooke
Acting Chief Administrative Law Judge

MLC:mef/smt
Attachment

Decision **PROPOSED DECISION OF COMMISSIONER HOUCK**
(Mailed 7/19/2023)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Rulemaking 18-07-005

**DECISION APPROVING 24-MONTH PAYMENT PLANS, ARREARAGE
MANAGEMENT PAYMENT PLAN EXTENSION, AND
MEDICAL BASELINE STUDY**

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**DECISION APPROVING 24-MONTH PAYMENT PLANS, ARREARAGE
MANAGEMENT PAYMENT PLAN EXTENSION, AND
MEDICAL BASELINE STUDY**

Summary

This decision directs Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company (together, the Large Utilities) to offer 24-month payment plans to residential customers until October 1, 2026. This decision also extends the Arrearage Management Payment Plan program to October 1, 2026, and authorizes a study of the eligible populations for the Medical Baseline program in the Large Utilities' service territories.

The Commission will continue to consider Arrearage Management Payment Plan program issues in Phase 2 of this proceeding. This proceeding remains open.

1. Background

1.1. Procedural Background

On July 12, 2018, the Commission approved the Order Instituting Rulemaking for this proceeding pursuant to Senate Bill (SB) 598 (Hueso), Stats. 2017, ch. 362 to address residential disconnection rates across California's electric and gas investor-owned utilities. The primary goal of this proceeding is to reduce residential disconnections and improve reconnection processes.

Phase 1 of this proceeding established near-term or immediate disconnections improvements for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) (together, the Large Utilities or IOUs).

On December 13, 2018, the Commission issued Decision (D.) 18-12-013, which established immediate interim rules to reduce residential disconnections by the Large Utilities. On June 11, 2020, the Commission issued D.20-06-003, which adopted ongoing rules to reduce residential disconnections by the Large Utilities, created the Arrearage Management Payment Plan (AMP) program, and concluded Phase 1 of this proceeding. The small and multi-jurisdictional energy utilities (SMJUs) were exempted from the requirements of the Phase 1 decisions.

On March 19, 2020, Governor Newsom issued Executive Order N-33-20, directing utilities and the Commission to implement emergency customer protections to address the COVID-19 emergency.

On April 16, 2020, the Commission approved Resolution M-4842, which ratified the emergency customer protections to address the COVID-19 emergency, including a moratorium on electric and gas disconnections (Disconnections Moratorium). The Commission subsequently issued Resolution M-4849 on February 12, 2021, which extended the Disconnections Moratorium until June 30, 2021.

On June 30, 2021, the Commission issued D.21-06-036, which extended the Disconnections Moratorium until September 30, 2021, and ordered all electric and gas utilities to automatically enroll residential and small business customers with arrearages more than 60 days past due in long-term payment plans.

In 2021 and 2022, the California Legislature allocated nearly \$2.2 billion to fund the California Arrearages Payment Program (CAPP) to address California energy customer bill arrearages accrued between March 4, 2020, and June 15, 2021.¹

¹ Section 16429.5 of the California Government Code.

On October 11, 2021, the Commission approved Percentage of Income Payment Plans (PIPP) pilot programs for the Large Utilities in D.21-10-012, concluding the PIPP phase of this proceeding.

The Commission approved residential disconnection protections for the SMJUs in D.22-08-037, which concluded Phase 1-A of this proceeding.

On February 16, 2022, the Center for Accessible Technology and National Consumer Law Center (CforAT/NCLC) filed a motion to request updates from the Large Utilities regarding implementation of the AMP program.

On March 25, 2022, Administrative Law Judge (ALJ) Wang issued a ruling to request status updates and comments on the AMP program. PG&E, SDG&E, and SoCalGas filed responses to the ruling on May 2, 2022. CforAT/NCLC, Utility Consumers' Action Network (UCAN), and SCE filed comments on the Large Utilities' responses on May 16, 2022. PG&E, SDG&E, and SoCalGas filed reply comments on May 31, 2022.

On April 18, 2022, the Commission issued D.22-04-037 in Rulemaking 21-02-014 to require the development of a Community-Based Organization (CBO) Arrears Case Management Pilot Program (CBO Pilot Program) in this proceeding.

On July 15, 2022, the assigned Commissioner issued a Phase 2 scoping memo and ruling (scoping memo) to establish the scope and schedule for this proceeding and request party comments on Phase 2 issues. SCE, UCAN, SDG&E/SoCalGas, CforAT/NCLC, California Community Choice Association (CalCCA), The Utility Reform Network (TURN), PG&E, and the Joint SMJUs² filed opening comments on August 5, 2022. CalCCA, PG&E, SCE,

² The Joint SMJUs consist of Bear Valley Electric Service, Inc., Liberty Utilities (CalPeco Electric) LLC, PacifiCorp, d.b.a. Pacific Power, and Southwest Gas Corporation.

SDG&E/SoCalGas, TURN, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), and CforAT/NCLC filed reply comments on August 19, 2022.

On August 29, 2022, PG&E filed a CBO Arrears Case Management Pilot Proposal (CBO Pilot Proposal) on behalf of the CBO Pilot Working Group in this proceeding. On September 9, 2022, TURN, Cal Advocates, and CforAT/NCLC filed opening comments. On September 23, 2022, the Large Utilities filed joint reply comments.

On October 17, 2022, the Commission's Energy Division held a workshop to discuss Phase 2 issues. ALJ Wang issued a ruling on November 10, 2022, to request party comments on questions relating to the Phase 2 workshop and directing the Large Utilities to file a joint meet-and-confer report. On December 9, 2022, SCE, CforAT/NCLC, PG&E, SDG&E, UCAN, TURN, Cal Advocates, CalCCA, and SoCalGas filed opening comments. On January 10, 2023, PG&E, CforAT/NCLC, SCE, SDG&E, Cal Advocates, CalCCA, and SoCalGas filed reply comments. On February 3, 2023, the Large Utilities filed the joint meet and confer report.

On February 13, 2023, ALJ Wang issued a ruling to direct the Large Utilities to provide supplemental data relating to the joint meet-and-confer report and to request party comments on additional questions about the CBO Pilot Proposal. On February 24, 2023, SCE, CforAT/NCLC, SDG&E, SoCalGas, UCAN, Cal Advocates, and PG&E filed opening comments on the February 2023 ruling and the joint meet and confer report. On March 13, 2023, PG&E, SDG&E, UCAN, SCE, CalCCA, and SoCalGas filed reply comments on the February 2023 ruling and joint meet and confer report.

On April 10, 2023, ALJ Wang issued a ruling to request party comments on next steps for the AMP program. On April 26, 2023, UCAN, PG&E, SDG&E, Cal Advocates, SoCalGas, SCE, Cal Advocates, CalCCA, and TURN filed opening comments. On May 4, 2023, PG&E, SCE, SoCalGas, SDG&E, and UCAN filed reply comments.

1.2. Submission Date

This matter was submitted on May 4, 2023, upon the filing of reply comments to the April 10, 2023 ruling.

2. Issues Before the Commission

The issues before the Commission are as follows:

- a. Should utilities continue to be required to automatically enroll residential customers in long-term payment plans before disconnecting households?
- b. Is the AMP program meeting its objectives? If not, how should the AMP program be modified?
- c. Should the Commission authorize the Large Utilities' proposed study of the eligible Medical Baseline population in each utility's service territory? If so, should the Large Utilities be authorized to hire a third-party consultant to facilitate a workshop? How should the costs of the study be recovered?

This decision resolves issues (a) and (c) above. This decision also addresses issue (b).

The Commission will continue to consider the following Phase 2 issues in this proceeding: whether the AMP program should be modified, extended, or discontinued; and whether the Commission should approve the CBO Pilot Proposal.

3. Whether to Extend Long Term Payment Plan Requirements

In D.20-06-003, the Commission required the Large Utilities to offer residential customers a 12-month payment plan prior to disconnecting the customer and not to disconnect any customer who is current on both monthly bills and the 12-month payment plan. In D.22-08-037, the Commission extended this requirement to the SMJUs.

In D.21-06-036, in response to the high arrearages accrued during the Disconnections Moratorium, the Commission directed energy utilities to automatically enroll all eligible residential customers with arrearages more than 60 days past due in long-term payment plans (COVID Payment Plans) by September 30, 2021, on a one-time basis. The Large Utilities' COVID Payment Plans amortized arrearages over a 24-month period, and the SMJUs' COVID Payment Plans amortized arrearages over an 8-month or 12-month period.

In the Phase 2 scoping memo, the assigned Commissioner asked utilities to provide data to show the results of the COVID Payment Plans and asked parties whether to continue the requirement to automatically enroll residential customers in long-term payment plans prior to disconnecting them.

In the November 2022 Ruling, ALJ Wang asked parties whether automatic enrollment in payment plans is inherently problematic, or if it is a matter of how much marketing, education, and outreach (ME&O) is paired with automatic enrollment.

TURN, CalCCA, and the Large Utilities each argued that automatic enrollment is inherently problematic.³

TURN explained as follows:

³ Comments of TURN, CalCCA, PG&E, SCE, SoCalGas, and SDG&E filed on August 5, 2022.

Automatic enrollment is inherently problematic because it denies ratepayers their agency and may reduce transparency for customers in understanding their billed amounts as well as their obligations for payment. It is always preferential for customers to be sufficiently educated regarding their bills so that they can self-select the best programs and financial options for their individual circumstances.⁴

CalCCA similarly opposed automatic enrollment of customers in payment plans. CalCCA argued that automatic enrollment in payment plans (a) causes customer confusion due to unexplained higher bills, (b) increases the risk that a customer is unfairly unenrolled from a payment plan for non-payment despite their not having knowledge of enrollment in the payment plan in the first place, or non-payment for systems issues, and (c) increases financial risks for load-serving entities since customers may only pay the arrearages instead of current bills. CalCCA supported robust ME&O about payment plans as an alternative to automatic enrollment.⁵

CforAT/NCLC asserted that automatic enrollment “creates challenges, but these challenges can be substantially alleviated with robust and effective consumer education.”⁶ CforAT/NCLC also supported continued availability of 24-month payment plans, arguing that the Large Utilities failed to show that 12-month payment plans are sufficient for all customers with arrears.⁷

Cal Advocates replied that the Commission should continue to require automatic enrollment in 24-month payment plans because it increases rates of

⁴ TURN’s comments filed on August 5, 2022.

⁵ CalCCA’s comments filed on August 5, 2022.

⁶ CforAT/NCLC’s comments filed on August 5, 2022.

⁷ CforAT/NCLC’s comments filed on August 19, 2022.

participation in payment plans and residential arrearages remain high compared with pre-COVID-19 arrearages.⁸

TURN also clarified in reply comments that although it does not support automatic enrollment, it recommends that the Commission continue to require the Large Utilities to offer 24-month payment plans to customers. TURN argued that 24-month payment plans are still needed to assist Californians with affordability challenges given high inflation and increasing rents.⁹

In the November 2022 Ruling, ALJ Wang directed the Large Utilities to file a joint meet-and-confer report by February 3, 2023 (Meet and Confer Report) that answers why the utilities' COVID Payment Plans results varied so widely. In the February 2022 Ruling, ALJ Wang requested additional COVID Payment Plans data from the Large Utilities.

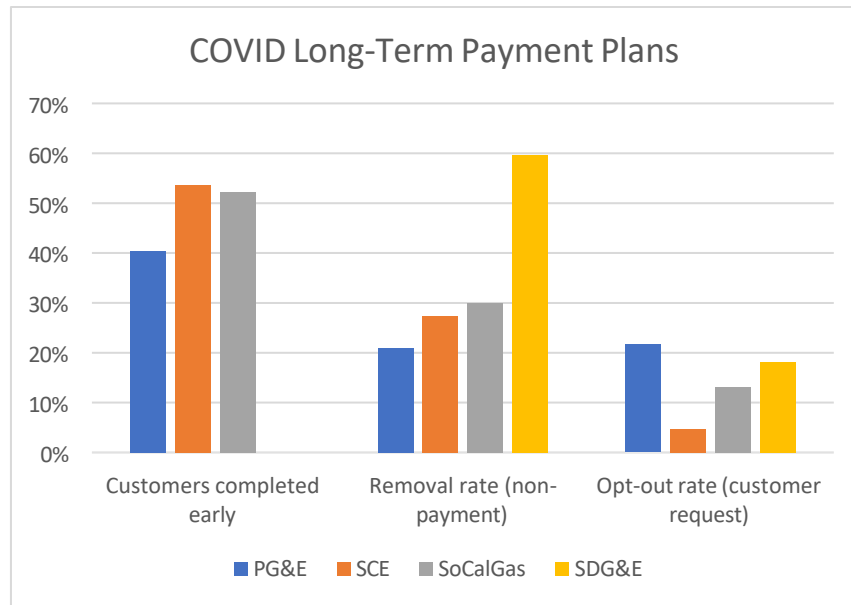
The following table shows the completion, opt out, and removal rates of Large Utility customers with COVID Payment Plans.¹⁰

Table 1: COVID Payment Plans Metrics as of December 31, 2022

⁸ Cal Advocates' comments filed on August 19, 2022.

⁹ TURN's comments filed on August 19, 2022.

¹⁰ Table 1 is based on data provided in the Large Utilities' comments filed on February 24, 2023. The data of customers completed early is not available for SDG&E. SDG&E noted in its comment that its system does not allow for COVID payment plans to be completed ahead of schedule.



In the Meet and Confer Report, the Large Utilities reported that they each informed all impacted customers by direct mail communication of their automatic enrollment into COVID Payment Plans. PG&E, SoCalGas, and SDG&E also informed customers of their automatic enrollment via email where email addresses were available. PG&E, additionally, included payment plan information on the front of the customer's subsequent bill.

In the Meet and Confer Report, the Large Utilities noted that due to programming limitations in SDG&E's customer information system, SDG&E customers were not allowed to complete COVID Payment Plans ahead of schedule. The Large Utilities also noted that SCE did not notify residential customers of missed payments since D.21-06-036 did not mandate these notices for residential customers. SCE only notified customers of their automatic enrollment in the program by sending one letter. PG&E and SDG&E sent missed payment letters to customers who missed a payment.

SoCalGas proactively ran a pilot to compare the results of emails and direct mail communications. The pilot communications were a friendly

reminder, sent via email, to residential customers enrolled in the program who missed a 'first installment.' The message communicated the importance of paying the monthly installment in addition to their regular bill to remain on the plan. The email also included a link with SoCalGas's website for frequently asked questions about the program and included a link for more information on ways to pay their bill. Customers who received an email reminder showed a 5 percent higher payment and retention rate than customers who received a direct mail notification.

Each of the Large Utilities asserted in the Meet and Confer Report that a lesson learned from the COVID Payment Plans is that the Commission should not require automatic enrollment in payment plans going forward. SoCalGas asserted that customers should be able to choose better plans that meet their needs. Party comments on the Meet and Confer Report did not address this assertion.

The Large Utilities should offer 24-month payment plans to eligible residential customers until October 1, 2026. Eligible residential customers should be defined as customers with unpaid bills at least 60 days past due and who are not enrolled in a payment plan, a Net Energy Metering tariff, levelized billing, budget billing, or automatic billing.¹¹ This approach will help some customers pay off their arrearages because a 24-month payment plan requires a lower monthly payment amount than a 12-month payment plan.

However, the Commission will not require utilities to automatically enroll customers in long-term payment plans at this time. The Commission established a one-time requirement to automatically enroll customers in long-term payment

¹¹ These requirements are the same as the eligibility requirements for 24-month COVID Payment Plans in D.21-06-036.

plans in response to the COVID-19 state of emergency. The COVID-19 state of emergency ended on February 28, 2023.¹² Relatively high arrearages alone do not justify mandating automatic enrollment in payment plans for customers with arrearages.

Two parties also commented on modifying the COVID Payment Plan requirements. Cal Advocates asserted that the SoCalGas test of emails and text messages in the Meet and Confer Report indicates that electronic outreach about missed payments is effective.¹³

CforAT/NCLC commented that the Meet and Confer Report shows inconsistencies between the Large Utilities' customer communications about the COVID Payment Plans and AMP. CforAT/NCLC recommended an ongoing working group or other forum for regular exchanges of information and best practices between the Large Utilities, CBOs, and other stakeholders.¹⁴

CforAT/NCLC also argued that the Meet and Confer Report indicates that the Commission should allow all customers to complete COVID Payment Plans early.¹⁵ SDG&E responded that the Commission directed automatic enrollment in COVID Payment Plans on a one-time basis and that these payment plans are no longer being offered to customers. SDG&E also clarified that it will manually process a request for a customer to pay off their payment plan. SDG&E urges the Commission to not direct SDG&E to change its process.¹⁶

¹² Governor Newsom issued a proclamation to end the COVID-19 state of emergency on February 28, 2023.

¹³ Cal Advocates' comments filed on February 24, 2023.

¹⁴ CforAT/NCLC's comments filed on February 24, 2023.

¹⁵ Cal Advocates' comments filed on February 24, 2023.

¹⁶ SDG&E's comments filed on March 13, 2023.

The Meet and Confer Report showed that a large portion of customers who were enrolled in COVID Payment Plans in other service territories chose to complete their payment plans early, and that SDG&E had a much larger removal rate from COVID Payment Plans for non-payment than the other service territories. This is concerning, and we should consider these findings when designing payment plan programs in the future. We also acknowledge that SoCalGas's approach to improving AMP communications about missed payments is a best practice that should be replicated.

Since utilities will no longer offer COVID Payment Plans to customers going forward, and the remaining customers on COVID Payment Plans will make their final payments or withdraw within the next few months, we will not modify requirements for the COVID Payment Plans at this time. However, the Large Utilities should allow customers to pay off other payment plans early and should notify customers if they miss a payment by email and text message.

4. Whether to Modify the AMP Program

In D.20-06-003, the Commission created the AMP program for the Large Utilities to reduce residential disconnections. D.20-06-003 provided: (a) the Large Utilities may file a joint Tier 3 advice letter with recommendations for improving the AMP program after three years; (b) the Commission will open a proceeding three years after that decision to reauthorize AMP; and (c) the AMP program rules will sunset after four years (in June 2024) unless the Commission issues a decision extending, reauthorizing, modifying, or rescinding the AMP program.¹⁷

The November 2022 Ruling directed the Large Utilities to file AMP outcomes data and the Meet and Confer Report. The November 2022 Ruling also

¹⁷ OPs 84-86 of D.20-06-003.

asked parties to comment on whether to modify the design of AMP to better serve customers who can't afford to pay their bills, and whether the Commission should wait before making changes to the AMP program in light of the impact of the COVID-19 emergency and CAPP on arrearages and disconnections.

Most parties agreed, in December 2022 comments, that the Commission should not determine whether to modify or extend the AMP program yet.¹⁸ Only CalCCA proposed to immediately modify the design of the AMP program.¹⁹

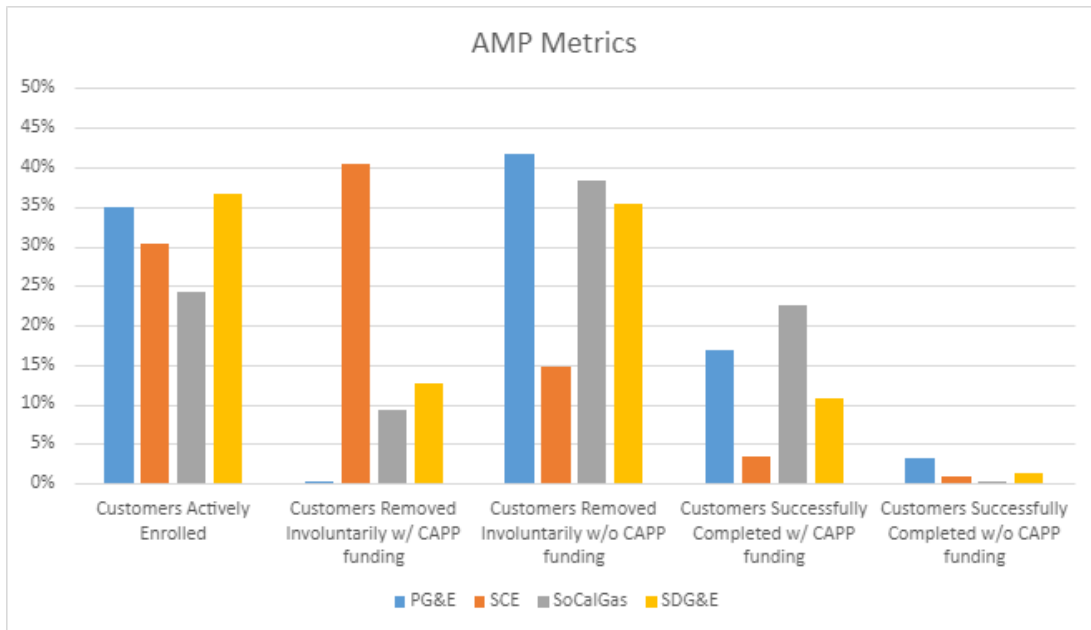
In the Meet and Confer Report, the Large Utilities shared best practices from AMP implementation. SCE shared that it conducted a survey of AMP customers and as a result, revised its customer marketing and outreach letters to make program requirements and policies easier to understand, to improve completion rates. SoCalGas piloted email and direct mail options to inform customers about missed AMP payments. PG&E created simplified AMP communications with visual aids and an informational video.

SCE provided direct mail notifications to customers about missed AMP payments. SoCalGas sent emails and text messages about missed AMP payments. PG&E provided emails and live calls to customers about missed AMP payments. SDG&E did not notify customers about missed AMP payments.

Table 2: AMP Program Metrics as of December 31, 2022

¹⁸ Comments of PG&E, SCE, SDG&E, SoCalGas, TURN, NCLC/CforAT, and Cal Advocates filed on December 9, 2022.

¹⁹ See CalCCA's comments filed on December 9, 2022. Only SCE responded to CalCCA's recommendations. SCE commented on January 10, 2023, that it agreed with CalCCA that customers that are removed from AMP due to utility operations that are outside of the customer's control should be granted an exception to the 12-month waiting period (and SCE updated its tariffs accordingly) but otherwise argued that it is too soon to consider CalCCA's other recommendations.



While continuing to agree with most parties that the Commission should defer the broader evaluation of the AMP program, CforAT/NCLC argued that the Commission should require SDG&E to notify customers of missed AMP payments. CforAT/NCLC expressed concern that SDG&E's failure to notify customers of missed AMP payments was a troubling sign of a lack of investment in the success of the program.²⁰

CforAT/NCLC also urged the Commission to create an ongoing working group to share best practices and standardize ME&O for AMP and other payment plan programs.²¹ PG&E supported the formation of a working group to evaluate the success of AMP and share best practices.²²

TURN commented that the AMP data suggests that the Large Utilities are not equally committed to AMP enrollment and completion. TURN commented

²⁰ CforAT/NCLC's comments filed on February 24, 2023.

²¹ CforAT/NCLC's comments filed on February 24, 2023.

²² PG&E's comments filed on March 13, 2023.

that SCE should examine why its customers are completing its AMPs at a much lower rate than other utilities.²³

SCE commented that it revised its AMP marketing and outreach letters in the second quarter of 2022 and conducted a survey of AMP customers that also resulted in additional changes to its customer marketing and outreach letters. SCE also reported that it began to pilot an outreach program that provides live agent outbound calls to a sample of AMP customers that miss their first or second consecutive payment to remind them of the AMP rules.²⁴

This decision does not modify the design of the AMP program. However, the Large Utilities should implement AMP program best practices. The Large Utilities shall meet with parties to this proceeding to discuss AMP program best practices from the Meet and Confer Report, and then shall each file a Tier 2 advice letter within 120 days of the effective date of this decision to propose the AMP program best practices that the utility will implement.

On April 10, 2023, ALJ Wang issued a ruling to request comments on whether to continue to consider AMP issues in this proceeding rather than a new proceeding, whether to extend the AMP program beyond June 2024, and when and how to evaluate the effectiveness of the AMP program.

Many parties supported, and no party opposed, continuing to consider AMP issues in this proceeding rather than a new proceeding.²⁵ UCAN, Cal Advocates, TURN, CalCCA, and SoCalGas asserted that it would be more

²³ TURN's comments filed on March 13, 2023.

²⁴ SCE's comments filed on March 13, 2023.

²⁵ Comments of UCAN, PG&E, SDG&E, Cal Advocates, SoCalGas, SCE, Cal Advocates, CalCCA, and TURN filed on April 26, 2023.

efficient to continue to consider AMP issues in this proceeding since the record of this proceeding includes substantial data and comments on AMP issues.

The Commission will continue to consider whether to extend, modify, or discontinue the AMP program in Phase 2 of this proceeding and will not open a new proceeding to consider AMP issues. The Large Utilities should provide comments and data in this proceeding and the AMP evaluation process described below to recommend improvements for the AMP program rather than filing a Tier 3 advice letter to recommend improvements.

Parties agreed that the Commission should extend the duration of the AMP program beyond June 2024. Cal Advocates, PG&E, SoCalGas, SDG&E, and TURN commented that the Commission should extend the AMP program for a sufficient period of time to enable evaluation of the program.²⁶ PG&E and SDG&E suggested an extension of an additional two years, and TURN suggested an additional two and a half years, to gather more data after the Disconnections Moratorium period.²⁷ UCAN and SoCalGas asserted that the AMP program should be extended for the duration of the proposed CBO Pilot Program to enable the evaluation of the effectiveness of CBO case management services for supporting AMP program enrollment and success.²⁸ CalCCA suggested a four-year extension, without connecting the AMP extension to the duration of the proposed CBO Pilot Program.²⁹

Parties proposed different dates for commencing an AMP evaluation. SoCalGas, SDG&E, and UCAN asserted that the AMP program evaluation

²⁶ Comments of Cal Advocates, PG&E, SoCalGas, SDG&E, and TURN filed on April 26, 2023.

²⁷ Comments of PG&E, SDG&E, and TURN filed on April 26, 2023.

²⁸ Comments of UCAN and SoCalGas filed on April 26, 2023.

²⁹ CalCCA's comments filed on April 26, 2023.

should not begin until sufficient data is collected for the period after residential disconnections resume.³⁰ PG&E similarly argued that the AMP program evaluation should be based upon participation data after the CAPP and Emergency Rental Assistance Program assistance was applied.³¹ Cal Advocates and CalCCA argued that there is sufficient data to begin to evaluate the AMP immediately.³² TURN and PG&E recommended initiating the evaluation in time to review evaluation results before the AMP program concludes.³³

It is reasonable to extend the AMP program to October 1, 2026. This will provide sufficient time to collect additional AMP data after residential disconnections have resumed, complete a thorough evaluation, and consider party comments on whether to modify, extend, or discontinue the AMP program. The AMP evaluation should commence by October 1, 2024, and a final evaluation report should be completed by October 1, 2025.

Most parties agreed that the Commission should adopt an AMP evaluation process that is similar to the PIPP evaluation process, which relied upon an independent evaluation contractor supervised by the Commission's staff, with advice from stakeholders.³⁴

Only TURN opposed an AMP evaluation process similar to the PIPP evaluation process, arguing that evaluating the AMP program is different from

³⁰ Comments of SoCalGas, SDG&E, and UCAN filed on April 26, 2023.

³¹ PG&E's comments filed on April 26, 2023.

³² Comments of Cal Advocates and CalCCA filed on April 26, 2023.

³³ Comments of TURN and PG&E filed on April 26, 2023.

³⁴ Comments of Cal Advocates, CalCCA, UCAN, PG&E, SoCalGas, SDG&E, and SCE filed on April 26, 2023, and UCAN's comments on May 4, 2023. PG&E also requested that the decision allow recovery for costs of the third-party evaluation through the Residential Disconnections Implementation Memorandum Account in their comments filed on May 5, 2023.

evaluating the PIPP program because the Commission intended to continue the AMP program regardless of the evaluation results.³⁵ PG&E and SoCalGas disagreed with TURN's interpretation of D.20-06-003.³⁶

TURN's interpretation of D.20-06-003 is incorrect. In D.20-06-003, the Commission established a sunset date for the AMP program and expressed its intention to open a proceeding to consider reauthorization of the program. This proceeding will consider whether to extend, modify, or discontinue the AMP program based on the AMP evaluation report and the record of this proceeding.

In D.21-10-012, the Commission ordered PG&E to conduct a request for proposals to hire an evaluation contractor for the PIPP pilots, based on direction by the Commission's Energy Division, and contract with the evaluation contractor selected by Energy Division staff. D.21-10-012 provided that the Commission's Energy Division would 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. D.21-10-012 provided that the PIPP working group would provide program design recommendations after the completion of the evaluation report.

It is reasonable to direct the Large Utilities to select one utility to conduct a request for proposals to hire an AMP program evaluation contractor with experience evaluating energy programs, based on direction by the Commission's Energy Division, and contract with the evaluation contractor selected by Energy Division staff by October 1, 2024.

³⁵ TURN's comments filed on April 26, 2023.

³⁶ Comments of PG&E and SoCalGas filed on May 5, 2023.

The Commission's Energy Division will select the AMP 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. The utility should track and recover the AMP evaluation costs in its Residential Disconnections Implementation Memorandum Account. The AMP evaluation process will begin by October 1, 2024, and the final evaluation report will be completed by October 1, 2025. The Commission's Energy Division will host a workshop to discuss the draft AMP evaluation plan with stakeholders.

5. Whether to Approve the Proposed Medical Baseline Population Study

On September 24, 2021, the Commission issued Resolution E-5169, which established goals for the Large Utilities to increase Medical Baseline enrollment levels.³⁷ Resolution E-5169 also allowed the Large Utilities to file a request for consideration of an eligible population study for the Medical Baseline program in this proceeding.

On December 22, 2021, the Large Utilities made a motion in this proceeding (Medical Baseline Motion) for an order to authorize the Large Utilities to: (a) file a Tier 3 advice letter to request approval for a study of the eligible Medical Baseline population in each utility's service territory, (b) hire a third-party consultant as a direct award contract to facilitate a stakeholder workshop before filing the Tier 3 advice letter, and (c) include incremental expenses incurred for the third-party consultant in each utility's respective Residential Disconnections Implementation Memorandum Account.

³⁷ Resolution E-5169 established goals for PG&E, SCE, and SDG&E to increase Medical Baseline enrollment relative to 2018 levels by 7 percent in 2021, 8 percent above 2018 levels in 2022, and 9 percent above 2018 levels in 2023. Resolution E-5169 established a goal for SoCalGas to increase Medical Baseline enrollment relative to 2018 levels by 3 percent annually.

The Medical Baseline Motion included the following proposal (Proposed Medical Baseline Study):

- **Scope of study.** A third-party consultant would develop a single, coordinated, statewide study plan to produce an initial estimate of eligible Medical Baseline populations for each Large Utility's electric and gas territory.
- **Review of study design and budget.** A third-party consultant would conduct a stakeholder workshop on the proposed study design. The Large Utilities would file a Tier 3 advice letter to seek approval of the final proposed study design and budget.
- **Timeline.** First, the consultant would hold a stakeholder workshop within four months of authorization of the study. Second, the Large Utilities would file a Tier 3 advice letter within five months of the authorization of the study. The consultant would commence the study within three months of the final resolution on the Tier 3 advice letter. The consultant would release a draft report and hold a workshop around six to eight months after commencing the study. The consultant would complete a final report around 12 months after commencing the study.
- **Proposed budget estimate.** The Large Utilities estimated that the cost of the proposed study and workshop would be between \$225,000 and \$350,000.
- **Cost recovery.** The Large Utilities proposed to track and recover expenses in each utility's respective Residential Disconnections Implementation Memorandum Account. The Large Utilities proposed an allocation of 30 percent for PG&E, 30 percent for SCE, 25 percent for SCG, and 15 percent for SDG&E, consistent with the allocation the Commission established for a California Alternate Rates for Energy (CARE) eligibility study.

The Phase 2 scoping memo asked parties to comment on whether the Commission should authorize the Proposed Medical Baseline Study, whether the study should review the eligibility requirements for the Medical Baseline

program, how to review the design of the study, whether the proposed budget is reasonable, and how costs should be recovered.

UCAN, TURN, CalCCA, SDG&E/SoCalGas, and SCE each commented to support of the scope of the Proposed Medical Baseline Study.³⁸

CforAT/NCLC argued that the study should assess the eligible population for both the Medical Baseline program and for medical discounts for customers on non-tiered rates.³⁹ Medical discounts for customers on non-tiered rates are currently only available to customers who meet the Medical Baseline program eligibility requirements. Accordingly, we expect that the eligible population for these medical discounts in the Large Utilities' service territories would be the same as the eligible population for the Medical Baseline program. However, we will clarify that the study should consider the eligible population for medical discounts for non-tiered rates.

CforAT/NCLC also argued that the Large Utilities must "work diligently to expand program enrollment consistent with the requirements of Resolution E-5169 while any study process takes place."⁴⁰ UCAN shared this concern.⁴¹ This decision does not alter the requirements of Resolution E-5169.

CalCCA commented that the study should include an assessment of methods to increase communication with Medical Baseline customers. CalCCA asserted that Medical Baseline customers often do not receive messages sent by the utilities or community choice aggregators (CCAs) by email or direct mail.⁴²

³⁸ Comments of UCAN, TURN, CalCCA, SDG&E/SoCalGas, and SCE filed on August 5, 2022.

³⁹ CforAT/NCLC's comments filed on January 5, 2022.

⁴⁰ CforAT/NCLC's comments filed on January 5, 2022.

⁴¹ UCAN's comments filed on August 5, 2022.

⁴² CalCCA's comments filed on August 5, 2022.

The Large Utilities disagreed, asserting that the proposed expansion is not consistent with the goal of determining the total eligible population.⁴³ No other party commented on CalCCA's suggestion.

No party opposed the budget estimate or the proposed process for developing and finalizing the study and budget, but a few parties commented on the cost recovery proposal.

CforAT/NCLC argued that the Commission should consider recovering the costs of the study from utility shareholders.⁴⁴ However, CforAT/NCLC did not provide sufficient justification for recovering costs from utility shareholders.

UCAN argued that the utility ratepayers' proportional shares of the costs of the study should be proportionate to the number of residential customers in each utility's service territory.⁴⁵ PG&E disagreed, arguing that the Commission previously adopted the proposed split of costs for a similar CARE study.⁴⁶

TURN proposed cost recovery for the study through the mechanism currently used to recover costs of the Medical Baseline program.⁴⁷ Medical Baseline administration costs are included in each utility's General Rate Case. TURN did not explain why it would be more appropriate to recover the costs of the study through General Rate Case proceedings.

For the reasons above, it is reasonable to approve the Proposed Medical Baseline Study and the study development process described in the Conclusions of Law of this decision. The Large Utilities shall file a joint Tier 3 advice letter to

⁴³ Comments of PG&E, SCE, SDG&E, and SoCalGas filed on August 19, 2022.

⁴⁴ CforAT/TURN's comments filed on August 5, 2022.

⁴⁵ UCAN's comments filed on August 5, 2022.

⁴⁶ PG&E's comments filed on August 19, 2022.

⁴⁷ TURN's comments filed on August 5, 2022.

seek approval of the study design and budget within six months of the effective date of this decision. The Large Utilities may track and recover approved study expenses in each utility's respective Residential Disconnections Implementation Memorandum Account authorized in D.20-06-003.

TURN also recommended setting new Medical Baseline enrollment goals following the study.⁴⁸ SCE agreed that Medical Baseline enrollment goals should be revisited after the study has been completed.⁴⁹

TURN, UCAN, and CalCCA also proposed that the Commission authorize regular updates to the Medical Baseline study. TURN suggested updating the study every five years.⁵⁰ The Large Utilities supported updates to the study but argued that it is too soon to determine how often the study should be updated.⁵¹

The Large Utilities should file a joint Tier 3 advice letter within 90 days of serving the final Medical Baseline study report to propose: (a) new enrollment goals for the next five years for the Medical Baseline program and medical discounts on non-tiered rates; and (b) how often to update the Medical Baseline study, the process for developing these updates, and the process for setting future enrollment goals.

6. Additional Issues in Scope of Phase 2

CalCCA urged the Commission to address the proportional allocation between Large Utilities and CCAs of any payments made on past-due bills,

⁴⁸ TURN's comments filed on August 5, 2022.

⁴⁹ SCE's comments filed on August 19, 2022.

⁵⁰ Comments of TURN, UCAN, and CalCCA filed on August 5, 2022.

⁵¹ Comments of PG&E, SCE, SDG&E, and SoCalGas filed on August 19, 2022.

currently set to expire in September 2024 in accordance with D.21-11-014.⁵² We will consider whether to extend the proportional allocation between Large Utilities and CCAs of payments made on past-due bills as an issue in the scope of Phase 2 of this proceeding.

TURN commented that the Commission should consider whether to extend the Large Utilities' disconnection rate caps established in D.20-06-003 before the caps expire at the end of 2024. PG&E opposed considering this issue, arguing that it is out of scope of this proceeding because SB 598 does not require reductions of disconnections after January 1, 2024.⁵³

The Order Instituting Rulemaking for this proceeding anticipated that Phase 1 would address compliance with SB 598 and Phase 2 would take "a more holistic and comprehensive approach to the evaluation of the residential natural gas and electric disconnection rate with the goal of determining if the disconnection rate can be more effectively reduced through other programs or policies beyond those adopted in Phase 1." Reducing residential disconnections after January 1, 2024, is within the scope of this proceeding.

We will consider whether to extend or modify the Large Utilities' disconnection rate caps established in D.20-06-003 as an issue in the scope of Phase 2 of this proceeding.

7. Summary of Public Comment

Rule 1.18 of the Rules of Practice and Procedure (Rules) allows any member of the public to submit written comment in any Commission proceeding

⁵² In D.21-11-014, the Commission ordered the Large Utilities to allocate all types of payments made on past-due electric utility bills proportionally between utilities and Community Choice Aggregators through September 2024.

⁵³ PG&E's comments filed on May 4, 2023.

using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. There are no relevant public comments on the Docket Card.

8. Comments on Proposed Decision

The proposed decision of Commissioner Darcie L. Houck in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3. Comments were filed on _____ by _____, and reply comments were filed on _____ by _____.

9. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Stephanie Wang is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The remaining customers on the COVID Payment Plans will make their final payments by September 2024.
2. D.20-06-003 created the AMP program for the Large Utilities to reduce residential disconnections and provided that: (a) the Large Utilities may file a joint Tier 3 advice letter with recommendations for improving the AMP program after three years; (b) the Commission will open a proceeding three years after that decision to reauthorize the arrearage management payment plan; and (c) the AMP program rules will sunset after four years (in June 2024) unless the Commission issues a decision extending, reauthorizing, modifying, or rescinding the AMP program.
3. Resolution E-5169 (a) established goals for the Large Utilities to increase Medical Baseline enrollment levels, and (b) allowed the Large Utilities to file a

request for consideration of an eligible population study for the Medical Baseline program.

Conclusions of Law

1. It is reasonable for the Large Utilities to offer 24-month payment plans to eligible residential customers until October 1, 2026.
2. It is reasonable for eligible residential customers for 24-month payment plans to be defined as customers with unpaid bills at least 60 days past due and who are not enrolled in a payment plan, a Net Energy Metering tariff, levelized billing, budget billing, or automatic billing.
3. It is reasonable for the Large Utilities to allow customers to pay off payment plans early and notify customers if they miss a payment by email and text message.
4. The Commission should not require utilities to automatically enroll customers in long-term payment plans at this time.
5. The Commission should not modify the requirements of COVID Payment Plans at this time.
6. It is reasonable for the Commission to consider whether to extend, modify, or discontinue the AMP program in Phase 2 of this proceeding and not open a new proceeding to consider AMP issues.
7. It is reasonable for the Large Utilities to provide comments and data in this proceeding and through the AMP evaluation process to recommend improvements for the AMP program.
8. The Large Utilities should not file a Tier 3 advice letter to recommend AMP program improvements.
9. It is reasonable to extend the AMP program to October 1, 2026.

10. It is reasonable to direct the Large Utilities to select one utility to conduct a request for proposals to hire an AMP program evaluation contractor with experience evaluating energy programs, based on direction by the Commission's Energy Division, and enter into a contract with the evaluation contractor selected by Energy Division staff by October 1, 2024.

11. It is reasonable for the Commission's Energy Division to select the AMP 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.

12. It is reasonable for the AMP evaluation process to begin by October 1, 2024, and the final evaluation report to be completed by October 1, 2025.

13. It is reasonable to approve the Proposed Medical Baseline Study with the following requirements:

- (a) The Large Utilities will select one utility to conduct a request for proposals and hire a third-party contractor to conduct the study and stakeholder workshops.
- (b) The third-party consultant will develop a single, coordinated, statewide study plan to produce an initial estimate of eligible customers for the Medical Baseline program (or medical discounts for non-tiered rates) for each Large Utility's electric and gas territory.
- (c) The third-party consultant will conduct a public workshop on the proposed study design within five months of the effective date of this decision.
- (d) The Large Utilities will file a joint Tier 3 advice letter to seek approval of the study design and budget within six months of the effective date of this decision.

- (e) The third-party consultant will release a draft report and hold a public workshop to discuss the draft report within eight months of a resolution of the Tier 3 advice letter.
- (f) The Large Utilities will serve a copy of the final study report to the service list of this proceeding within 12 months of a resolution of the Tier 3 advice letter.
- (g) The costs of the study and workshops will be tracked and recovered through the Large Utilities' Residential Disconnections Implementation Memorandum Accounts authorized in D.20-06-003.
- (h) The costs of the study and workshops will be allocated as follows: 30 percent for PG&E, 30 percent for SCE, 25 percent for SCG, and 15 percent for SDG&E, consistent with the allocation established for the CARE eligibility study.

14. It is reasonable to require the Large Utilities to file a joint Tier 3 advice letter within 90 days of serving the final Medical Baseline study report to propose: (a) new enrollment goals for the next five years for the Medical Baseline program and medical discounts on non-tiered rates; and (b) how often to update the Medical Baseline study, the process for developing these updates, and the process for setting future enrollment goals.

15. It is reasonable for the Commission to consider whether to extend the proportional allocation between the Large Utilities and CCAs of payments made on past-due bills as an issue in the scope of Phase 2 of this proceeding.

16. It is reasonable for the Commission to consider whether to extend or modify the Large Utilities' disconnection rate caps established in D.20-06-003 as an issue in the scope of Phase 2 of this proceeding.

O R D E R**IT IS ORDERED** that:

1. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a Tier 1 advice letter within 90 days of the effective date of this decision to confirm implementation of the following requirements: (a) offer 24-month payment plans to eligible residential customers until October 1, 2026; (b) allow customers to pay off payment plans early; and (c) notify customers if they miss a payment plan payment by email and text message.

2. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall meet parties to this proceeding to discuss Arrearage Management Payment Plan (AMP) program best practices, and each file a Tier 2 advice letter within 120 days of the effective date of this decision to propose AMP program best practices that the utility will implement.

3. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue to offer the Arrearage Management Payment Plan to eligible residential customers until October 1, 2026.

4. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall select one utility to conduct a request for proposals to hire an evaluation contractor for the Arrearage Management Payment Plan program, based on direction by the California Public Utilities Commission's Energy Division. The selected utility shall: (a) enter into a contract with the evaluation contractor selected by Energy Division staff by October 1, 2024, with the final evaluation

report to be completed by October 1, 2025; and (b) record these costs in its Residential Disconnections Implementation Memorandum Account authorized in Decision 20-06-003.

5. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a joint Tier 3 advice letter to seek approval of the Medical Baseline eligible population study design and budget within six months of the effective date of this decision.

6. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a joint Tier 3 advice letter within 90 days of serving the final Medical Baseline study report to propose: (a) new enrollment goals for the next five years for the Medical Baseline program and medical discounts on non-tiered rates; and (b) how often to update the Medical Baseline study, the process for developing these updates, and the process for setting future enrollment goals.

7. Rulemaking 18-07-005 remains open.

This order is effective today.

Dated _____, at San Francisco, California.