

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**

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September 26, 2024

Agenda ID #22945
Quasi-Legislative

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

This is the proposed decision of Commissioner 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 November 7, 2024, 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

Chief Administrative Law Judge

MLC: asf

Attachment

Decision **PROPOSED DECISION OF COMISSIONER DARCIE L. HOUCK**
(Mailed 9/26/24)

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

INTERIM DECISION EXTENDING DISCONNECTION RATE CAPS

Summary

This interim decision directs Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company to extend the residential disconnection rate caps established in Decision 20-06-003 and in place at the time of this decision until the date a final decision on this matter is issued. A final decision on this matter will be issued no later than July 31, 2025.

1. Background

1.1. Procedural Background

On July 12, 2018, the Commission initiated this Order Instituting Rulemaking (OIR), pursuant to Senate Bill 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 OIR is to reduce residential disconnections and improve reconnection processes.

Phase 1 of this proceeding addressed immediate and near-term 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).

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 program, and concluded Phase 1 of this proceeding. D.20-06-003 set temporary residential disconnection rate caps for the Large Utilities that adjusted downwards each year through 2024. As of January 1, 2024, the disconnection rate caps were 3.5 percent for PG&E, 3 percent for SDG&E, 4 percent for SCE, and 2 percent for SoCalGas. These caps are set to expire at the end of 2024. The small and multi-jurisdictional energy utilities were exempted from the requirements of the Phase 1 decisions.

On July 15, 2022, the assigned Commissioner issued a Phase 2 scoping memo and ruling to establish the scope and schedule for this proceeding and requested party comments on Phase 2 issues. On March 22, 2024, the assigned Administrative Law Judge (ALJ) issued a ruling seeking party comment on Phase 2 issues including whether to extend and/or modify the Large Utilities' residential disconnection rate caps. Parties submitted opening comments on

April 19, 2024,¹ and reply comments on May 3, 2024.² More information is needed before a final determination can be made on whether to extend and/or modify the residential disconnection rate caps. On August 21, 2024, the assigned ALJ issued a ruling ordering the Large Utilities to produce certain data about the impacts of disconnection rate caps on uncollectibles and residential customer bills, as well as analyses of customer arrearages by geographic location and the impact of rate increases on customer arrearages. Opening comments to the August 21, 2024 ruling were filed on September 20, 2024, and reply comments are due October 4, 2024.

2. Party Comments

2.1. Extension of Disconnection Rate Caps

SCE, SDG&E, SoCalGas, and PG&E filed opening and reply comments on April 19 and May 3, 2024 in response to the assigned ALJ's March 22, 2024 ruling. The Large Utilities urge the Commission to let the current disconnections rate caps expire at the end of the year.

Cal Advocates, Greenlining, TURN, CforAT, NCLC, and the Utility Consumers' Action Network (UCAN) also filed comments in response to the assigned ALJ's March 22, 2024 ruling. These parties advocate for maintaining the current disconnection rate caps or to lower the current caps.

Advocates for continuing disconnections rate caps assert that protections are necessary to address an acute and growing affordability crisis that will likely

¹ The California Public Advocates Office (Cal Advocates), the California Community Choice Association (CalCCA), PG&E, SCE, SoCalGas, SDG&E, The Utility Reform Network, the Center for Accessible Technology, and the National Consumer Law Center (TURN, CforAT, and NCLC), and the Utility Consumer Action Network (UCAN) submitted opening comments.

² Cal Advocates, CalCCA, The Greenlining Institute (Greenlining), PG&E, SCE, SoCalGas, SDG&E, and UCAN submitted reply comments. The opening and reply comments form the record for purposes of this decision.

drive an increase in the number of customers in arrears and at risk of losing access to utility service.³ They further assert that caps protect low-income customers, disabled customers, customers of color, and renters.⁴

The Large Utilities support allowing the disconnection rate caps to expire at the end of the year. They assert that the caps increase arrearages and drive up rates for other customers that are current on their bills.⁵ The Large Utilities assert that disconnection caps reduce customers' incentive to pay their bills, and create inequity between customers in arrears that are disconnected and those in arrears that are not.⁶ They also argue the caps complicate evaluations of the Commission's various policies and programs designed to mitigate disconnections.⁷

2.2. Discussion

Parties remain divided on whether and how to address the pending expiration of the residential disconnection rate caps ordered in D.20-06-003. Party comments highlighted important, interrelated considerations that are often in tension with each other. These issues include but are not limited to: protecting the most vulnerable customers; mitigating the impact of uncollectibles on customer bills; monitoring, coordinating, and refining the programs designed to

³ Cal Advocates Opening Comments at 4, Greenlining Reply Comments at 1-2, TURN, CforAT, and NCLC Opening Comments at 4.

⁴ Cal Advocates Opening Comments at 4, Greenlining Reply Comments at 2.

⁵ SCE Opening Comments at 3, SDG&E Opening Comments at 2-3, SoCalGas Opening Comments at 6, PG&E Opening Comments at 4.

⁶ PG&E Reply Comments at 4, 6-7, SCE Opening Comments at 3, 10, SoCalGas Opening Comments at 2-3.

⁷ PG&E Reply Comments at 4, 6-7, SCE Opening Comments at 3, 10, SoCalGas Opening Comments at 2-3.

reduce arrearages and disconnections; and understanding the demographics of the customers at greatest risk of disconnection. The Commission agrees that these factors should be considered and that more information is needed.

Therefore, to obtain further clarification and information on the impacts of extending and/or modifying the disconnection caps, the Commission will continue to develop the record and gather additional data on this issue and will issue a future decision on this matter. The most recent comments submitted by parties on May 3, 2024 in response to the March 22, 2024 ALJ ruling left a number of questions that need to be addressed before making a determination on whether to extend the disconnections rate caps beyond 2024. Therefore, an ALJ ruling was issued on August 21, 2024, requesting additional information to be submitted into the record. This information will be reviewed and commented on by parties to the proceeding to further inform whether the current disconnection caps should be extended and/or modified. Until a final decision that considers this additional information is issued, the Large Utilities shall each maintain the disconnection rate caps established in Decision 20-06-003 and in place at the time of this decision. A final decision on this matter will be issued by July 31, 2025.

3. Summary of Public Comment

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

4. Comments on Proposed Decision

The proposed interim 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 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

5. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Andrew Dugowson is the assigned ALJ in this proceeding.

Findings of Fact

1. D.20-06-003 set annual residential disconnection rate caps for the Large Utilities that expire at the end of 2024.
2. The Commission requires additional information before establishing policy on disconnection rate caps beyond 2024.

Conclusions of Law

1. It is reasonable to extend the residential disconnection rate caps approved in D.20-06-003 for the Large Utilities until a final decision is issued on this matter which will be no later than July 31, 2025. The Commission should use this additional time to further develop the record in the proceeding, including the additional information recently requested from the Large Utilities through the August 21, 2024, ALJ ruling and any other information submitted into the record.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall maintain the residential disconnection rate caps established in Decision 20-06-003

and in place at the time of this decision until a final decision is issued on this matter, which will be no later than July 31, 2025.

2. Rulemaking 18-07-005 remains open to further develop the record on whether to extend, and/or modify the residential disconnection rate caps established in Decision 20-06-003 and in place at the time of this decision.

This order is effective today.

Dated _____, at Bakersfield, California