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**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

**ASSIGNED COMMISSIONER'S AMENDED PHASE 2 SCOPING MEMO AND RULING**

This amended Phase 2 scoping memo and ruling (Amended Phase 2 Scoping Memo) sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

The Amended Phase 2 Scoping Memo adds into the scope of this proceeding disconnection protections under extreme weather conditions, and the implementation of Senate Bill (SB) 1142. To obtain additional data on these new issues, Pacific Gas and Electric (PG&E), San Diego Gas & Electric (SDG&E), Southern California Gas Company (SoCalGas), and Southern California Edison (SCE) (collectively, Large IOUs), shall, and all other parties may, file and serve responses to the questions set forth in section 3 by November 22, 2024.

**1. Procedural Background**

On July 12, 2018, the Commission approved the Order Instituting Rulemaking (OIR) for this proceeding pursuant to SB 598 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. This proceeding is being conducted in phases.

Phase 2 of this proceeding considers additional solutions for reducing disconnection rates given the costs associated with disconnections for both disconnected ratepayers and ratepayers at large. On July 15, 2022, I issued a scoping memo and ruling setting forth the issues and schedule for Phase 2.

On August 14, 2024, The Utility Reform Network (TURN) filed an *Emergency Motion to Modify Weather-Related Disconnection Protections to Better Address "Extreme Heat" Health and Safety Risks* (Motion). TURN proposed two modifications to current disconnections rules. First, TURN recommends that the Commission prohibit disconnection of residential electric service when (A) temperatures at the customer's location are projected to exceed 100°F based on a 72-hour look-ahead period, or (B) when the National Weather Service "HeatRisk" index for the customer's location is forecast to reach the "Major" (Red/3) risk-level over the following 72 hours, which indicates that the anticipated level of heat will be dangerous to anyone without proper hydration or adequate cooling. Second, TURN recommends that the Commission add a requirement that electric utilities contact recently-disconnected customers where the same HeatRisk index criteria are met and offer to reconnect service without any minimum payment, as long as the customer agrees to a payment plan for the arrearage.

On August 28, 2024, the Center for Accessible Technology (CforAT) and the National Consumer Law Center (NCLC) filed a joint response in support of the Motion. On August 29, 2024, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), PG&E, SDG&E, SoCalGas, and SCE filed responses.

On October 14, 2024, the Assigned Commissioner issued a ruling that denied TURN's Motion on procedural grounds but sought party comment on whether the Commission should amend the proceeding scope to include the issues raised in TURN's Motion. On October 22, 2024, Cal Advocates, CforAT and NCLC, and TURN filed comments. All party comments supported adding into the scope of this proceeding TURN's proposed disconnection protections and encouraged the Commission to adopt a schedule that would resolve the issues before temperatures reach dangerous levels next year. Cal Advocates recommended that the Commission add questions related to implementation details and the proposals' impacts on customer arrearages.

This Amended Phase 2 Scoping Memo adds the issue of disconnection protections under extreme weather conditions into the scope of this proceeding and directs the Large IOUs, and requests all other parties, to respond to the questions in section 3 below.

On September 25, 2024, Governor Newsom signed into law SB 1142 (Stats. 2024, ch. 600, Menjivar). SB 1142 requires electric and gas companies to restore service to a disconnected customer who agrees to certain payment plans. SB 1142 also requires the Commission to determine whether to direct electrical and gas corporations to take into account a customer's ability to pay in any of the following circumstances: (1) before terminating service due to nonpayment, (2) before terminating service for a customer on an amortization agreement, and (3) in reconnecting service for a residential customer whose service was previously terminated for nonpayment. In determining whether to require electrical and gas corporations to consider a customer's ability to pay before terminating service, the Commission shall also consider whether to limit the amount an electrical corporation can collect up to an amount specified by the Commission,

as well as the impacts to participating and nonparticipating customers. The Commission has until July 1, 2025, to implement the statute.

This Amended Phase 2 Scoping Memo adds the implementation of SB 1142 into the scope of the proceeding and directs the Large IOUs, and requests all other parties, to respond to the questions in section 3 below.

## **2. Issues Added to Scope**

The following issues are added to the scope of Phase 2 of this proceeding: disconnection protections under extreme weather conditions, and implementation of SB 1142.

## **3. Questions for Party Comment**

The Large IOUs shall, and all other parties may, file and serve responses to the following questions by November 22, 2024.

### **3.1. Implementation of SB 1142**

1. Pub. Util. Code Section 779.6 requires an electrical or gas corporation to restore service to a residential customer whose service was previously terminated for nonpayment of delinquent amounts upon the customer entering into either an amortization agreement or any other arrearage payment plan.
  - a. For customers reconnected pursuant to this statute, which arrearage payment plans should the utilities be required to offer? Should the Commission adopt different requirements for the Large IOUs and the small, multi-jurisdictional utilities (SMJUs)?
  - b. Under what conditions should the Commission authorize utilities to disconnect customers reconnected pursuant to Pub. Util. Code Section 779.6(a) (i.e., customers on reconnection payment plans or amortization agreements)? Should the Commission adopt different requirements for the Large IOUs and the SMJUs?

- c. For customers reconnected pursuant to Pub. Util. Code Section 779.6(a) and subsequently disconnected for nonpayment, does the statute obligate utilities to reconnect those customers again if they agree to another payment plan? If not, should the Commission place restrictions on customers' ability to reconnect pursuant to Pub. Util. Code 779.6(a) multiple times, and if so, what should they be and how are they supported by the statute? Should the Commission adopt different requirements for the Large IOUs and the SMJUs?
2. Pub. Util. Code Section 779.6(a) requires, to the extent authorized by Commission rules, the restoration of service within 24 hours of the payment for remote reconnections and within one business day for field reconnections, except in situations relating to safety or extreme weather.
  - a. Should the Commission authorize utilities longer than 24 hours to restore a remote connection? If your answer is yes, under what conditions? Should the Commission adopt different requirements for the Large IOUs and the SMJUs?
  - b. Under what circumstances should the Commission authorize utilities longer than one business day for field reconnections? How should the Commission identify "situations relating to safety or extreme weather" that merit authorizing a reconnection period longer than one business day? Should the Commission adopt different requirements for the Large IOUs and the SMJUs?
  - c. How should the Commission determine whether utilities are adhering to the reconnection timeframes required by this statute? Should the Commission adopt reporting requirements and procedures? If so, what requirements and procedures should the Commission implement?
3. Pub. Util. Code Section 779.7(a) requires the Commission to determine whether to direct electrical and gas corporations to take into account a customer's ability to pay before terminating service due to nonpayment, before

terminating service for a customer on an amortization agreement, and in reconnecting service for a residential customer whose service was previously terminated for nonpayment.

- a. How should the Commission define and measure a customer's "ability to pay?"
    - i. What information must the Large IOUs and/or SMJUs use to determine a customer's ability to pay? Do the utilities currently have this information? If not, are there concerns associated with seeking such information?
  - b. Should the Commission require the electric and gas utilities to take into account a customer's ability to pay (1) before terminating service due to non-payment, (2) before terminating service for a customer on an amortization agreement, or (3) when determining whether to reconnect service for a residential customer whose service was previously terminated for non-payment?
    - i. How should the Commission direct utilities to "take into account" a customer's ability to pay?
4. Pub. Util. Code Section 779.7(b) directs the Commission to consider whether to limit the amount an electrical corporation can collect up to an amount specified by the Commission.
- a. Pub. Util. Code Section 779.7(b) explicitly mentions electrical corporations. Should the Commission require gas corporations to adopt similar policies?
  - b. Should the Commission limit the amount an electrical, (and potentially gas), corporation can collect from a customer that is unable to pay the bill?
5. Pub. Util. Code Section 779.7(a)(3), which addresses service reconnections, explicitly mentions residential customers. Sections 779.7(a)(1), 779.7(a)(2), and 779.7(b), which address service termination, do not address the customer classes to which these new provisions should apply. When

deciding whether to terminate service, should the Commission require utilities to take ability to pay into account for all customer classes? Should the Commission adopt different provisions for different customer classes?

- a. Should there be limits on customers classes to whom SB 1142's protections should apply? Should these protections apply indefinitely? For how long should the utilities be required to provide service to a customer unable to pay some or all of their bills?
6. Pub. Util. Code Section 779.7(c) requires the Commission to consider impacts to participating and nonparticipating customers to inform the determinations made pursuant to subdivision (a).
- a. How should the Commission define and measure "impacts" to participating customers (i.e., customers who continue to receive service when, absent this statute, the utilities would disconnect or not reconnect them)?
  - b. How should the Commission define and measure "impacts" to non-participating customers (i.e., all other customers), other than cost and bill impacts?
  - c. If, in response to earlier questions, you offered a proposal that would reduce the number of customers utilities would disconnect /reconnect, how many customers would be affected by your proposal? In other words, how often would your proposal require utilities to provide service to customers whom the utilities would otherwise disconnect or not reconnect?
  - d. What is the anticipated cost of your proposal to nonparticipating customers? If forecasted or anticipated costs are not immediately available or calculable, what information would the Commission need to estimate those costs?
  - e. Does the statutory requirement to consider the impacts to participating and non-participating customers imply a need for cost-benefit comparison?

- f. Do the benefits of your proposal outweigh your proposal's anticipated impacts on nonparticipating customers?
  - g. If you cannot forecast or estimate the cost of your proposal, what level of costs would be justified to implement your proposal?
7. Should the Commission require electric and gas utilities to report on whether and how they took into account customers' ability to pay when deciding whether to disconnect or reconnect customers? If so, what data should the Commission require? How can that reporting be incorporated into the monthly disconnection reports the Large IOUs already submit?
- a. Should the Commission adopt different requirements for the Large IOUs and the SMJUs?

**3.2. Disconnection Protections under Extreme Weather Conditions**

1. Should the Commission adopt protections to prohibit disconnection of residential electric service when the National Weather Service "HeatRisk" index for the customer's location is forecast to reach the "Major" (Red/3) risk-level over the next 72 hours?
- a. How many incremental disconnections would this proposal avert, as compared to current policies and practices?
  - b. How would this proposal affect customer arrearages, as compared to current policies and practices?
  - c. What operational changes would this proposal require to implement?
    - i. If implementation takes significant resources, what changes to this proposal could reduce the operational complexity?
  - d. How long would this proposal take to implement?
  - e. What would this proposal cost to implement?



2. Should the Commission add a requirement that electric utilities contact recently-disconnected customers where the same HeatRisk index criteria is met and offer to reconnect service without any minimum payment, as long as the customer agrees to a payment plan for the arrearage?
  - a. How many incremental reconnections would this proposal facilitate, as compared to current policies and practices?
  - b. How would this proposal affect customer arrearages, as compared to current policies and practices?
  - c. What operational changes would this proposal require to implement?
    - i. If implementation takes significant resources, what changes to this proposal could reduce the operational complexity?
  - d. How long would this proposal take to implement?
  - e. What would this proposal cost to implement?
3. Should the Commission adopt any other policies to address extreme heat risks through disconnection protections?
  - a. How many incremental disconnections would your proposal avert, as compared to current policies and practices?
  - b. How many reconnections would your proposal facilitate, as compared to current policies and practices?
  - c. How would your proposal affect customer arrearages, as compared to current policies and practices?
  - d. What operational changes would your proposal require to implement?
  - e. How long would your proposal take to implement?
  - f. What would your proposal cost to implement?

**4. Need for Evidentiary Hearing**

This phase may require an evidentiary hearing. Any party that believes evidentiary hearings are needed should indicate so in their initial response to the Amended Phase 2 Scoping Memo questions due on November 22, 2024, and set forth the disputed issues of material fact that require a hearing and explain how the moving party proposes to use the hearing to address such issues.

**5. Schedule**

The following schedule is adopted here and may be modified by the assigned Commissioner or the assigned ALJ as required to promote the efficient and fair resolution of the rulemaking:

Event	Date
<p>Initial response to Amended Phase 2 Scoping Memo Questions</p> <p>*Parties are to include in their initial response whether there are legal issues that parties believe should be briefed. Parties will have an opportunity to respond to such request in reply comments.</p> <p>* Parties are to include in their initial response any request for evidentiary hearing. Parties will have an opportunity to respond to such request in reply comments.</p>	<p>November 22, 2024</p>
<p>Workshop on Amended Phase 2 Scoping Memo Issues</p>	<p>December 2024</p>
<p>Comments on Workshop and Reply Comments to Initial</p>	<p>January 2025</p>

Responses to Amended Phase 2 Scoping Memo Questions	
Opening Briefs if needed	January/February 2025
Reply Briefs if needed	January/February 2025
Proposal on Scoping Memo Issues	February/March 2025
Comments on Proposal	March/ April 2025
Proposed Decision	Issued no later than June 15, 2025
Decision	On or before July 1, 2025

**6. Alternative Dispute Resolution (ADR) Program and Settlements**

The Commission’s Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties’ request, the assigned ALJ can refer this proceeding to the Commission’s ADR Coordinator. Additional ADR information is available on the Commission’s website.<sup>1</sup>

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

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<sup>1</sup> See D.07-05-062, Appendix A, § IV.O.

**7. Category of Proceeding and Ex Parte Restrictions**

This ruling confirms the Commission’s preliminary determination<sup>2</sup> that this is a quasi-legislative proceeding. Accordingly, ex parte communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Rules.

**8. Public Outreach**

Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission’s monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission’s website.

**9. Intervenor Compensation**

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation within 30 days of the issuance of this Amended Phase 2 Scoping Memo.

**10. Response to Public Comments**

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

**11. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the

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<sup>2</sup> Resolution ALJ 176-3537 at 3.

electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **12. Filing, Service, and Service List**

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.<sup>3</sup>

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at

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<sup>3</sup> The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

[process\\_office@cpuc.ca.gov](mailto:process_office@cpuc.ca.gov) to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

**13. Assignment of Proceeding**

Darcie L. Houck is the assigned Commissioner and Presiding Officer for the proceeding. Andrew Dugowson is the assigned ALJ.

**IT IS RULED** that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. An evidentiary hearing may or may not be needed for this phase.
4. Pacific Gas and Electric, San Diego Gas & Electric, Southern California Gas Company, and Southern California Edison shall, and all other parties may, file and serve responses to the questions set forth in section 3 by November 22, 2024.
5. The presiding officer is Commissioner Darcie L. Houck.
6. The category of the proceeding is quasi-legislative.

Dated October 30, 2024, at San Francisco, California.

/s/ DARCIE L HOUCK

Darcie L. Houck  
Assigned Commissioner