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**Ratesetting**

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

This is the proposed decision of Administrative Law Judge Andrew Dugowson. 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 June 12, 2025, 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.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKEMichelle Cooke  
Chief Administrative Law JudgeMLC:asf  
Attachment

Decision PROPOSED DECISION OF ALJ DUGOWSON (Mailed 5/9 /2025)

**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 ADDRESSING REQUIREMENTS OF SENATE BILL 1142 AND  
EXTREME HEAT DISCONNECTIONS PROTECTIONS**

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## **DECISION ADDRESSING REQUIREMENTS OF SENATE BILL 1142 AND EXTREME HEAT DISCONNECTIONS PROTECTIONS**

### **Summary**

This decision addresses the requirements of Senate Bill 1142 (2024, Menjivar) and directs the California-jurisdictional energy utilities to develop proposals to reduce disconnections in areas that experience extreme heat events.

This decision requires Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company (the Large IOUs) to reconnect first-time disconnected customers with no conditions beyond enrolling the customer in a payment plan. Additional disconnection protections apply for three months following that first reconnection. After the three-month period, the utilities may develop their own requirements for reconnection consistent with Commission guidance, including requirements for the Arrearage Management Program (AMP) and Percentage of Income Payment Plan (PIPP).

The Large IOUs shall implement reconnections within 24 hours (for remote reconnections) or one business day (for field reconnections), subject to safety and weather events, as defined in this decision. The Large IOUs shall also update their monthly disconnection reports to include information about reconnections.

Lastly, this decision directs the Large IOUs to file proposals for adjusting heat-based disconnection thresholds within six months of the issuance of this decision. The other electric and gas utilities must file their own proposal one month after the Large IOUs file their proposal. All proposals must be implemented by May 1, 2026.

This proceeding remains open.

## 1. Procedural Background

On July 12, 2018, the Commission approved the Order Instituting Rulemaking for this proceeding pursuant to Senate Bill (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 1 of this proceeding established 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 IOUs). Phase 1 was resolved in decisions (D.) 18-12-013, D.20-06-003, D.21-10-012, and D.22-08-037.

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, the assigned Commissioner 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) in which TURN proposed modifications to current disconnections rules. 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, SCE, SDG&E, and SoCalGas filed responses.

On September 25, 2024, Governor Newsom signed into law SB 1142 (Stats. 2024, ch. 600, Menjivar), which 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.

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.

On October 30, 2024, the assigned Commissioner issued an *Amended Phase 2 Scoping Memo and Ruling* (Scoping Memo), allowing parties to file opening comments by November 22, 2024. On November 15, 2024, the assigned Administrative Law Judge (ALJ) issued a *Ruling Setting Workshop On Amended Phase 2 Scoping Memo Issues*, which scheduled a workshop for December 12, 2024. On November 22, 2024, the following parties filed opening comments to questions from the Scoping Memo: Cal Advocates, California Community Choice

Association (CalCCA), the California Association of Small and Multijurisdictional Utilities (CASMU), PG&E, SCE, SDG&E, SoCalGas, the Utility Consumer Action Network (UCAN), TURN, CforAT, and NCLC. On December 12, 2024, the workshop took place as scheduled. On December 23, 2024, the Central Coast Energy Services (CCES) emailed the service list, but did not file, opening comments on the Scoping Memo.<sup>1</sup>

On January 5, 2025, the assigned ALJ issued an email ruling setting the following deadlines for party comment: January 10, 2025 for the opening comments on the December 12, 2024 Workshop; January 17, 2025 for reply comments on the December 12, 2024 Workshop; and January 17, 2025 for reply comments to questions from the Scoping Memo. On January 8, 2025, pursuant to Rule 11.6 of the Commission's Rules of Practice and Procedure, SDG&E requested an extension of time to submit opening comments on the December 12, 2024 Workshop, reply comments on the December 12, 2024 Workshop, and reply comments on the Scoping Memo. On January 9, 2025, the assigned ALJ issued an email ruling granting SDG&E's request and set the following deadlines for party comment: January 24, 2025 for opening comments on the December 12, 2024 Workshop; January 31, 2025 for reply comments on the December 12, 2024 Workshop; and January 31, 2025 for reply comments on the Scoping Memo. On January 24, the following parties filed opening comments on the December 12, 2024 Workshop: SDG&E, TURN, and UCAN. On January 31, 2025, the following parties filed reply comments on the December 12, 2024 Workshop: SoCalGas, SCE, and SDG&E. Also on January 31, 2025, the following parties filed reply

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<sup>1</sup> CCES neither acknowledged that their document was late filed nor requested leave to late file. The Commission did not accept their comments and they are not part of the proceeding record.



comments on the Scoping Memo: CASMU, PG&E, SCE, SDG&E, Southwest Gas Company (Southwest Gas), UCAN, and TURN, CforAT, and NCLC.

## **2. Submission Date**

The matter was submitted on January 31, 2025 upon submission of reply comments on December 12, 2024 Workshop and responses to questions set out in the Scoping Memo.

## **3. Issues Before the Commission**

### **3.1. SB 1142**

SB 1142, codified in Public Utilities (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.

#### **3.1.1. Payment Plan Options For Reconnected Customers**

For customers reconnected pursuant to this statute, the Commission sought party comments on which arrearage payment plans the utilities should be required to offer.

Cal Advocates, CalCCA, PG&E, SCE, SoCalGas, UCAN, TURN, CforAT, and NCLC propose that the Large IOUs offer all reconnecting customer the option to enroll in all available arrearage payment plans or amortization plans for which the customer is eligible.<sup>2</sup> PG&E states that the Arrearage Management

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<sup>2</sup> Cal Advocates opening comments on Scoping Memo at 3, CalCCA opening comments on Scoping Memo at PDF page 8, PG&E opening comments on Scoping Memo at 2, SCE opening comments on Scoping Memo at 3, SoCalGas opening comments on Scoping Memo at 1-2, TURN, CforAT, and NCLC opening comments on Scoping Memo at 1-2, UCAN opening comments on Scoping Memo at 2.

Program (AMP) is likely the best option in such a scenario.<sup>3</sup> Southwest Gas supports offering arrearage repayment plans that may extend up to 24 months based on individual customer circumstances.<sup>4</sup>

TURN, CforAT, and NCLC assert that the Large IOUs should inform customers about and provide opportunities to enroll in all discount and support programs for which the customer qualifies, including the California Alternate Rates for Energy (CARE) program, the Family Electric Rate Assistance (FERA) program, Medical Baseline, and the Self-Generation Incentive Program (SGIP).<sup>5</sup> CalCCA agrees.<sup>6</sup> TURN, CforAT and NCLC argue that utilities should accomplish this by actively educating customers, assisting them with enrollment in the relevant programs, and monitoring and reporting the outcomes.<sup>7</sup> They argue these requirements should apply to all utilities, including the Small and Multi-jurisdictional Utilities (SMJUs).

CASMU notes that the Commission has imposed different requirements on the Large IOUs and SMJUs for a variety of reasons, recognizing that the SMJUs may face relatively higher administrative costs than the Large IOUs. CASMU asserts it is reasonable not to require SMJUs to implement AMP programs.<sup>8</sup>

This decision does not mandate the Large IOUs to implement specific payment programs. SB 1142 requires the utilities to reconnect customers who

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<sup>3</sup> PG&E opening comments on Scoping Memo at 2.

<sup>4</sup> Southwest Gas reply comments on Scoping Memo at 3.

<sup>5</sup> *Id.* at 2.

<sup>6</sup> CalCCA opening comments on Scoping Memo at PDF page 8.

<sup>7</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 2.

<sup>8</sup> CASMU opening comments on Scoping Memo at 6.

enter into a payment plan, but does not dictate which types of plans must be offered. Accordingly, the Large IOUs may continue using their existing processes to inform customers of available options and determine which payment plan is best for them. This determination applies to both the Large IOUs and SMJUs.

**3.1.2. Disconnection Conditions pursuant to Pub. Util. Code Section 779.6(a)**

The Commission sought comment on whether customers who are reconnected after agreeing to a payment plan should receive additional protections against future disconnections. Cal Advocates, CASMU, SCE, SDG&E, SoCalGas, Southwest Gas, and UCAN argued in favor of maintaining the status quo, where the utilities are allowed to disconnect customers when existing statute and regulation permit them to do so.<sup>9</sup>

TURN, CforAT, and NCLC recognize that utilities are technically authorized to disconnect customers who fail to comply with the terms of their payment plan but recommend that the initial payment that utilities require for reconnection be capped.<sup>10</sup> They recommend that CARE and FERA customers' initial payments be capped at the payment amount allocated to Tier 1 participants in the Percentage of Income Payment Plan (PIPP) pilot program adopted in D.21-10-012 (as modified in D.22-02-010), and that all other residential customers' initial payments be capped at twenty percent of their outstanding balance.<sup>11</sup> TURN, CforAT, and NCLC also argue that the Large IOUs should help

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<sup>9</sup> Cal Advocates opening comments on Scoping Memo at 4, CASMU opening comments on Scoping Memo at 7-8, SCE opening comments on Scoping Memo at 5, SDG&E opening comments on Scoping Memo at 2-3, SoCalGas opening comments on Scoping Memo at 2, Southwest Gas opening comments on Scoping Memo at 4, UCAN opening comments on Scoping Memo at 3.

<sup>10</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 5.

<sup>11</sup> *Ibid.*

customers enroll in all relevant assistance programs, offer referrals to third-party organizations and the Large IOUs' charitable assistance programs, and communicate the timelines and conditions for reconnection.

This decision does not change the existing conditions under which the Large IOUs may disconnect customers. SB 1142 does not require the Commission to provide additional disconnection protections to customers that are reconnected pursuant to the statute, and no party proposed such measures. This determination applies both to the Large IOUs and SMJUs.

**3.1.3. Reconnection Conditions Pursuant to Pub. Util. Code Section 779.6(a)**

For customers reconnected pursuant to Pub. Util. Code Section 779.6(a) and subsequently disconnected for nonpayment, the Commission sought party comments on whether the statute obligates utilities to reconnect those customers again if they agree to another payment plan. And if not, whether the Commission place restrictions on customers' ability to reconnect pursuant to Pub. Util. Code 779.6(a) multiple times. SB 1142 requires utilities to reconnect disconnected customers if the customer agrees to participate in a payment program. However, the statute is silent on whether utilities must reconnect customers multiple times, and whether they can impose additional requirements beyond participation in the payment program (e.g., paying back a portion of the past-due balance). Parties interpret this silence differently.

Cal Advocates and TURN, CforAT, and NCLC interpret the statute as obligating utilities to reconnect customers an indefinite number of times – so long as the customer agrees to enroll in a payment plan – but recognize that the

Commission has authority to determine the specifics of those plans.<sup>12</sup> TURN, CforAT, and NCLC ask the Commission to consider the practice in Iowa which allows customers who default on a payment plan to reconnect, but imposes stricter conditions for reconnections beyond the first one.<sup>13</sup> TURN, CforAT, and NCLC argue that the utilities should be required to reconnect any customer that enrolls in a payment plan and makes a minimum payment, where the minimum payment is capped using the formula discussed in the previous section.<sup>14</sup>

CASMU, PG&E, SCE, SDG&E, SoCalGas, and Southwest Gas do not believe the statute intended to require continuous reconnections.<sup>15</sup> They argue that allowing customers to reconnect without more stringent requirements (e.g., requiring an upfront payment) undermines the effectiveness of the plans, as customers will know they can reconnect without making any payment, creating the possibility of an “endless loop” of disconnections and reconnections. Such a scenario would neither help customers reduce their arrears nor mitigate the financial burden on all ratepayers and could hamper the effectiveness of the payment plans. CASMU, PG&E, SCE, SDG&E, SoCalGas, and Southwest Gas argue that customers requesting multiple reconnections should be required to demonstrate a commitment to paying down their balance. The suggestions include requiring the customer to catch up on all missed payments for the

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<sup>12</sup> Cal Advocates at opening comments on Scoping Memo 5, TURN, CforAT, and NCLCL opening comments on Scoping Memo at 7.

<sup>13</sup> TURN, CforAT, and NCLCL opening comments on Scoping Memo at 7.

<sup>14</sup> TURN, CforAT, and NCLCL opening comments on Scoping Memo at 8-9.

<sup>15</sup> CASMU opening comments on Scoping Memo at 9, PG&E opening comments on Scoping Memo at 2-3, PG&E reply comments on Workshop at 2-3, SCE opening comments on Scoping Memo at 6-7, SDG&E opening comments on Scoping Memo at 3, SoCalGas opening comments on Scoping Memo at 3, Southwest Gas opening comments on Scoping Memo at 4-6, UCAN opening comments on Scoping Memo at 3.

payment plan in which they were enrolled when they were disconnected,<sup>16</sup> paying down at least half of their past due balance,<sup>17</sup> or allowing the utility to work with the customer on a case-by-case basis.<sup>18</sup>

While UCAN agrees that SB 1142 was not designed to create an “infinite loop” of reconnections, they express concern that allowing utilities to require large upfront repayments is infeasible for some customers and jeopardizes their health.<sup>19</sup>

As explained below, this decision requires the Large IOUs to reconnect first-time disconnected customers without any conditions beyond enrolling the customer in a payment plan. For the three months following that first reconnection, if the customer is disconnected again for failure to pay under their payment plan, the Large IOUs must reconnect that customer and allow the customer to maintain their payment plan, provided that the customer pays the balance accrued during the plan period or an amount agreed upon by the Large IOU and the customer. After the three-month period, the Large IOUs may develop their own requirements for subsequent reconnections, consistent with Commission guidance.

As all the parties recognize, the Commission has authority to allow utilities to establish requirements for enrollment in the payment plan. If the Commission were to require utilities to allow customers to reconnect an infinite number of times without requiring a down payment (or some other demonstration of ability

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<sup>16</sup> SoCalGas opening comments on Scoping Memo at 3.

<sup>17</sup> SCE opening comments on Scoping Memo at 6-7.

<sup>18</sup> SDG&E opening comments on Scoping Memo at 3, Southwest Gas opening comments on Scoping Memo at 4-6.

<sup>19</sup> UCAN Workshop Comments at 4.

and intent to pay), disconnections would no longer serve any purpose. The issue of non-payment also impacts other customers that are current on their bills, many of whom do not qualify for CARE or FERA but also struggle to make ends meet. Arrearages may continue to grow, driving customers deeper into debt and increasing the financial burden on non-participating customers, many of whom struggle to pay their monthly electric bills. At the same time, the clear intent of the statute is to mitigate the impact of disconnections and offer customers additional opportunities to pay down their debt. The Commission must balance providing opportunities for customers that have been disconnected or are at risk of disconnection with the potential for increased financial burdens falling on ratepayers who are current with their monthly bills.

Consistent with the intent of SB1142, this decision requires the Large IOUs to reconnect first-time disconnected customers without any additional requirements beyond enrollment in a payment plan. For subsequent reconnections, the Large IOUs may require payment for all or part of the outstanding arrearage. Customers who have been disconnected once have demonstrated that they are more likely than the average customer to be unable to pay their future bills in full. The Commission recognizes, however, that customers with the intent and ability to pay may need time to adapt to the new payment plan. The policy proposed by SoCalGas requires customers to be accountable for any missed installments of their payment plan while also offering customers some flexibility in responding to the new program by not immediately burdening the customer with all or a significant portion of their past-due balance. Accordingly, for the three months following that first reconnection, if the customer is disconnected again for failure to pay under their payment plans, the Large IOUs must reconnect that customer and allow the

customer to maintain their payment plan, provided that the customer pays the balance accrued during the plan period. For reconnections after the three-month transition period, the Large IOUs may continue to set their own requirements for reconnections, consistent with Commission guidance. The Large IOUs should set those requirements at a level that acknowledges the essential need of energy service and that customers with accrued arrearages may have accumulated them due to circumstances that have since changed. Accordingly, the Large IOUs should aim to set reconnection requirements that balance two goals: they should be high enough to mitigate the risk of cost-shifting to customers who are current on their payments, but low enough to remain financially feasible.

When determining whether to disconnect or reconnect a customer after the three-month transition period has elapsed, the Commission encourages the Large IOUs and SMJUs to take the following factors into consideration:

**3.1.3.1. Tribal and Disadvantaged Communities**

In its opening workshop comments, UCAN states that “[s]ervice disconnections are more common in predominantly minority communities” and asks the Commission to take this into consideration.<sup>20</sup> UCAN further states that “[m]any tribal members live in very rural environments that rely on wells for water service. When electric utility service is terminated these individuals not only no longer have power for their refrigerators and other home appliances, but they also lose access to water.”<sup>21</sup> We agree with UCAN and encourage the Large IOUs and SMJUs to consider whether the customer resides in a disadvantaged or tribal community in determining the best option available to the customer to

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<sup>20</sup> UCAN opening workshop comments at 9

<sup>21</sup> UCAN opening workshop comments at 9



maintain their service or to have their service restored. The utilities should make every effort to contact customers residing in disadvantaged and tribal communities to ensure the customer is aware that their service is at risk of being disconnected and discuss the available payment options with the customer prior to disconnecting customers in these communities.

### **3.1.3.2. Other Unique Customer Circumstances**

In its workshop comments, TURN recommended that “[w]hen it is recognized that a customer is at risk of disconnection, utilities need to take into account the customers unique circumstance such as hardships, health issues, significant life events.”<sup>22</sup> The SMJUs argue in their joint reply comments on the Scoping Memo and Ruling that “TURN/CforAT/NCLC’s recommendations, while well intentioned, cannot feasibly be implemented by utilities, particularly by the SMJUs in light of their more limited resources.”<sup>23</sup> However, PG&E states in its reply comments that “[w]orking with customers on an individual basis is essential, as customers are more likely to successfully complete their plans if the terms align with what they are able to adhere to. Customers who call PG&E with inquiries about their bill or past due balances are informed about the availability of payment plan options and can make payment plans meeting their specific needs and circumstances.”<sup>24</sup> SoCalGas states that payment plans should be offered “with options for customers that suit their personal circumstances and also be set up to avoid a cycle of disconnections.”<sup>25</sup> SCE states that it “already considers the customer’s ability to pay on an individual basis, allowing them to

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<sup>22</sup> TURN’s opening workshop comments, Attachment A.

<sup>23</sup> Joint comments of SMJUs on Scoping Memo at 4.

<sup>24</sup> PG&E’s reply comments on the Scoping Memo and Workshop at 2.

<sup>25</sup> SoCalGas’ reply comments on the December 12, 2024 Workshop.

negotiate good-faith payments and establish payment plans tailored to their specific circumstances” and has safeguards for unknown health conditions.<sup>26</sup>

The Commission is persuaded by TURN’s recommendation which appears feasible to implement given that PG&E, SoCalGas, and SCE already consider customers’ individual circumstances when establishing payment arrangement. There may be circumstances in which customers face factors beyond their control that hinder their ability to pay utility bills. Therefore, the utilities should take such circumstances into consideration and determine the most appropriate arrangement to restore service whenever a customer expresses that they are experiencing hardships beyond their control, significant health issues, or significant life event that impact their ability to pay.

### **3.1.3.3. Age of Outstanding Balance**

In its reply comments on the Memo, Cal Advocates states: “[i]n the Workshop, the utilities indicated that they prioritize customers with the oldest debt for disconnection. Because age of debt can be an indicator of financial hardship, the Commission should direct utilities to use these indicators to identify and target support to customers who are struggling to pay their bills rather than adopting an income-based ability to pay metric.”<sup>27</sup> Cal Advocates proposes several possible measures for supporting these customers, including “offering extensions on payment plans, lower monthly payments under payment plans, and reduced or waived payments to avert disconnection or initiate

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<sup>26</sup> SCE’s reply comments to responses to questions in the Scoping Memo and reply comments on Workshop at 4.

<sup>27</sup> Cal Advocates reply comments on Phase 2 Scoping Memo and Ruling at 8.

reconnection.”<sup>28</sup> The utilities shall consider the age of the outstanding balance and determine the best payment arrangement for the customer.

### **3.1.4. Reconnection Timelines**

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. The Commission asked parties to comment on whether utilities should have more time beyond statute to restore connection, how to define “situations relating to safety or extreme weather” that would justify extending the reconnection period, and whether different requirements should to the Large IOUs versus the SMJUs.

Parties generally agree that the Commission should allow exceptions to the 24-hour reconnection timelines only in cases of extreme weather or safety, as required by SB 1142.

Cal Advocates argues the Commission should offer exceptions to the reconnections timelines in cases that meet General Order (GO) 166’s definition of Emergency or Disaster: “an event which is the proximate cause of a major outage, including but not limited to storms, lightning strikes, fires, floods, hurricanes, volcanic activity, landslides, earthquakes, windstorms, tidal waves, terrorist attacks, riots, civil disobedience, wars, chemical spills, explosions, and airplane or train wrecks.”<sup>29</sup> SCE argues in response that the GO 166 definition does not include common scenarios that should allow the Large IOUs leeway in reconnection timelines, such as aggressive dogs, customers who will not grant

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<sup>28</sup> *Ibid.*

<sup>29</sup> Cal Advocates opening comments on Scoping Memo at 7.

needed premises access, or unsafe wiring.<sup>30</sup> PG&E asks for an exemption from the reconnections deadlines when a state or federal emergency has been declared.<sup>31</sup> SCE recommends the Commission broadly define extreme weather events as events that “lead to hazards and road closures that could put utility employees or the public at risk,” such as snowstorms, fires, heavy rain, and flooding, and notes that its Tariff Rule 11.J authorizes SCE to refuse to reconnect service in case of unsafe conditions.<sup>32</sup> SoCalGas notes that Section C.16 of its Tariff Rule 9 states that “if circumstances beyond the SoCalGas’s control prevent reconnection within the specified 24-hour period, service shall be reconnected within 24 hours after those circumstances cease to exist and consistent with safety protocols.”<sup>33</sup> SDG&E simply asks the Commission to consider the need for exceptions, and Southwest Gas and TURN, CforAT, and NCLC agree with the goals of the statute.<sup>34</sup>

CASMU expresses concern that any definition of safety or extreme weather may inadvertently exclude scenarios that justify additional time to reconnect customers.<sup>35</sup> Accordingly, they argue, utilities should be given enough latitude to make prudent judgment calls to ensure safety.<sup>36</sup> In line with this concern, SCE and SDG&E ask the Commission to allow them exemptions when the customer does not or cannot allow the utility access to the customer’s premises, and PG&E

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<sup>30</sup> SCE reply comments on Workshop and Scoping Memo at 1-2.

<sup>31</sup> PG&E opening comments on Scoping Memo at 3.

<sup>32</sup> SCE opening comments on Scoping Memo at 8-9.

<sup>33</sup> SoCalGas opening comments on Scoping Memo at 4.

<sup>34</sup> SDG&E opening comments on Scoping Memo at 3, Southwest Gas opening comments on Scoping Memo at 6, TURN, CforAT, and NCLC opening comments on Scoping Memo at 10.

<sup>35</sup> CASMU opening comments on Scoping Memo at 10.

<sup>36</sup> *Id.* at 10-11.

asks for an exemption when a customer makes a payment but does not inform the utility.<sup>37</sup>

TURN, CforAT, and NCLC ask the Commission to require utilities to notify customers if the reconnection will take longer than the required timeframe, and to deliver the notification by all available channels.<sup>38</sup>

This decision adopts a multi-part definition of the scenarios that justify longer reconnection timelines and requires the Large IOUs to report their compliance metrics. If compliance levels are unreasonably low or begin a negative trend, Commission staff or intervenors may call for an investigation of the cause.

This decision authorizes utilities to exceed the timeline requirements in cases where: (1) reconnection would risk the safety of utility employees or the public, (2) weather conditions cause reconnection to be impossible because the site is inaccessible or unsafe, (3) individuals or animals at the site prohibit utility employees from accessing the site and access is essential to reconnection, but once access is allowed reconnection shall occur immediately, or (4) unforeseeable circumstances that make reconnection impossible because the site is inaccessible or unsafe. PG&E's request for an exemption, when a customer makes a payment but does not inform the utility, is denied. Once the conditions justifying the exemption have been resolved, the utilities shall reconnect the customer within 24 hours or one business day if there is an intervening weekend or holiday.

The Commission shares the concerns of CASMU and others that any narrow description may inadvertently exclude circumstances where it is

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<sup>37</sup> PG&E opening comments on Scoping Memo at 3, SCE opening comments on Scoping Memo at 8, SDG&E reply comments on Workshop at 1-2.

<sup>38</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 10-11.

impossible to reconnect a customer within the statutory timeline. At the same time, this broad description creates the possibility that utilities could inappropriately overuse the “unforeseeable circumstances” category to disguise non-compliant performance. This concern is addressed in the following section on reporting requirements.

This direction applies to the Large IOUs and SMJUs.

#### **3.1.4.1. Reporting Requirements and Procedures**

The Commission sought party comments on how the Commission should determine whether utilities are adhering to the reconnection timeframes required by this statute. Should the Commission adopt reporting requirements and procedures; and if so, what requirements and procedures should the Commission implement. CASMU, SCE, SDG&E, and SoCalGas contend that the existing reporting requirements on reconnections are sufficient and therefore the Commission should impose no additional reporting requirements on the time taken for each reconnection and the justification for violating statutory timelines.<sup>39</sup> SCE recommends that the Commission rely on the existing complaint process to monitor and resolve any issues. UCAN asserts the current complaint process is insufficient because the Commission’s Consumer Affairs Branch (CAB) does not have authority to enforce compliance and, as not all customers are aware of the complaint process, it could understate the actual volume of problems for customers.<sup>40</sup> SCE asserts that any additional reporting would be manually intensive and a detailed justification of an outage could implicate

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<sup>39</sup> CASMU opening comments on Scoping Memo at 10, SCE opening comments on Scoping Memo at 9-10, SDG&E opening comments on Scoping Memo at 4, SoCalGas opening comments on Scoping Memo at 5.

<sup>40</sup> UCAN Workshop Comments at 4-5.

customer privacy concerns, and notes that approximately 98 percent of reconnections are remote and already log the time to reconnection.<sup>41</sup> CASMU notes that the Commission has recognized in this proceeding that “reporting may be more burdensome than necessary for SMJUs, and frequent reporting provides greater administrative burdens that may not be warranted in the long term.”<sup>42</sup> PG&E asks that any new reporting be incorporated into utilities’ monthly disconnection reports.<sup>43</sup> SoCalGas asks the Commission to require utilities to reconnect within the statutory timeline 90% of the time.<sup>44</sup>

Cal Advocates, UCAN, and TURN, CforAT, and NCLC argue for additional reporting. Cal Advocates argues that the Large IOUs’ monthly disconnection reports do not provide enough detail for the Commission to determine what portion of the utilities’ reconnections comply with SB 1142 because the reports “[do] not differentiate between remote and field connections, business days and non-business days, or whether delayed reconnections occur due to weather and safety situations or other causes.”<sup>45</sup>

Cal Advocates asks the Commission to require the Large IOUs and SMJUs to include the following data in their monthly disconnection reports: the total number of reconnections, disaggregated by field and remote reconnections; the number of remote reconnections that occur within 24, 48, 72, and beyond 72 hours; the number of field reconnections that occur in 1, 2, 3, or more than 3 business days; and, for all remote connections that take longer than 24 hours and

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<sup>41</sup> SCE opening comments on Scoping Memo at 9-10.

<sup>42</sup> CASMU opening comments on Scoping Memo at 11-12, citing to D.22-08-037 at 26.

<sup>43</sup> PG&E opening comments on Scoping Memo at 4.

<sup>44</sup> SoCalGas opening comments on Scoping Memo at 5.

<sup>45</sup> Cal Advocates opening comments on Scoping Memo at 8.

all field reconnections that take longer than one business day to implement, specification of whether the delay is due to a weather or safety event, as well as the specific name and/or description of each weather or safety event.<sup>46</sup> Further, Cal Advocates asks the Commission to require the Large IOUs and SMJUs to submit a narrative explanation of the delayed reconnections that are not due to weather or safety concerns and the utilities' efforts to reduce these delays.<sup>47</sup>

CASMU disagrees with Cal Advocates, stating that the new reporting requirements would present cost and implementation challenges as they would entail a new process requiring additional personnel.<sup>48</sup> CASMU note that Cal Advocates' claim that the burden to SMJUs would be small is based on assumptions rather than data. UCAN suggests that utilities be required to document the causes of any delayed reconnections.<sup>49</sup> UCAN further recommends that utilities should submit twice-annual reports on reconnections including the number of reconnections, the number of exceptions, and the number of reconnections.<sup>50</sup>

TURN, CforAT, and NCLC ask the Commission to require utilities to document every instance where a reconnection does not occur within the specified timeframe. This should include the duration of the delay, cause of the delay, location of the customer, and a monthly count of all such incidents. The utilities should include this information in their monthly disconnection reports.<sup>51</sup>

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<sup>46</sup> Cal Advocates opening comments on Scoping Memo at 8.

<sup>47</sup> *Id.* at 8-9.

<sup>48</sup> CASMU reply comments on Scoping Memo at 6-7.

<sup>49</sup> UCAN opening comments on Scoping Memo at 5.

<sup>50</sup> *Id.* at 5-6.

<sup>51</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 11.



CAB should receive and investigate complaints and be granted authority to enforce compliance.<sup>52</sup>

Above, the Commission sets forth the narrow circumstances that justify an exception from the 24-hour reconnection timeline. In order to discourage utilities from over-using the language the Commission uses above, the Commission also imposes new reporting requirements on the Large IOUs.

Cal Advocates' proposal is largely reasonable, but its requirements for detailed narrative explanations of exceptions is more appropriate for utilities that are first found to be performing poorly. Accordingly, within three months of the issuance date of this Decision, the Large IOUs must include the following information in their monthly disconnection reports: the total number of reconnections, disaggregated by field and remote reconnections; the number of remote reconnections that occur within 24, 48, 72, and beyond 72 hours; the number of field reconnections that occur in 1, 2, 3, or more than 3 business days; and, for all remote connections that take longer than 24 hours and all field reconnections that take longer than one business day to implement, an explanation for the delay. For purposes of consistency and clarity, these explanations should be simple and standardized among the Large IOUs (e.g., customer refused access, flooding, downed wires). The Large IOUs shall coordinate among themselves and the SMJUs and seek guidance and approval from the Commission's Energy Division on the appropriate formatting and labeling for this data.

If after the initial monthly report the data shows, or after several reports the data shows a trend, that a utility has objectively poor performance or

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<sup>52</sup> *Ibid.*

underperforms its peers, the utility will be required to provide more detailed reporting, including the type of narrative reporting requested by Cal Advocates and TURN, CforAT, and NCLC. If poor performance or under performance continues, Energy Division staff may refer to the matter to CAB for investigation.

Furthermore, the Commission requires that whenever any utility (i.e., both the Large IOUs and SMJUs) informs a customer that they will be reconnected, the utility must also inform the customer that the law obligates the utility to restore service within a certain amount of time,<sup>53</sup> unless safety or weather issues make that impossible. The utility should further inform the customer that, should the utility not meet this requirement, the customer may submit a complaint to the Commission. At the customer's request, the utility should provide information on how to submit a complaint in the format of the customer's choice (e.g., via phone, email, or text message), so long as the utility currently communicates with the customer via that medium.

### **3.1.5. Customer's Ability to Pay**

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. The language of the statute does not specify how "ability to pay" is to be determined and also charges the Commission with determining "whether" to direct utilities to take such ability into account. Thus, the statute gives considerable discretion to the Commission.

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<sup>53</sup> The utility should determine whether the customer requires a remote or field reconnection and give the customer the timeline relevant to them.

### 3.1.5.1. Definition of “Ability to Pay”

The Commission asked parties to comment on how to define and measure a customer’s “ability to pay” and what information the Large IOUs and/or SMJUs should use in making that determination.

TURN, CforAT, and NCLC define “ability to pay” as “a customer’s capacity to pay their utility bill in full and on time each month without sacrificing essential expenses that contribute to the health and well-being of all household members.”<sup>54</sup> They argue for an inherently qualitative, case-by-case analysis that takes into account each customer’s “unique circumstances, including but not limited to hardships such as temporary or prolonged job loss, hospitalization, serious illness, injury, death in the family, or other significant life events.”<sup>55</sup> TURN, CforAT, and NCLC want utilities to collect information through account reviews and “meaningful discussions” with customers, and note that the utilities’ customer service representative already may engage in one-on-one conversations with customers.<sup>56</sup> Relevant data include participation in assistance programs, receipt of financial aid, and the customers’ assertion of financial hardship.<sup>57</sup> UCAN offers that Community Based Organizations (CBO) may be better-positioned than utilities to collect sensitive and qualitative information, and suggests that utilities work with the CBOs to conduct this outreach before ordering disconnection.<sup>58</sup>

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<sup>54</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 12.

<sup>55</sup> *Ibid.*

<sup>56</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 12, and RC on Scoping Memo at 8.

<sup>57</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 12-13.

<sup>58</sup> UCAN opening comments on Workshop at 8.

PG&E and SCE take a simpler approach, suggesting that a customer's ability to pay should be defined based on their participation in income-qualified programs (i.e., CARE and FERA).<sup>59</sup> UCAN argues that CARE and FERA enrollments underrepresent the number of people in financial distress because not every eligible customer is aware of or enrolled in the programs.<sup>60</sup>

CASMU and SoCalGas assert that the utilities do not have the ability to evaluate a customer's ability to pay, and SoCalGas suggests the Commission would be better served to focus on the affordability of rates and the success of assistance programs instead.<sup>61</sup>

CASMU, PG&E, SCE, and SoCalGas contend that evaluating a customer's ability to pay is complicated and requires many types and a significant volume of data, much or all of which would be sensitive and confidential, and some of which cannot be obtained and/or verified by utilities.<sup>62</sup> Southwest Gas notes that the only relevant information it collects is each customer's payment history and whether they are enrolled in assistance programs. PG&E and SCE state that utilities can easily check whether a customer is enrolled in CARE or FERA and would allow utilities to evaluate ability to pay using existing information.<sup>63</sup>

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<sup>59</sup> PG&E opening comments on Scoping Memo at 4, SCE opening comments on Scoping Memo at 11.

<sup>60</sup> UCAN Workshop Comments at 6.

<sup>61</sup> CASMU opening comments on Scoping Memo at 12, SoCalGas opening comments on Scoping Memo at 5.

<sup>62</sup> CASMU opening comments on Scoping Memo at 13, PG&E opening comments on Scoping Memo at 4-5, SCE at 11, SoCalGas opening comments on Scoping Memo at 4-6.

<sup>63</sup> PG&E opening comments on Scoping Memo at 5, SCE opening comments on Scoping Memo at 11.

Cal Advocates agrees that the process would be labor intensive, requiring a bespoke analysis for each customer, and argues that the Commission is not currently structured or resourced to perform this analysis.<sup>64</sup> TURN, CforAT, and NCLC argue that it is the utilities' capabilities that are relevant, not the Commission's.<sup>65</sup>

SCE and SDG&E note that the Income Based Fixed Charge Proceeding, Rulemaking (R.) 22-07-005, considers the topic of customer ability to pay, and faced similar challenges.<sup>66</sup> They highlight that in the first phase of that proceeding, the Commission relied on "simple variables," including CARE and FERA status.<sup>67</sup> TURN, CforAT, and NCLC add that D.24-05-028 in R.22-07-005 created a working group to evaluate whether and how to develop a methodology that could help determine a customer's ability to pay, and recommend the Commission use any methodology developed in that proceeding.<sup>68</sup> They also note that the PIPP pilot program evaluations were submitted this year, and that the utilities will file advice letters recommending refinements to their programs.<sup>69</sup> They recommend the Commission make use of any relevant information that arises from that process.

The Commission finds that at this time, the best measure of a customer's ability to pay is whether they are eligible for or enrolled in the CARE or FERA

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<sup>64</sup> Cal Advocates opening comments on Scoping Memo at 9.

<sup>65</sup> TURN, CforAT, and NCLC reply comments on Scoping Memo at 7.

<sup>66</sup> SDG&E opening comments on Scoping Memo at 5, SCE opening comments on Scoping Memo at 11-12.

<sup>67</sup> SCE opening comments on Scoping Memo at 11-12.

<sup>68</sup> TURN, CforAT, and NCLC reply comments on Scoping Memo at 8.

<sup>69</sup> *Id.* at 9.

programs. Parties unanimously agree that a detailed calculation of a customer's ability to pay is a complex, contentious, consequential, and customer-specific analysis that would take into account a wide array of data from disparate sources, most of which is sensitive or confidential. The Commission aims to ensure it approaches this important issue with the deliberation and care it merits.

To that point, the Commission is currently overseeing related work in other forums. Several parties point out that R.22-07-005 is grappling with similar issues in addressing how to develop and implement an income based fixed charge. D.24-05-028 in that proceeding created a Process Working Group that will, among other things: provide an overview of existing income verification processes and alternatives to income verification used for moderate- and higher-income customers in California and other states; provide an assessment of existing and potential data sources for how customers could be assigned to income tiers; propose an income verification processes and alternatives; and estimate the costs and an analysis of the costs compared to the benefits of each of the proposed income verification processes. Each of these topics is relevant to the discussion of ability to pay. The progress of this working group could inform future discussions about customer ability to pay. Accordingly, the preliminary steps to develop a more comprehensive analysis of a customer's ability to pay are already taking place. As the Commission gathers more information, it may update these definitions when and how it deems prudent.

In the interim, the Commission exercises its discretion to direct the Large IOUs and SMJUs to use eligibility for the CARE and FERA programs as a proxy for customers' ability to pay. The Commission may revisit this definition if and when it adopts additional requirements in R.22-07-005.

### **3.1.5.2. Considerations Before Terminating or Reconnecting Service**

The Commission sought party comments on whether electric and gas utilities should be required to consider 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. The Commission also asked how utilities should be directed to "take into account" a customer's ability to pay in these situations.

TURN, CforAT, and NCLC argue that when a utility determines a customer meets a certain threshold of financial distress, the utility should offer a customized payment plan priced at a level the customer can afford.<sup>70</sup> As part of the customized plans, they argue the utilities should consider offering payment plans with terms longer than 24 months.<sup>71</sup> TURN, CforAT, and NCLC reiterate their argument that upfront payments should be capped in the same manner they propose in response to previous questions.<sup>72</sup> Separately, TURN suggests that payment plans should be 24 months long at minimum.<sup>73</sup>

As Cal Advocates did not propose a way to calculate ability to pay, they do not take a position on whether the Commission should direct utilities to take into account a customer's ability to pay. They do argue, though, that the Commission should examine why the existing payment programs have such

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<sup>70</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 14.

<sup>71</sup> TURN, CforAT, and NCLC reply comments on Scoping Memo at 10.

<sup>72</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 14.

<sup>73</sup> TURN opening comments on Workshop at PDF page 6.

high failure rates.<sup>74</sup> Southwest Gas does not oppose the idea but presents no specific proposals.<sup>75</sup>

CASMU, PG&E, SCE, SDG&E, and SoCalGas all oppose this approach. CASMU, SDG&E, and PG&E claim that any such analysis would be impractical, burdensome, and costly to implement.<sup>76</sup> PG&E claims it would implicate customer privacy issues.<sup>77</sup>

Furthermore, the fact that a customer is unable to pay does not change the fact that the customer is accumulating arrears that will ultimately be paid for by other customers that are current on their bills.<sup>78</sup> Cal Advocates, SCE and SDG&E argue that it is better for the Commission to focus on its existing suite of assistance programs and pricing policies (CARE and FERA, income-graduated fixed charges, AMP, PIPP, etc.).<sup>79</sup> SoCalGas argues that providing benefits based on a holistic ability to pay would be akin to a public benefit program that is better addressed by the State itself.<sup>80</sup> Finally, CASMU argues that the fact that a customer is unable to pay does not change the fact that the customer is accumulating arrears that must ultimately be paid for by other customers.<sup>81</sup>

This decision does not require utilities to adopt any new practices that take into account a customer's ability to pay. There already exist multiple assistance

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<sup>74</sup> Cal Advocates opening comments on Scoping Memo at 10-11.

<sup>75</sup> Southwest Gas opening comments on Scoping Memo at 8.

<sup>76</sup> CASMU opening comments on Scoping Memo at 13, CASMU reply comments on Scoping Memo at 2, SDG&E opening comments on Scoping Memo at 5.

<sup>77</sup> PG&E opening comments on Scoping Memo at 5-6.

<sup>78</sup> CASMU opening comments on Scoping Memo at 13.

<sup>79</sup> SCE at 13, SDG&E opening comments on Scoping Memo at 5.

<sup>80</sup> SoCalGas opening comments on Scoping Memo at 6.

<sup>81</sup> CASMU opening comments on Scoping Memo at 13.



programs that determine eligibility based on CARE and FERA status. Furthermore, taking into account a customer's ability to pay implies providing some form of financial assistance. The Commission can potentially improve the efficiency and effectiveness of its support for low-income customers by reviewing and refining its existing payment and assistance programs, rather than creating a new practice or program here. These potential opportunities are discussed later in this decision.

This direction applies to the Large IOUs and SMJUs.

### **3.1.6. Caps on Payments**

Pub. Util. Code Section 779.7(b) directs the Commission to consider whether to limit the amount of money an electrical corporation can collect from a customer prior to terminating service. The Commission asked parties to comment on whether such caps should be applied, and if so, whether they should apply to both electric and gas corporations.

TURN, CforAT, and NCLC ask that any caps on payments should apply to gas corporations, while PG&E and SDG&E oppose caps for any utilities.<sup>82</sup>

TURN, CforAT, and NCLC argue for the same caps they proposed in response to earlier questions (for CARE and FERA customers, an amount tied to PIPP payment levels; for all other residential customers, a cap of 20 percent of the customer's outstanding balance).<sup>83</sup> They argue that the current approach grants utilities significant discretion, which results in different customers receiving different terms for reconnection. They assert that data collected through TURN's hotline indicate that this non-standardized approach results in customers who

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<sup>82</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 15.

<sup>83</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 15.

are less familiar with the utility system, monolingual, or speak English as a second language receiving inequitable treatment.<sup>84</sup>

Cal Advocates, CASMU, SCE, SDG&E, and SoCalGas oppose any caps on payments, while PG&E would support caps on reconnection payments no lower than 20% of the customer's outstanding balance.<sup>85</sup> CASMU, PG&E, SCE, SDG&E, and SoCalGas note that any cap will enable arrears to continue to grow, which they believe harms both the customer in arrears and the other ratepayers who will ultimately bear the cost of the uncollectible debt.<sup>86</sup> SCE further notes that any cap will reduce the customer's incentive to manage energy consumption.<sup>87</sup>

Cal Advocates and SDG&E argue that a cap would not address the underlying factors that drive arrears and ask the Commission to focus on the bigger picture, including affordability and the design and refinement of assistance programs.<sup>88</sup>

UCAN makes a number of recommendations broadly related to affordability and rates (e.g., the Commission should limit electric utilities' earnings so that utility service is affordable to at least 95% of residential customers as measured by the affordability metrics in R.18-07-006) that are outside the scope of this proceeding.<sup>89</sup>

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<sup>84</sup> *Ibid.*

<sup>85</sup> PG&E reply comments on Workshop and Scoping Memo at 4.

<sup>86</sup> CASMU opening comments on Scoping Memo at 14, PG&E opening comments on Scoping Memo at 6, SCE opening comments on Scoping Memo at 15, SDG&E opening comments on Scoping Memo at 6, SoCalGas opening comments on Scoping Memo at 7.

<sup>87</sup> SCE opening comments on Scoping Memo at 15.

<sup>88</sup> SDG&E opening comments on Scoping Memo at 6, Cal Advocates opening comments on Scoping Memo at 11-12.

<sup>89</sup> UCAN opening comments on Scoping Memo at 10-12.

This decision does not impose any additional limits on the amount of money the utilities may collect from a customer before terminating service. Capping the amount a utility can collect prior to disconnection is the counterpart to capping the amount of money the utility may collect for reconnection services. The new reconnection policies imposed in this decision work toward the same goal as placing caps on payments before termination.

This direction applies to the Large IOUs and SMJUs.

### **3.1.7. Holistic Review of Payment Plans and Customer Assistance Programs**

Multiple parties encourage the Commission to conduct a holistic analysis of energy utility payment programs and assistance programs to understand the reasons for their successes and failures, the ways they work together, and to identify ways to refine the programs to their effectiveness as a whole.

SCE recommends that the Commission evaluate and consider modifying the existing payment plans to improve their effectiveness and the effectiveness of related policies.<sup>90</sup> Cal Advocates agrees, recommending that the Commission conduct a study of all existing payment plans to understand their high default rates, and identify modifications that could improve the program (i.e., manage arrears and lower disconnection rates).<sup>91</sup> CalCCA recommends that the Commission order a third-party, holistic examination of all disconnection and arrearage management programs to evaluate the programs' effectiveness and the relationship between the programs.<sup>92</sup> CalCCA notes that Cal Advocates,

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<sup>90</sup> SCE opening comments on Scoping Memo at 5.

<sup>91</sup> Cal Advocates opening comments on Scoping Memo at 5-6.

<sup>92</sup> CalCCA opening comments on Scoping Memo at PDF pages 7-8.

CalCCA, PG&E, and SoCalGas made a similar recommendation in comments on the disconnection caps.<sup>93</sup>

UCAN argues that it is premature to conduct such a study until the utilities have more experience with existing programs.<sup>94</sup>

The Commission does not order additional studies at this time, but Commission staff will review the PIPP Pilot Program Final Evaluation Report (filed and served by PG&E on March 17, 2025) and the AMP Final Evaluation Report (due October 1, 2025) and, if warranted, may recommend ways to improve the individual and collective effectiveness of the payment programs. The more that the Large IOUs can guide the AMP Evaluation to address the types of questions posed above, the more useful the Final Report will be. These resources may inform the Commission's actions taken in the instant proceeding or related proceedings.

**3.1.8. Applicable Customer Classes, Impact on Participating and Non-Participating Customers, Reporting on Ability to Pay**

The discussion above addresses Questions 1 through 4 of Section 3.1 ("Implementation of SB 1142") of the Scoping Memo. As the Commission has determined not to direct utilities to take customers' ability to pay into account at this time (other than considering CARE or FERA eligibility), the remaining questions in Section 3.1 are moot.

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<sup>93</sup> *Id.* at PDF page 8.

<sup>94</sup> UCAN Workshop Comments at 7.

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

#### **3.2.1. Protections During a “Major” (Red/3) Risk-Level**

The Commission asked parties to comment on whether residential electric disconnections should be prohibited when a “Major” (Red/3) HeatRisk level is forecasted for a customer’s area within the next 72 hours.

CalCCA, UCAN, and TURN, CforAT, and NCLC support TURN’s proposal to prohibit disconnection of residential electric service when the National Weather Service (NWS) “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 (HeatRisk proposal). They highlight the health risks of sudden heat spikes that are not ameliorated by current disconnection practices.<sup>95</sup> CalCCA further encourages using the tool to prohibit disconnections during times of exceptional cold.<sup>96</sup> CASMU is open to TURN’s HeatRisk proposal, and expects that because Major HeatRisk indices are infrequent occurrences, implementation should not be overly burdensome.<sup>97</sup>

PG&E, SCE, and SDG&E oppose the use of the NWS HeatRisk index for multiple reasons. First, the tool is explicitly marked as “experimental.”<sup>98,99</sup> SCE

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<sup>95</sup> UCAN Workshop Comments at 10, TURN, CforAT, and NCLC opening comments on Scoping Memo at 27.

<sup>96</sup> CalCCA opening comments on Scoping Memo at PDF pages 9-10.

<sup>97</sup> CASMU opening comments on Scoping Memo at 18.

<sup>98</sup> PG&E opening comments on Scoping Memo at 8-9, SCE opening comments on Scoping Memo at 21, SDG&E opening comments on Scoping Memo at 9.

<sup>99</sup> See the NWS HeatRisk Website, <https://www.wpc.ncep.noaa.gov/heatrisk/>. A banner at the top of the website reads: “Experimental: This page is experimental to provide a period of time for customers to provide feedback to NWS.” Accessed April 22, 2025.

argues that the benefits would be relatively small while the costs to implement significant.<sup>100</sup> SCE stated that the NWS HeatRisk tool only contains enough historical data to analyze how TURN's proposed practices would have impacted disconnections during the August 2024 heat wave. Per SCE's analysis, 3% of disconnected customers would not have been disconnected if the tool had been used.<sup>101</sup>

Cal Advocates and PG&E both argue that there is not enough information in the record to make a decision. PG&E strongly supports further evaluation and analysis through this proceeding to ensure a safe weather risk methodology is employed, and Cal Advocates requests detailed analysis that includes extensive backcasting and evaluation of customer impacts.<sup>102</sup> TURN, CforAT, and NCLC similarly request a detailed analysis.<sup>103</sup>

SDG&E argues that current practices are sufficient.<sup>104</sup>

This decision does not adopt any new disconnection restrictions at this time related to extreme heat, or when a "Major" (Red/3) HeatRisk level is forecasted in a customer's area. The HeatRisk index is still under development and its future is uncertain,<sup>105</sup> so it would be imprudent to use it to guide decision

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<sup>100</sup> SCE opening comments on Scoping Memo at 21.

<sup>101</sup> *Id.* at 22.

<sup>102</sup> Cal Advocates opening comments on Scoping Memo at 16-17, PG&E opening comments on Scoping Memo at 9.

<sup>103</sup> TURN, CforAT, and NCLC reply comments on Scoping Memo at 15.

<sup>104</sup> SDG&E opening comments on Scoping Memo at 9-10.

<sup>105</sup> See the NWS HeatRisk Website, <https://www.wpc.ncep.noaa.gov/heatrisk/>. A banner at the top of the website reads: "Experimental: This page is experimental to provide a period of time for customers to provide feedback to NWS." Accessed April 22, 2025.

making on an indefinite basis. As new information becomes available the Commission may revisit this issue.

### **3.2.2. Reconnection Requirements During “Major” HeatRisk Events**

The Commission asked parties to comment on whether electric utilities should be required to contact recently disconnected customers during forecasted “Major” (Red/3) HeatRisk conditions and offer to reconnect service without a minimum payment, provided the customer agrees to a payment plan for the outstanding balance.

TURN, CforAT, NCLC argue that the Commission should require electric utilities to contact recently-disconnected customers and offer reconnection.<sup>106</sup> The health benefits described above apply equally to customers who are reconnected and those who are prevented from being disconnected.

CASMU and SCE argue that implementing this policy would be burdensome and costly and that operational impacts would be significant.<sup>107</sup>

SCE argues that the proposal would protect only a small number of additional customers but the process of identifying and contacting eligible customers about reconnection could actually exceed the time it takes for most customers to reconnect and may not result in a response from customers.<sup>108</sup>

As the Commission has not directed the utilities to impose new disconnection restrictions at this time, it similarly will not impose the requirement to contact recently disconnected customers and offer reconnection.

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<sup>106</sup> TURN, CforAT, and NCLC opening comments on Scoping Memo at 27.

<sup>107</sup> CASMU opening comments on Scoping Memo at 20, SCE opening comments on Scoping Memo at 25.

<sup>108</sup> SCE opening comments on Scoping Memo at 25.

### 3.2.3. Additional Protections during Extreme Heat Risks

The Commission asked parties to comment on whether additional policies are needed to protect customers from disconnection during extreme heat events. SCE argues the Commission should consider measures that meet the dual goal of extending customer protections and being cost-effective. SCE offers that the Commission could reconsider whether the 100 degrees Fahrenheit threshold<sup>109</sup> should be slightly lowered to increase the number of customers protected from disconnections, or consider the use of other, more established tools such as NOAA's Heat Index and Wetbulb Globe Temperature measure.<sup>110</sup> PG&E and SDG&E agree that if the Commission wishes to refine its extreme weather protections, it might consider adjusting the existing temperature threshold, but suggest further analysis before the Commission takes action.<sup>111</sup> TURN, CforAT, and NCLC also recommend further analysis and also propose an interim measure requiring utilities to suspend disconnections at the request of local public health departments when the NWS HeatRisk index reaches certain levels.<sup>112</sup> UCAN suggests lowering the threshold for disconnection protections from 100 degrees Fahrenheit to 95 degrees Fahrenheit for ease of implementation.<sup>113</sup>

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<sup>109</sup> D.20-06-003, OP 1(f): "Residential customers shall not be disconnected when temperatures above 100 degrees or below 32 degrees are forecasted based on a 72-hour look-ahead period. Each utility may continue to use its own internal weather monitoring systems for meeting this requirement."

<sup>110</sup> SCE opening comments on Scoping Memo at 28.

<sup>111</sup> PG&E reply comments on Workshop and Scoping Memo at 7. SDG&E reply comments on Scoping Memo at 2-3.

<sup>112</sup> TURN, CforAT, and NCLC reply comments on Scoping Memo at 15.

<sup>113</sup> UCAN opening comments on Workshop at 11.



TURN, CforAT, and NCLC express some concern about a blanket approach to lowering the temperature threshold for disconnection suspensions. They argue that heat risks vary so much by location, that the blanket approach may not mitigate the risks the NWS HeatRisk index is designed to address.<sup>114</sup>

The decision directs the Large IOUs to develop, in collaboration with Cal Advocates, TURN, CforAT, and NCLC, and any other interested parties to this proceeding, a proposal to lower the temperature or other relevant thresholds that trigger disconnections suspensions in light of the relative heat risks identified in TURN's Motion of August 14, 2024. This proposal shall identify regions in each Large IOU's territory that should have a lower temperature threshold to suspend disconnections then propose region-specific thresholds. The Large IOUs must jointly file this proposal via a Tier 3 Advice Letter within six months of the issuance date of this decision. The approved proposal must then be implemented before May 1, 2026. The proposal need not be a consensus among all stakeholders; the Advice Letter should identify major issues where stakeholders disagree and allow each stakeholder to succinctly explain their position. The Commission will seek proposals that have a targeted focus on reducing customers' relative heat exposure, that rely on data and tools that are proven and consistently available, and minimize cost and burden of implementation.

This decision directs the SMJUs to jointly file a Tier 3 Advice Letter within one month of the Large IOUs' submission, either adopting the Large IOUs' proposal, proposing a modified version, or presenting an alternative proposal.

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<sup>114</sup> TURN, CforAT, and NCLC reply comments on Scoping Memo at 18-20.

### **3.3. Public Participation Hearings**

TURN, CforAT, and NCLC strongly encouraged the Commission to host Public Participation Hearings to understand customers' experiences at every point in the disconnection cycle (e.g., the variety of experiences in interacting with IOUs, their understanding of the current disconnection rules and protections, the impact of disconnections on the customers' health and lives, and more), as this information could root policymaking in customers' actual lived experiences.<sup>115</sup> SDG&E disagreed, arguing that its current level of engagement with customers prior to and after disconnection is sufficient.<sup>116</sup>

The Commission appreciates TURN's, CforAT's, and NCLC's continued focus on the wellbeing and experience of the customers. As the Commission considers development or refinement of the way utilities engage with customers, the Commission will consider scheduling one or more Public Participation Hearings in this phase of the proceeding.

### **3.4. Tribal Liaisons**

UCAN recommends that the Large IOUs designate a tribal liaison for their tribal customers that would help the utilities with tribal outreach and provide training to utility representatives on Native American culture and tribal outreach.<sup>117</sup> PG&E disagrees, arguing that its current approach is sufficient, and describes some of its current tribal engagement policies.<sup>118</sup> SCE notes that it already employs a dedicated tribal relations manager.<sup>119</sup>

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<sup>115</sup> TURN Comments on Workshop at 1-2.

<sup>116</sup> SDG&E reply comments on Workshop at 1-2.

<sup>117</sup> UCAN opening comments on Workshop at 7-8.

<sup>118</sup> PG&E reply comments on Workshop and Scoping Memo at 8-9.

<sup>119</sup> SCE reply comments on Workshop and Scoping Memo at 6.

The Commission has recognized the importance of engaging directly with tribal communities. Should a tribe request it, the Large IOUs must provide the tribe with a dedicated point of contact for matters concerning bill payments, arrearages, and/or disconnection/reconnection of energy services.

#### **4. Procedural Matters**

This decision affirms all rulings made by the Administrative Law Judge and the assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

#### **5. Summary of Public Comment**

Rule 1.18 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. No public comments relevant to this reporting requirement appeared on the Docket Card.

#### **6. 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 of the Commission’s Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

#### **7. Assignment of Proceeding**

Darcie L. Houck is the assigned Commissioner and Andrew Dugowson is the assigned Administrative Law Judge in this proceeding.

**Findings of Fact**

1. When a disconnected utility customer seeks reconnection, the utility may under certain conditions require the customer to pay down a portion of their outstanding balance.

2. Requiring the utilities to adopt a less stringent reconnection policy would improve access to energy for disconnected customers but may shift some of the financial risk and burden to paying ratepayers if reconnected customers continue to default.

3. Utility customers who have been disconnected for non-payment once have demonstrated that they are more likely than the average customer to be unable to pay their future bills in full. That disconnection, however, may be the result of unique circumstances that have changed.

4. Utility customers who have been disconnected two or more times for non-payment have demonstrated that there is an even greater likelihood they will default again.

5. Customers that reside in rural communities, disadvantaged communities, and tribal communities may face significant, additional hardship when they lose access to utility services.

6. Customers may experience unique circumstances outside of their control that hinders their ability to pay their entire bill on time. As these unique circumstances may vary, different customers may benefit from different arrangements to assist the customer in restoring service.

7. The age of a customer's arrearage may be an indicator of the severity for the customer's financial hardship and how much they would benefit from supplemental measures to assist them.

8. As the conditions under which utilities are exempt from the reconnection timelines established by Senate Bill 1142 are by their nature broad and amorphous, it is reasonable to impose new reporting requirements that will allow the Commission and other interested parties to monitor utilities' compliance.

9. It would be time- and resource-intensive – and potentially unworkable at this time – to develop a detailed measure of a customer's ability to pay their utility bill.

10. The California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs are the Commission's two largest assistance programs and have straightforward eligibility thresholds based on a customer's household income.

11. R.22-07-005 has established a working group to investigate questions related to a customer's ability to pay.

12. Limiting the amount of money a utility can collect from a customer prior to disconnecting a customer is largely equivalent to limiting the amount of money the utility may collect from a customer prior to reconnecting service.

13. Commission regulations currently prohibit the Large IOUs from disconnecting customers when temperatures above 100 degrees Fahrenheit or below 32 degrees Fahrenheit are forecasted within the next 72 hours.

14. Residents in regions of California with relatively temperate climate may still experience life-threatening situations when temperatures reach levels that are extremely high relative to the regions' baseline climate, even if the temperatures do not exceed 100 degrees Fahrenheit or fall below 32 degrees Fahrenheit. This concept of relative heat risk was not considered when the

Commission set the blanket thresholds of 100 and 32 degrees Fahrenheit to suspend disconnections.

15. It is important for the Large IOUs to engage directly and regularly with the tribal communities in their service territories.

### **Conclusions of Law**

1. Senate Bill 1142 requires that utilities must reconnect customers that enter into a payment plan but neither restricts nor expands the types of plans that utilities must offer. Accordingly, utilities should be allowed to use their existing processes to inform the customer of their available options and determine which payment plan is best for them.

2. Senate Bill 1142 did not direct the Commission to change the conditions under which a utility may disconnect a customer, therefore such conditions should not be modified.

3. The circumstances under which electric and gas corporations may be exempt from the reconnection timelines established by Senate Bill 1142 should include situations where: (1) reconnection would risk the safety of utility employees or the public, (2) weather conditions cause reconnection to be unsafe or impossible because site access is necessary for reconnection but the site is inaccessible, (3) individuals or animals at the site prohibit utility employees from accessing the site and access is essential to reconnection, or (4) unforeseeable circumstances that make reconnection unsafe or impossible because site access is necessary for reconnection but the site is inaccessible.

4. It is reasonable at this time to assess a customer's ability to pay based on whether their household income qualifies them for enrollment in the CARE or FERA programs.

5. At this time, the Commission should not require utilities to take into account a customer's ability to pay before terminating service for non-payment, before disconnecting a customer on an amortization agreement or when determining whether to reconnect service for a residential customer whose service was previously terminated for non-payment.

6. The National Weather Service's HeatRisk tool is still under development and its future is uncertain, so it should not be used at this time to guide decisionmaking on an indefinite basis.

7. The concept of relative heat risk should be further investigated.

### **O R D E R**

**IT IS ORDERED** that:

1. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, Liberty Utilities, Southwest Gas Company, Bear Valley Electric Service, PacifiCorp, Alpine Natural Gas Operating Company, and West Coast Gas Company, Inc. must offer the following reconnection options to customers whose service has been terminated:

- (a) For first time disconnected customers, the utility must offer to restore service with no conditions other than participation in a payment plan
- (b) For the three months immediately following that first reconnection, if the customer is disconnected again for failure to pay under their payment plan, the utility must reconnect that customer and allow the customer to maintain their payment plan, provided that the customer pays the balance accrued during the plan period or an amount agreed upon by the utility and the customer

2. Within three months of the issuance date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company must include additional information in their monthly disconnection reports as discussed in section 3 of this decision.

3. Whenever Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, Liberty Utilities, Southwest Gas Company, Bear Valley Electric Service, PacifiCorp, Alpine Natural Gas Operating Company, or West Coast Gas Company, Inc. (collectively Energy Utilities), inform a disconnected customer that their service will be reconnected, that utility must also inform the customer that the law requires service to be restored within a certain amount of time, unless safety or weather issues makes that impossible. Upon the customer's request, the utility must provide information on how to submit a complaint in the format of the customer's choice (e.g., via phone, email, or text message), provided the utility currently uses that method to communicate with customer.

4. Within six months of the issuance date of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall jointly file a proposal via a Tier 3 Advice Letter, to adjust the temperature thresholds that trigger disconnections suspensions, taking into account the relative heat risks identified in The Utility Reform Network's motion filed in the instant proceeding on August 14, 2024.

5. Within one month of Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company's (collectively the Large IOUs), Tier 3 Advice Letter



proposing to adjust the temperature thresholds that trigger disconnections suspensions, Liberty Utilities, Southwest Gas Company, Bear Valley Electric Service, PacifiCorp, Alpine Natural Gas Operating Company, and West Coast Gas Company, Inc. shall jointly file a Tier 3 Advice Letter either adopting the Large IOUs' proposal, proposing a modified version, or presenting an alternative proposal.

6. Rulemaking 18-07-005 remains open.

This order is effective upon issuance.

Dated \_\_\_\_\_, at Sacramento, California