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R1807005

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 RULING SETTING WORKSHOP AND ORDERING COMMENTS

This ruling provides notice of a workshop for Wednesday, March 11, 2026, from 9:00 a.m. to 1:00 p.m. Participants may attend in person or virtually. The physical location will be the Commission Headquarters Auditorium, located at 505 Van Ness Avenue, San Francisco, California 94102. The workshop will be hosted by Commissioner Houck and the Commission's Energy Division Staff. Additional instructions on workshop format will be forthcoming, but parties are free to address any or all of the discussion questions identified below. The workshop will be recorded and the recording will be posted on the Commission's website.

The public attendee link to the workshop is as follows:

<https://cpuc.webex.com/cpuc/j.php?MTID=m1fb974bfac0145b02ee280577e5a713c>

Webinar number: 2480 593 1015

Webinar password: 2026 (2026 when dialing from a phone or video system)

Join by phone

855-282-6330 United States Toll Free

415-655-0002 United States Toll

Access code: 248 059 31015

This ruling contains a set of topics with questions that will be discussed during the workshop. Parties wishing to provide presentations on these topics or a subset of the questions or topics are to provide any presentation materials by serving the service list to this proceeding no later than March 6, 2026.

Additionally, presentation materials will be incorporated into the proceeding record via a future ruling. Parties intending to participate in the workshop virtually should contact Benjamin Menzies at Benjamin.Menzies@cpuc.ca.gov no later than March 6, 2026, to confirm any technical details needed for virtual participation. Parties may also file and serve comments in response to the questions set out in this ruling and the information discussed during the workshop on or before March 25, 2026, and reply comments on or before April 1, 2026.

1. Background

This proceeding was opened in 2018 pursuant to legislative direction, codified in 2017 as Public Utilities Code (Pub. Util. Code) Section 719. The Commission was charged with addressing rising numbers of residential disconnections. This included assessing options for reducing the nonpayment among customers of gas and electric investor-owned utilities and improving reconnection processes and outcomes for disconnected customers.

Disconnections had been rising since 2011, despite general improvements in the state's economy during the recovery from the Great Recession. The Commission expressed its intent to use this proceeding to gather information about the drivers of disconnection and holistic and cost-effective ways to reduce customer disconnections.

During this proceeding, energy rates and, consequently, bills have risen significantly,¹ and the economic and public health impacts of the COVID-19 pandemic exacerbated this growing crisis in affordability of utility service. Beginning in 2020 with the COVID-19 Pandemic, the four largest investor-owned energy utilities reported a significant increase in unpaid bills, from just under \$500 million in January 2020 to a peak of nearly \$2.5 billion in April 2023, before declining slightly to approximately \$2 billion, where they remain as of the latest reporting (with limited month-to-month variability).²

The Commission has authorized and implemented pilot programs and policies to reduce disconnections. The Commission initiated what it intended to be cost-effective alternatives to increasing arrearages; however, the continuing very high arrearages suggests that these efforts may not be succeeding. Some parties have argued that policies, such as caps on disconnections, complicate efforts to collect unpaid bills from customers, exacerbate high unpaid bill amounts and increase costs for other customers. Other parties argue that these policies are critical protections for vulnerable customers who could face significant public health or economic consequences if eliminated. Some parties argue that the pilot programs authorized in this proceeding are too costly to justify the outcomes identified by independent evaluations. Other parties argue

¹ Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases Pursuant to Public Utilities Code Section 913.1. Published September 2025. Page 2.

² See monthly reports filed in R.18-07-005 by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) pursuant to Ordering Paragraph 6 of D.18-12-013, especially corresponding filings by those four utilities on January 20 of 2019, 2020, 2021, 2022, 2023, 2024, and 2025 (showing data for all covered months of the prior calendar year). See also D.21-06-036, Findings of Fact 1 and 2, which found that utility bill arrearages increased during the COVID-19 Pandemic.

that the pilot programs have shown significant promise in improving customer well-being and addressing the root causes of disconnection, and that modifications to the program structures would resolve many of the problems identified by parties and evaluators.

In order to address the remaining issues scoped in this proceeding additional record is needed. Therefore, the Commission seeks additional information from parties, including responses addressing the following questions.

2. Disconnections Caps

In 2018, the Commission opened this proceeding in part to satisfy direction from the legislature codified as Pub. Util. Code Section 718(a), which directs the Commission to “develop policies, rules, or regulations with a goal of reducing, by January 1, 2024, the statewide level of gas and electric service disconnections for nonpayment by residential customers.” The Commission adopted restrictions on disconnections on an interim, emergency basis in D.18-12-013, and subsequently adopted caps on annual disconnections 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), (collectively, the IOUs), in D.20-06-003, with a specific pathway to achieving targeted, lower disconnection rates by 2024. Since Pub. Util. Code Section 718(a) was enacted in 2017, the decision tied the disconnection caps to achieving a lower rate for each utility by 2024 compared to the level of disconnections performed by that utility in 2017.

During the COVID-19 Pandemic, unpaid customer bills and the number of customers with unpaid bills increased markedly, and additional disconnection protections were established to prevent the increase in unpaid bills from

resulting in significant increases in disconnections during the public health emergency.

The first reports filed by IOUs in this proceeding indicated total unpaid residential bills of \$418.5 million in October of 2018, which fluctuated within a range of approximately \$100 million until rising to \$548.2 million in March of 2020. The total subsequently rose steadily, exceeding \$1.3 billion by February of 2021, \$1.7 billion by February of 2022, and peaking at over \$2.5 billion in April of 2023. Since November of 2023, the total has fluctuated between approximately \$2 billion and \$1.7 billion, with IOUs reporting around half of the dollar amount of unpaid bills was owed by customers enrolled in the California Alternate Rates for Energy (CARE) program or the Family Electric Rate Assistance (FERA) program. In other words, the total dollar amount of unpaid bills has increased severalfold and stabilized at a very high level.

Beginning in 2021, the bundled system average rate for the three large electric IOUs began to outpace inflation despite an elevated inflation rate across the economy. The Commission's Energy Division has attributed the largest cost increases to wildfire-related costs, rooftop solar programs, and distribution system-related costs. Energy Division's forecasts indicate this trend is likely to continue, with average annual electric bundled residential average rates projected to increase approximately 6 to 7 percent compared to an assumed inflation rate of 2.6 percent. The combined revenue requirement of the three largest natural gas utilities has also grown by 72 percent in the past decade.³ Therefore, California energy customers today are faced with historically high

³ Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases Pursuant to Public Utilities Code Section 913.1. Published September 2025. Pages 2-4.

bills, requiring them to allocate much more income to remain current or pay off past-due bills.

The Commission adopted emergency customer protections during the COVID-19 Pandemic including a moratorium on disconnections for nonpayment,⁴ which formally expired in September 2021. In parallel, the California Arrearage Payment Program (CAPP) was established by statute and provided payments to utilities for unpaid customer bills accrued between March 4, 2020, and December 31, 2021, while establishing conditions on recipient utilities intended to minimize disconnections of customers for these unpaid amounts.

In the same decision establishing the disconnection caps, the Commission also authorized the Arrearage Management Plan pilot program (AMP).⁵ The Commission subsequently authorized the Percent of Income Payment Plan pilot program (PIPP).⁶ Both pilots effectively have prevented IOUs from conducting disconnections of a subset of customers who would otherwise have been at risk of disconnection in recent years but for having been enrolled in one of the pilots.

The Commission also conducted a separate rulemaking proceeding to address energy utility customer bill debt accumulated during the COVID-19 Pandemic,⁷ ordering the IOUs to automatically enroll customers in extended

⁴ Resolution M-4842, Ordering Paragraph 1. Issued April 16, 2020. Extended by Resolution M-4849 on February 12, 2021, and D.21-06-036, on June 30, 2021.

⁵ D.20-06-003, Ordering Paragraphs 52-86. Issued June 16, 2020.

⁶ D.21-10-012, Ordering Paragraph 1. Issued October 7, 2021.

⁷ R.21-02-014, Order Instituting Rulemaking to Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic.

COVID-19 Relief Payment Plans and prohibiting the IOUs from disconnecting customers while enrolled in those plans.⁸

In summary, the aggregate amount of unpaid bills began increasing markedly in 2020 at the same time customer bills have increased to historic levels. During much of that period, disconnections have been formally limited, initially by emergency restrictions and programs established in response to the COVID-19 Pandemic, and subsequently by the disconnection caps and ongoing pilot programs established in this proceeding.

Party Comments: Parties have submitted comments on whether, when, and how the Commission should amend the disconnection caps established by D.20-06-003. Party concerns included:

- Raising the disconnections cap could result in a significant near-term and sustained increase in customer disconnections.
- There is no “circuit breaker” in place that would freeze or reset the disconnection caps if certain metrics are hit (e.g., the number of customers disconnected but not reconnected within 24 hours exceeds a certain threshold, or customer arrearages begin to grow past a certain rate).
- Maintaining the disconnection caps could result in continued growth of arrearages and reduce the incentive for a subset of customers to pay their utility bills.

The IOUs have not discussed how, if the caps were raised, they would:

- Determine the number of customers they would or should disconnect per month (both from a capacity and policy standpoint).
- Determine which customers they will prioritize for disconnection.

⁸ D.21-06-036, Ordering Paragraphs 2-6, and Appendices A-D. Issued June 30, 2021.

- Provide support to customers at the point of disconnection.
- Protect customers with the greatest vulnerability to disconnection.

Additionally, some parties have argued that existing disconnection caps as applied to ZIP codes are functionally unworkable in some low-population ZIP codes due to wide variation in the population of ZIP codes.

Discussion Questions:

- If the Commission were to modify the disconnection caps, what steps should it take to mitigate the party concerns discussed above? Present as detailed a proposal as you are able.
- If the Commission were to modify the disconnections caps, what adjustment should be made? Specifically, should the Commission increase or decrease the caps, and if so, by what amount?
- Provide any other comments or recommendations as to how the Commission should address lifting the caps, increasing the caps, or leaving the caps at current levels.
- If the Commission raised the disconnection caps, what mechanisms should the Commission implement to control unintended consequences, such as rapid spikes in disconnections without adequate notice or engagement of customers, disconnections of customers making good faith efforts to pay off especially burdensome arrearages, unreasonable use of disconnections to compel payment of amounts that are relatively inconsequential to overall arrearage levels, or heavy concentration of disconnections in specific or vulnerable communities?
- Should the Commission create a process for the IOUs to seek authorization to raise caps by a specific amount so that there is an opportunity for comment and deliberation? If so, what should that process be?
- How should any such process incorporate public input, updated data, and implementation experience into its

understanding of whether the caps are set at an appropriate level or should be raised or lowered?

- Should the Commission establish “circuit breaker” conditions that would pause or reverse an increase in the disconnection caps? If so, what specific factors should trigger a “circuit breaker” and how should a halt or reversal be implemented or removed once the “circuit breaker” condition is resolved?
- Some parties have argued that the prohibition on disconnecting more than 30 percent of customers in a ZIP code functionally bans disconnection in low-population ZIP codes.
 - Is it reasonable to remove this restriction for populations with fewer than 100 customers? If not, what should the Commission do to preserve the intent of this protection while addressing party concerns about its functional workability in areas with low population density?
 - Are there other mechanisms or data sources the Commission should utilize to prevent disconnection “hotspots” from emerging in low-population vulnerable communities without inadvertently prohibiting disconnections only in areas with low population density?
 - Is there a risk of minimizing the public health, economic, or social impacts on vulnerable communities that become “hotspots” of disconnections? If so, how should the Commission minimize and mitigate those impacts?

3. Community Based Organization Pilot Program (CBO Pilot).

Program Duration: The CBO Pilot is currently scheduled to sunset on April 26, 2026.

Party Comments: The Public Advocates Office at the Commission (Cal Advocates), PG&E, SCE, SDG&E and SoCalGas note that the CBO Pilot’s

impending sunset date would make it challenging for the Commission to incorporate lessons learned from the program and either support or do not oppose requiring the utilities to serve Tier 2 Advice Letters to recommend and justify changes to the CBO Pilot program following the program's conclusion, though Cal Advocates suggests the Commission address the future of the CBO Pilot in an active proceeding, arguing that the long-term future of a CBO program should not be determined via advice letter process.⁹

Discussion Questions:

- What are the merits/concerns of the advice letter process referenced above?
- How should the Commission incorporate lessons learned through the evaluation of the CBO pilot if this proceeding were closed?
- Should the pilot's sunset date be extended to enable more data collection and comprehensive evaluation of the pilot's effectiveness?
- Should the Commission consider lessons learned through this pilot in other proceedings or ongoing activities? If so what other proceedings should be considered?
- If the lessons learned are to be evaluated and considered after this proceeding closes, what proceeding should the evaluation be conducted through? For instance, should the

⁹ Cal Advocates Comments on October 13, 2025, ALJ Ruling at 14, PG&E Comments on October 13, 2025, ALJ Ruling at pdf pages 11 to 12, SCE Comments on October 13, 2025, ALJ Ruling at 9, SDG&E and SoCalGas Comments on October 13, 2025, ALJ Ruling at 5.

evaluation be considered in Application (A.) 25-06-022,¹⁰
A.26-01-003,¹¹ or another proceeding?

4. Arrearage Management Program (AMP).

Program Duration: The AMP Pilot is currently scheduled to sunset on October 1, 2026.

Party Comments:

The Center for Accessible Technology, the National Consumers Law Center, and The Utility Reform Network (together, the Joint Consumers) recommend that the Commission continue AMP as a permanent program.¹²

Cal Advocates, PG&E and SCE recommend that AMP run until its original planned date of October 1, 2026, then be allowed to expire and not be renewed.¹³ The Utility Consumers Action Network (UCAN) agrees that the program should continue until its previously scheduled sunset date.¹⁴

Multiple parties recommend that, should the Commission extend AMP beyond its scheduled sunset date, that the Commission make several changes to improve AMP's efficiency and effectiveness.¹⁵

¹⁰ Consolidated proceeding considering applications by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company for approval of Low-Income Assistance Programs and Budgets for Program Year 2027.

¹¹ Consolidated proceeding considering applications by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company for approval of 2028-2033 Income-Qualified Programs.

¹² Joint Consumers Opening Comments on October 13, 2025 ALJ Ruling at 5.

¹³ Cal Advocates Opening Comments on October 13, 2025 ALJ Ruling at 8, PG&E Opening Comments on October 13, 2025 ALJ Ruling at pdf page 7, SCE Opening Comments on October 13, 2025 ALJ Ruling at 3.

¹⁴ UCAN at Opening Comments on October 13, 2025 ALJ Ruling 4.

¹⁵ SCE Opening Comments on October 13, 2025 ALJ Ruling at 4 to 8, UCAN Opening Comments on October 13, 2025ALJ Ruling at 5 to 6, Cal Advocates Opening Comments on October 13, 2025 ALJ Ruling at 9 to 12.

Discussion Questions:

- Should the Commission extend AMP's sunset date or allow it to expire on October 1, 2026?
- If the program is allowed to expire, what if any other provisions or safeguards should the Commission consider for customers at risk of disconnection?
- If the program is allowed to continue beyond the current expiration date, should the Commission make the following program modifications set out in the evaluation report and/or recommended by parties that could affect program effectiveness, total program costs, and program complexity? If so, discuss how and why.
 - Adopting the evaluation report's suggestion to require customers who apply for AMP to complete a post enrollment verification of CARE/FERA status and to remove ineligible customers after verification.
 - Adopting the evaluation report's recommendation to require disconnection and disenrollment of AMP participants who miss payments, rather than just removal from AMP.
 - Adopting the evaluation report's recommendation to require the IOUs to send communications to a customer before they are involuntarily removed from AMP with information on available resources. What information should these communications provide?
 - Adopting the evaluation report's recommendation to limit AMP reenrollment to after five years.
 - Adopting the evaluation report's recommendation to require the IOUs to include an AMP specific insert in customer bills that contains specific information about AMP progress. What information should this bill insert contain?
 - Adopting the evaluation report's recommendation to require the IOUs to remind AMP customers about their upcoming bill one week prior to the due date or if there is a missed payment. How should these notifications be provided, and what information should they contain?

- Adopting the evaluation report's recommendation to change AMP eligibility requirements to a payment made in the last 24 months, or some other time period.
- Adopting the party recommendation to provide different options to customers who make a partial payment compared to the options provided to those who make no payment at all?¹⁶
- Adopting California Community Choice Association's (CalCCA's) recommendation to require the IOUs to provide on-bill or online each participant's AMP information, such as:
 - original AMP arrearage,
 - the amount forgiven each month,
 - the amount forgiven to date, and
 - the amount remaining.
- Adopting the Joint Consumers' recommendation to conduct another evaluation of AMP in 5 years, especially if there are substantial program design changes adopted now.
- Adopting SCE's recommendation to reduce the AMP forgiveness thresholds from \$8,000 to \$4,000 to promote affordability for all customers.

5. Percentage of Income Pilot Program (PIPP)

Program Duration: PIPP is scheduled to sunset in February, 2027.

Party Comments:

CalCCA recommends the Commission establish PIPP as a permanent program.¹⁷

¹⁶ Joint Consumers Opening Comments on October 13, 2025 ALJ Ruling at 9-10 and 12; California Community Choice Association Opening Comments on October 13, 2025 ALJ Ruling at 11-13.

¹⁷ CalCCA Opening Comments on October 13, 2025 ALJ Ruling at 2.

UCAN supports the creation of a smaller PIPP program funded by utility shareholders.¹⁸

Cal Advocates, the Joint Consumers, PG&E, SCE, and SDG&E recommend the PIPP Pilot should run until its original planned date of February 1, 2027, then be allowed to expire and not be renewed.¹⁹ They argue that the PIPP Pilot is costly and not scalable under its current design and would result in higher rates for non-participating customers.²⁰ UCAN also recommends that the program should be allowed to run until its planned sunset date.

Discussion Questions:

- Should the Commission extend PIPP's sunset date or let it expire on February 1, 2027?
- If the program expires as currently set, should the Commission take action to minimize the risk of disconnecting current participants? If so, how?
- If recommending that the program continue, discuss how the following program modifications proposed by parties and in the PIPP evaluation report could affect program effectiveness, total program costs, and program complexity.
 - Limiting eligibility for PIPP to certain customers to mitigate cost impacts and target the program's benefits to customers with the greatest demonstrated need.
 - Which subset of customers should the IOUs target for enrollment? Why?

¹⁸ UCAN Opening Comments on ALJ Ruling at 4.

¹⁹ Cal Advocates Opening Comments on ALJ Ruling at 5 to 7, Joint Consumers Opening Comments on ALJ Ruling at 12, PG&E Opening Comments on ALJ Ruling at pdf page 3, SCE Opening Comments on ALJ Ruling at 2, SDG&E Opening Comments on ALJ Ruling at 2 to 3.

²⁰ PG&E Opening Comments on ALJ Ruling at pdf page 6, SCE Opening Comments on ALJ Ruling at 2.

- Would limiting eligibility to these customers mitigate costs enough to justify continuation of the program?
- Are there other options to mitigate costs while retaining PIPP in some form for customers with demonstrated need for the program?
- Should the Commission extend the PIPP sunset date? If so, what should be the new sunset date?
 - If the Commission extends the PIPP sunset date, should the Commission order an updated evaluation in order to understand the effects of these changes on participant benefits, participant behavior, and total program costs?
- Should the Commission consider a limited continuation of the program that services existing participants until they are able to leave the program without adding additional participants?

6. Ongoing Support for Customers at Risk of Disconnection

Pub. Util. Code Section 718(a), enacted in 2017, directs the Commission to “convene stakeholders, including, but not limited to, public health officials, consumer advocates, and organizations representing low-income communities, to assist with the development of...policies, rules, or regulations with a goal of reducing...the statewide level of gas and electric service disconnections for nonpayment by residential customers.”

Pub. Util. Code Section 718(b), enacted in 2017, directs the Commission to take the following actions in each “gas and electrical corporation general rate case.”

- Designate the impact of any proposed increase in rates on disconnections for nonpayment as an issue in the scope of the proceeding.

- Conduct an assessment of and properly identify the impact of any proposed increase in rates on disconnections for nonpayment.
- Adopt residential utility disconnections for nonpayment as a metric and incorporate the metric into each...general rate case.

Pub. Util. Code Section 779.6, enacted in 2024, requires IOUs to promptly reconnect customers who enter into payment plans. Pub. Util. Code Section 779.7, enacted in 2024, directs the Commission to consider whether to direct IOUs to take into account a customer's ability to pay before conducting a disconnection, including potentially limiting the amount an IOU could collect from a customer, or when reconnecting a customer.

Discussion Questions:

- Should the Commission order an ongoing process or working group to consider and develop best practices to address factors that increase risk of disconnection or limit reconnections?
 - If so, describe implementation recommendations for such process and scope of issues for any recommended working group to address.
- If the Commission ordered an ongoing process or working group, what entities should be included in that process or working group?
 - For example, should the Commission look to legislative direction of Pub. Util. Code Section 718(a) to convene stakeholders such as public health officials, consumer advocates, and organizations representing low-income communities, or should the Commission consider additional entities beyond those identified in statute?
 - Are there any existing working groups or other ongoing processes for which these items would be reasonable additions to existing work?

- What is/are the appropriate venue(s) where these issues could be considered on an ongoing basis when this proceeding is closed?
 - For example, should these issues be considered in A.25-06-022,²¹ A.26-01-003,²² Rulemaking 25-07-013,²³ specific phases of individual General Rate Cases, procedural vehicles complying with the Commission's direction to propose demand flexibility rates for all customer classes,²⁴ or a non-proceeding venue such as an interagency summit or *en banc* Commission meeting?

7. Comments

Parties may file and serve opening comments in response to the questions set out in this ruling and the information discussed during the workshop on or before March 25, 2026, and may file and serve reply comments on or before April 1, 2026.

IT IS SO RULED.

Dated February 26, 2026, at San Francisco, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck
Assigned Commissioner

²¹ Consolidated proceeding considering applications by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company for approval of Low-Income Assistance Programs and Budgets for Program Year 2027.

²² Consolidated proceeding considering applications by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company for approval of 2028-2033 Income-Qualified Programs.

²³ Order Instituting Rulemaking to Improve the California Climate Credit.

²⁴ D.25-08-049 Ordering Paragraph 1 directed San Diego Gas & Electric Company to file an application compliant with guidance in that Decision. Separately, D.25-08-049 recognized that Pacific Gas and Electric Company and Southern California Edison had already filed applications intended as Demand Flexibility Rate Proposals prior to issuance of the Decision and ordered each company to serve supplemental testimony in those proceedings.