



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

**FILED**

03/25/26

02:18 PM

R1807005

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

R.18-07-005

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E)**  
**OPENING COMMENTS IN RESPONSE TO ASSIGNED COMMISSIONER'S RULING**  
**SETTING WORKSHOP AND ORDERING COMMENTS**

ANNA VALDBERG  
PAULINE NGUYEN

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-2187  
E-mail: [Pauline.Nguyen@sce.com](mailto:Pauline.Nguyen@sce.com)

Dated: **March 25, 2026**

**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.

R.18-07-005

**SOUTHERN CALIFORNIA EDISON COMPANY’S (U 338-E)**  
**OPENING COMMENTS IN RESPONSE TO ASSIGNED COMMISSIONER’S RULING**  
**SETTING WORKSHOP AND ORDERING COMMENTS**

**I.**

**INTRODUCTION**

Southern California Edison Company (SCE) submits these opening comments in response to the February 26, 2026 Assigned Commissioner’s Ruling Setting Workshop and Ordering Comments (“Ruling”). SCE recognizes that electricity is an essential service and that many customers are experiencing real financial hardship associated with years of rising costs throughout the economy. SCE also recognizes that disconnections can impose significant hardship on customers who are already struggling. Therefore, SCE’s recommendations do not seek to weaken customer protections or indiscriminately increase disconnections; rather, they are intended to ensure customers have access to effective support programs and that fair payment and collections policies are in place to support customers who are behind on their bills while limiting cost shifts to other customers associated with unpaid arrearages.

Targeted reforms that restore appropriate backstops while keeping disconnections as a highly regulated, last resort tool, can improve outcomes for customers who are behind on their bills and help contain costs for all customers. Disconnections should occur only after extensive notice, outreach, and opportunities for assistance. In addition to addressing disconnection caps, pilot

programs, and customer support issues identified in the Ruling, SCE provides information on related policy gaps that also limit the effectiveness of disconnection and collections policies. SCE summarizes the state of its arrearage levels and its recommendations below.

### **1. Most Customers Pay on Time or Engage When They Fall Behind**

SCE's data shows that the vast majority of customers either pay their bills on time or actively engage with the utility to enroll in payment plans and seek assistance when they fall behind on their bills. Approximately 90 percent of SCE customers fall into this category. Of the remaining customers who are behind on their bills, approximately one percent of overall customers exhibit repeated, long term nonpayment behavior, and utilities have limited tools to effectively collect these past due balances under current policy requirements. These customers account for roughly 35 percent of all unpaid balances as of February 2026. Although these customers may be experiencing serious financial hardship, sound policy is to connect these customers with assistance programs early, rather than to allow for indefinite deferral of payment as a means to address broader affordability challenges.

### **2. Growing Arrearages Create Increasing Cost Shifts**

SCE's residential receivables across active and inactive accounts now exceed \$1.1 billion, approximately twelve times pre-2019 levels. These unpaid balances eventually are recovered through rates, shifting costs to all other customers. SCE estimates that in 2025, this resulted in bill increases of approximately \$2 per month for non-CARE customers and \$1 per month for CARE customers. While modest on an individual basis, these impacts are cumulative and regressive, particularly for low-income households who may already face affordability challenges. Absent policy changes, arrearage levels are expected to remain flat or continue to grow, increasing future rate pressure.

### **3. Structural Gaps in Current Disconnection and Collection Policies Must be Remedied**

Recent disconnection and reconnection policies were adopted to protect vulnerable customers, particularly during periods of economic disruption. Implementation of these policies, however, have revealed several structural gaps that have limited the effectiveness of collection

tools. As discussed further below, raising disconnection caps is a necessary step, however, it will not address all the factors that have led to the dramatic rise in arrearage balances.

Disconnection caps and first reconnection without payment requirements (per SB 1142) have resulted in fewer disconnections, but higher arrearage balances and significantly lower amounts collected at the time of disconnection, making overall repayment less likely. Current policy allows for unlimited, repeated enrollment in long-term plans without the risk of disconnection, functioning as a long-term substitute for payment rather than a path out of debt for some customers. Long-term payment plans (i.e., 24 months) have also had extremely low success rates: 90 percent of customers default within three months and never make a payment.

Another policy with unintended consequences is the tightening of benefit of service rules pursuant to D.20-06-003. While intended to shift the burden of proof to the utility, the benefit of service rules currently in place make it difficult to prevent intentional account cycling (i.e., when a customer opens service at the same address under the same or different name). This has enabled some customers to reconnect without payment or avoid disconnection altogether. SCE estimates that at least 15 percent of customers that do not reconnect after disconnection (or 2 percent of all disconnected accounts) have opened a new account at the same address.

Finally, the elimination of deposits has further reduced recovery of unpaid balances when accounts close without payment; historically, deposits have reduced uncollectible expense by nearly 30 percent. The Commission previously authorized collections of deposits for re-establishment of credit, with limits. For example, CARE and FERA customers were not charged deposits, nor were customers charged deposits after making late payments. However, exceptions were made in the case of customers who wrote multiple bad checks or engaged in fraudulent activity.<sup>1</sup>

To address these structural gaps, SCE proposes the following reforms:

- i. Gradually increase disconnection caps by 2 percent per year, subject to Commission oversight.

---

<sup>1</sup> See D.12-03-054, OP 2 and OP 3.

- ii. Eliminate 24-month payment plans, limit payment plans to one-year and establish limits for re-enrollment in payment plans to twice per year.
- iii. Permit withholding of service for a short period, pending benefit of service investigations, for limited circumstances of verified, repeated abuse.
- iv. Reinstate deposits under targeted scenarios of high credit risk. Deposit requirements previously adopted in D.12-03-054 should be reinstated.

Additional details on these proposals can be found in these Comments and/or in SCE's March 11, 2026, Workshop Presentation (see attachment A).

#### **4. Improvements to Assistance Programs and Energy Education is Necessary for Sustainable Customer Support**

Throughout the Disconnections proceeding, the IOUs implemented various pilot programs to explore how customers can best be supported to address their arrears. The IOUs implemented three separate pilot programs, the Arrearage Management Program (AMP) pilot, the Percent Income Payment Plan (PIPP) pilot and the Community-Based Organization (CBO) Arrears Management pilot. Among these programs, the CBO Pilot results and evaluation are pending, and the AMP and PIPP pilots have already been evaluated. Of these pilots, SCE recommends the AMP continue with modifications to improve its effectiveness, such as limiting the frequency of reenrollment while improving on-bill and other customer-facing communications. By encouraging consistent payments and simultaneously eliminating past due balances, AMP helps customers stay current on their bills and promotes long-term financial stability, making it a valuable tool in supporting vulnerable customers and improving overall program success.

SCE recognizes that some customers face persistent, long-term affordability challenges and may be unable to fully cure arrearages through standard payment arrangements. For these customers, the focus should be on early identification and proactive, targeted outreach, rapid enrollment into multiple available assistance programs (e.g., CARE/FERA, AMP, LIHEAP), and offering realistic, sustainable payment arrangements. As an example, LIHEAP can provide up to \$1,500 in assistance related to pending disconnections to restore service or to address immediate

health or safety related energy emergencies, and up to \$1,500 for other seasonal heating or cooling assistance. In addition, up to \$8,000 of past due balances can currently be forgiven through enrollment in AMP.

Other available programs include SCE's Energy Assistance Fund for up to \$200 in assistance and the Energy Savings Assistance (ESA) program, which provides no-cost weatherization and energy efficiency service to low-income households. Customers can also enroll in budgeting tools such as Budget Assistant, Choose your Due Date, or the Budget Billing Plan. The utilities should also improve their engagement with these customers on energy education, to make sure the customers understand how their usage affects their bill, enroll them in the right rate, and connect them with available programs. The availability of these programs are powerful tools to help customers get back on track and sustainably manage their bills going forward.

#### **5. Commission Oversight and Safeguards Should Remain in Place**

Adjustments to disconnection policy, namely increases to disconnection caps, should be accompanied by Commission oversight and clear safeguards. Accordingly, SCE proposes that changes be implemented subject to ongoing Commission review through an annual Tier 2 advice letter process, while continuing reporting on disconnections, arrearage trends, and customer impacts. SCE also supports targeted guardrails such as potential "circuit breaker" mechanisms. This structure preserves Commission authority to evaluate outcomes, ensure accountability, and make adjustments if unintended consequences emerge. These measures should be data-driven, and could include metrics such as customer reconnection timelines, overall arrearage levels, average amount or age of arrears etc., and would be intended to balance customer protection with the need to address escalating arrearages in a transparent and regulated manner.

## II.

### SCE RESPONSES TO QUESTIONS IN RULING

- 1. 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.**

The concerns posed in this question relate to establishing a “circuit breaker” process in place if certain metrics are hit as disconnection caps are raised or removed, how many customers should be disconnected per month based on capacity and policy standpoint, including how customers will be prioritized for disconnection, and how customers will be supported at the point of disconnection.

If the Commission modifies disconnection caps, SCE supports the adoption of a “circuit breaker” process in which increases in the disconnection cap would be halted if certain conditions were met. These conditions should be data-driven with the focus of preventing unanticipated, widespread customer harm as a result of an increase in disconnection caps or other unintended outcomes that demonstrate the new policy was not effective overall in balancing the need to reduce arrearage levels with providing effective customer support. Such metrics should be taken from the already reported monthly metrics in the monthly disconnection report to allow for historical comparison values. SCE recommends the utilities provide information in Tier 2 Advice Letters requesting future cap increases (described further below) related to these metrics. They could include:

- i. Decrease in average age and/or average amounts of arrears to pre-Covid levels:**

This measure would indicate that increased disconnection caps were effective in reducing arrears and further increases are no longer necessary.

- ii. Reconnection duration, for example the ratio of customers with disconnection duration under 24 hours and between 24 hours and 72 hours:** Reconnection duration is a key indicator of payment challenges, as customers who take longer to reconnect are more likely to face difficulty securing the necessary funds for service restoration.

However, reconnection metrics currently reported in the monthly disconnection report are based on reconnection for the same account at the same location. Customer move-outs and intentional account cycling under a different household member's name are reflected as the customer never reconnected in current reports.

Furthermore, the reconnection metric has changed dramatically since the introduction of the SB 1142 rules for a first reconnection without payment, with the vast majority of customers reconnecting very quickly. Any metric focused on reconnection duration should ensure that metrics have stabilized under the new rules. Over time, more disconnections will be second or further disconnections, when a payment becomes due, and customers may exhibit longer payment duration times again.

Therefore, an example of a reasonable metric could be the ratio of customers with reconnection durations under 24 hours could be compared with reconnection durations between 24 hours and 72 hours. In 2025, prior to the implementation of SB 1142, approximately 70 percent of customers reconnect within 24 hours, with approximately 10 percent reconnecting between 24 and 72 hours, and 20 percent who did not reconnect (e.g., customers could have moved out or utilized account cycling). If these ratios change significantly (e.g., 20-25 percent are reconnecting between 24 and 72 hours, indicating a substantial number of customers are struggling to reconnect), SCE would not seek a disconnection cap increase the following year.

Related to questions about operational considerations, disconnection activity would continue to include extensive notice, outreach, and assistance requirements. Operational capacity would inform pacing of disconnections activity, but disconnections would remain a last resort tool, used only after customers have received multiple notices and opportunities to enter payment arrangements or access assistance. Any increase in caps should be implemented gradually and

paired with monitoring of key metrics, such as arrearage aging, payment plan participation, reconnection timeliness, and total arrearage balances.

In terms of customers prioritized for disconnection, SCE would continue to focus on customers with long-aged, and high balance arrearages who have not engaged despite repeated outreach, while preserving protections for customers experiencing hardship. Customers with medical baseline needs, active payment plans, recent payment activity, emergency customer protections due to disasters, or eligibility for heightened protections would continue to be shielded from disconnection consistent with existing requirements. Targeted support will continue to be provided after disconnection, including enrollment in assistance programs and payment plans, with the objective of prompting engagement and preventing prolonged disconnection. This framework in which disconnections are used as a last resort, measured backstop to manage arrearage risk represents a fair balance between necessary support for customers with prudent management of rates for all customers.

**2. 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?**

SCE recommends the Commission increase SCE's current disconnection cap by two percentage points, from 4 percent to 6 percent, as part of a decision in this proceeding. An immediate increase to caps is warranted due to the recent impact of the SB 1142 reconnection rules. Since the implementation of these rules, which allow customers to reconnect the first time without any payment if they join a payment plan, SCE has seen collection rates after disconnection drop precipitously, with an approximate 50 percent reduction in collection rate. This effectively cuts the disconnection caps in half, because at given disconnection caps, SCE must now undertake two disconnections to collect the same amount. While SB 1142 was well-intended and designed to promote affordability and continuity of service, SCE's early experience—consistent with other payment-plan-based policies—indicates that enrollment in a payment plan at reconnection often

does not result in meaningful post-reconnection payments toward arrears. The new policy is bound to sharply increase arrears in 2026 and beyond without a respective increase in the disconnection cap.

In addition, SCE recommends the Commission authorize the utilities to seek additional annual increases of two percentage points through a Tier 2 advice letter process, up to an overall disconnection rate of 8 to 10 percent, subject to Commission review on impacts to customers and arrearage levels. This gradual, stepwise approach will enable the utilities and the Commission to monitor the effects of higher disconnection caps and adjust accordingly, while also providing utility operations time to scale staffing and prepare for increased customer support activities as needed.

**3. 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.**

N/A, please see SCE's responses above.

**4. 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?**

There are currently significant regulations in place to address concerns outlined in this question. Existing regulations are in place for notifications (including tariffed requirements on past due notices and disconnection notices and program offerings), protections for customers on medical baseline, those on active payment plans, zip code limits, and customers affected by disasters and extreme weather events. In addition, as described in SCE's response to Question 1, existing practices on disconnection prioritization include customer accounts with high age of arrears and

amount of arrears. Finally, the potential adoption of “circuit breaker” criteria would also help monitor and control unintended consequences of increasing disconnection caps.

- 5. 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?**

Yes, please see SCE’s response to Question 2.

- 6. 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?**

SCE supports the establishment of a working group that meets on an annual or bi-annual basis to discuss ongoing trends in disconnection activity, arrearages, share best practices with customer support programs, and seek input from the broader public. Feedback from these working groups could be included in the annual Tier 2 advice letters to increase caps, and/or served publicly to the Disconnections service list. The public and intervenors could also provide feedback on utility proposals as part of the Tier 2 advice letter process.

- 7. 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?**

Yes, see SCE’s response to Question 1.

- 8. 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.**

- a) 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?**

SCE agrees that applying a fixed percentage cap by zip code to low population ZIP codes can function as a prohibition on disconnections in those areas, due to operational needs to manage the compliance risk. Accordingly, the Commission should modify this restriction by allowing the aggregation of adjacent low population ZIP codes with one or more adjoining zip codes for the purposes of hotspot screening and limiting disconnections. SCE proposes to aggregate small zip codes until each zip code group has at least 1,000 customers and then apply the 30 percent zip code limit at this level. This approach maintains guardrails against concentrated disconnections while avoiding an unintended functional ban in areas with very small customer counts.

- b) 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?**

SCE does not have additional recommendations at this time.

- c) 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?**

If the Commission adopts SCE's proposal to aggregate low population ZIP codes with adjoining zip codes, risks associated with "hotspots" will be minimized. In addition, utilities will

continue to report disconnections activity with information on ZIP codes, providing further transparency and monitoring to the Commission.

### **III.**

#### **COMMUNITY BASED ORGANIZATION PILOT PROGRAM (CBO PILOT) - DISCUSSION QUESTIONS**

##### **1. What are the merits/ concerns of the advice letter process referenced above?**

Given the timing of the evaluation study availability (September 2026) and the intended timing for a final decision in this Proceeding (this summer), the Advice Letter process offers the best opportunity to share information on the pilot findings with parties to the Proceeding.

The Commission can then choose to incorporate any lessons learned in similar activities in other applicable proceedings.

##### **2. How should the Commission incorporate lessons learned through the evaluation of the CBO pilot if this proceeding were closed?**

The Commission should defer decisions on how to incorporate lessons learned until the final evaluation report is available on September 2, 2026. Should the final formal evaluation indicate that the pilot population had statistically significant better outcomes than the control group and CBO work in the arrears area should be continued, the IOUs would review and consider the Pilot recommendations. The Commission can incorporate the pilot lessons by directing that insights from the implementation and the upcoming evaluation be applied to future program design, particularly in arrearage management and CBO engagement.

**3. Should the pilot's sunset date be extended to enable more data collection and comprehensive evaluation of the pilot's effectiveness?**

SCE does not recommend extending the pilot, as it would not likely result in meaningful additional information. As demonstrated by the declining enrollment numbers toward the later stages of the pilot, participants typically exhibit a burst of activity upon initial enrollment, but their involvement diminishes over time. In addition, given that the pilot will end on April 15, 2026, the pilot participants are already being notified of the upcoming conclusion and informed that they will need to contact their respective utilities directly once the pilot ends. Changing the end date at this stage would likely create confusion among participants.

**4. Should the Commission consider lessons learned through this pilot in other proceedings or ongoing activities? If so what other proceedings should be considered?**

The Commission could consider incorporating the lessons learned into CBO activities in other areas, in particular, if the evaluation shows positive results.

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

The Commission could consider incorporating the lessons learned into CBO activities in other proceedings. The Applications named here are Low-Income Program Applications, and the CBO pilot deliberately did not include income restrictions. For example, the CHANGES program may seem like a natural fit for adding arrears support through CBOs, however, the CHANGES program is targeted towards Limited English Proficient customers and does not include a long-term

case management approach like the CBO pilot. This does not prevent the Commission, however, from incorporating findings into future, similar programs.

#### IV.

#### **ARREARAGE MANAGEMENT PROGRAM (AMP) - DISCUSSION QUESTIONS**

**1. Should the Commission extend AMP's sunset date or allow it to expire on October 1, 2026?**

The Commission should extend the Arrearage Management Payment (AMP) program, as the program has delivered meaningful assistance to many customers and has demonstrated value as a disconnection prevention tool. AMP is also the sole program that directly encourages and incentivizes customers to return to a regular, on-time payment pattern. At the same time, because arrearage forgiveness under AMP is funded by the broader customer base, any extension should be accompanied by targeted refinements to ensure the program remains effective, sustainable, and equitable for all ratepayers.

**2. If the program is allowed to expire, what if any other provisions or safeguards should the Commission consider for customers at risk of disconnection?**

N/A – SCE recommends extending AMP.

**3. 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.**

SCE recommends extending AMP and building on its existing foundation by tightening eligibility to focus on customers with more recent payment engagement,<sup>2</sup> lengthening the re-enrollment waiting period to limit repeated reliance on the program and strengthening post-enrollment CARE/FERA verification to ensure benefits are appropriately targeted to the right customers. Enhancements to customer education and communications are also warranted, recognizing operational and system constraints.<sup>3</sup> An extended AMP that incorporates these targeted refinements would preserve meaningful customer assistance while appropriately balancing cost, equity, and administrative feasibility.

Preventing frequent re-enrollment in AMP is especially important to make the program sustainable. Given the design feature allowing several missed payments before program disenrollment, customers can experience AMP as a temporary reprieve from disconnection notices for up to 5-6 months, while simultaneously building up further arrears. Furthermore, allowing customers to re-enroll in AMP every year, in effect only requires customers to pay their bill on time for one year, while allowing for the subsequent year of bills paid through re-enrollment and successful completion of AMP. This structural gap defeats the purpose of encouraging responsible payment behavior and could place an undue burden on the broader customer base that funds the program.

In a similar vein, the Commission should not adopt evaluation recommendations that would undermine AMP's core purpose or impose disproportionate operational burdens, such as automatic disconnections for customers removed from the program or mandatory partial payment provisions that add complexity without commensurate benefits. Partial payment provisions would require complicated system logic to calculate how much of the arrears should be forgiven. This would

---

<sup>2</sup> Note that contrary to the statement included in the Ruling at p. 13 "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," the evaluation report actually recommends shortening the lookback period for an eligible on-time payment from the current 24 months to 6 months.

<sup>3</sup> SCE currently lacks the capability to display AMP information on-bill. Should such an order be issued, SCE will require additional time to implement the necessary changes in its billing system.

likely be expensive to implement and not commensurate to the small benefits. Instead, SCE recommends allowing customers to catch up on missed AMP payments after being involuntarily removed from the program and to be reinstated on the program.

The ruling also asks whether the Commission should adopt SCE's recommendation to reduce AMP forgiveness thresholds from \$8,000 to \$4,000 to promote affordability for all customers. SCE's data shows that approximately 90 percent of customers enrolled in AMP owe \$4,000 or less, therefore reducing the thresholds is a reasonable policy and the AMP would continue to serve the vast majority of eligible customers. On the other hand, tightening reenrollment rules is a more important structural improvement that would likely improve the sustainability of the AMP long-term. SCE currently has about 15,000 CARE and FERA customers with arrears over \$4,000, so maintaining the current AMP cap of \$8,000 may still be necessary in the short-term.<sup>4</sup> The Commission could also allow utilities to seek program changes, such as AMP limits, via an advice letter process if future conditions warrant changes to the program.

In summary, SCE recommends the Commission strengthen and extend the Arrearage Management Payment (AMP) program by refining eligibility requirements to better target those with recent payment engagement, implementing measures to prevent repeated reliance, improving customer outreach and understanding, and ensuring benefits are directed to those most in need.

## V.

### **PERCENTAGE OF INCOME PILOT PROGRAM (PIPP) - DISCUSSION QUESTIONS**

SCE's position on the PIPP pilot remains the same as stated in the Opening Comments to the November 2025 Assigned Commissioner Ruling in this Proceeding.<sup>5</sup> The pilot is not scalable under existing statutory and equity limitations. PIPP is undeniably impactful for enrolled customers,

---

<sup>4</sup> CARE and FERA customers with arrears over \$4,000 carried an average balance of \$7,319, as of March 2026.

<sup>5</sup> See SCE's Opening Comments in Response to Assigned Commissioner's Email Ruling on Arrearage-related Assistance Programs, at p. 3-4.

but its benefits do not outweigh the substantial costs imposed on non-participants. Results from the pilot show that the average PIPP subsidy was roughly twice the CARE discount, which would translate into significant program costs if implemented more broadly. Expanding PIPP at these subsidy levels would place upward pressure on rates, affecting both CARE customers not enrolled in PIPP and non-CARE customers. This degree of cross-subsidization raises equity and affordability concerns for the broader customer base and extends beyond the scope of the Disconnections proceeding.

Moreover, the PIPP evaluation identifies the creation of a single, consolidated low-income assistance program—incorporating elements of PIPP, AMP, and CARE—as its primary long-term recommendation. These recommendations fall outside the scope of the present proceeding, which is focused on disconnections, and cannot be implemented solely through Commission action. Because CARE is statutorily mandated, any consolidation of PIPP with CARE would require legislative changes.

**1. Should the Commission extend PIPP's sunset date or let it expire on February 1, 2027?**

The Commission should maintain the planned pilot sunset date.

**2. If the program expires as currently set, should the Commission take action to minimize the risk of disconnecting current participants? If so, how?**

The Commission should ensure an orderly and customer-centered transition for current participants. Existing PIPP customers should be supported in exiting the program through clear communication, advance notice, and facilitated transitions to other available assistance programs, such as AMP, where arrears still persist. A defined off-ramp balances the need to avoid prolonging a non-scalable program with the obligation to minimize disruption and hardship for customers who have relied on PIPP during the pilot period.

**3. 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.**

N/A – SCE does not recommend continuing the PIPP pilot or extending it into a program. Additional targeting of specific customers by income would likely require more detailed income verification, which would further increase program costs. Additionally, targeting a subset of customers would not truly solve the non-participant cost issue, and therefore SCE does not support a modified PIPP program for select customers. Even at the current small size of the PIPP pilot, the program cost is prohibitively high.

In addition, a continuation of PIPP for existing participants would not yield additional insights beyond what has already been learned through the pilot and evaluation. The program's benefits, cost structure, and equity impacts are well documented, and extending the pilot solely to maintain enrollment would not materially inform future Commission decisions. As SCE stated above, the Commission should ensure an orderly transition of the current participants to the CARE discount.

**VI.**

**ONGOING SUPPORT FOR CUSTOMERS AT RISK OF DISCONNECTION -  
DISCUSSION QUESTIONS**

**1. 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?**

**a) If so, describe implementation recommendations for such process and scope of issues for any recommended working group to address.**

Yes, see SCE's response to Question 6 in Section 2.

**2. If the Commission ordered an ongoing process or working group, what entities should be included in that process or working group?**

**a) 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?**

SCE recommends the Commission include entities such as the utilities, consumer advocates, community-based organizations, organizations representing low-income communities, and other parties who express interest in participating. SCE also recommends Commission staff lead the working group and take parties' feedback in order to appropriately balance discussions and set agendas and goals for meetings.

**b) Are there any existing working groups or other ongoing processes for which these items would be reasonable additions to existing work?**

SCE is not aware of existing working groups for which these items would be reasonable additions.

**3. What is/are the appropriate venue(s) where these issues could be considered on an ongoing basis when this proceeding is closed?**

**a) For example, should these issues be considered in A.25-06-022, A.26-01-003, Rulemaking 25-07-013, specific phases of individual General Rate Cases, procedural vehicles complying with the Commission's direction to propose demand flexibility rates for all customer classes, or a non-proceeding venue such as an interagency summit or en banc Commission meeting?**

SCE supports holding interagency summits or en banc Commission meetings as needed to discuss the status of disconnections and effectiveness of current policies moving forward. If further policy reform is needed in the future, the Commission could open a new proceeding or utilize a separate track in the proceedings identified in the question. Modifications to existing programs (e.g., AMP limits or eligibility) could be handled through an advice letter process, and any modifications that require funding could be handled in separate cost recovery proceedings such as a General Rate Case or other applications.

## VII.

### CONCLUSION

SCE appreciates the opportunity to offer these comments.

Respectfully submitted,

ANNA VALDBERG  
PAULINE NGUYEN

*/s/ Pauline Nguyen*

By: Pauline Nguyen

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-2187  
E-mail: [Pauline.Nguyen@sce.com](mailto:Pauline.Nguyen@sce.com)

**March 25, 2026**

**Attachment A**

**SCE's March 11, 2026 Workshop Presentation**

# Disconnections OIR Workshop

---

March 11, 2026

# Policy Reform is Needed to Better Balance Customer Support and Achieving Equitable Rates

## What the data shows

- **90%** of SCE customers pay their bills on time or actively engage when they fall behind
- **~1%** of customers exhibit repeat, long-term non-payment patterns, driving **~35%** of unpaid balances.
- Long-term payment plans fail at alarming rates
- First reconnection without payment has reduced the average amount collected by 50%



## Gaps in disconnection policy

- **Disconnection caps and reconnection requirements** have reduced effectiveness of existing collection tools
- Ability to enroll in **unlimited payment plans** have become a long-term substitute for payment
- Repeated **account cycling** at the same address allows for repeated non-payment
- Elimination of **deposits** have significantly reduced funds recovered when accounts close

## Why this matters

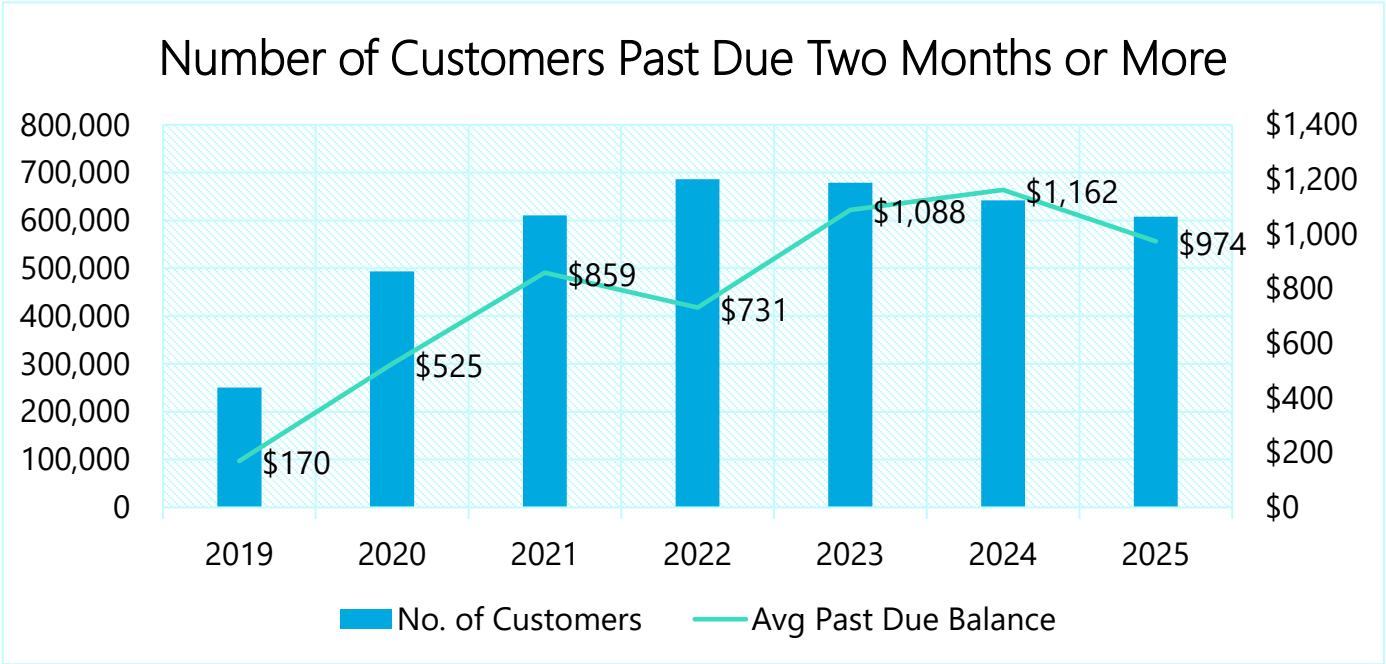
- **Residential receivables exceed \$1.1 billion** (active and inactive accounts), **12 times pre-2019 levels**
- Unpaid balances are recovered through rates, **shifting costs to all customers**
- SCE estimates this results in approximately:
  - **\$2 per month for non-CARE customers**
  - **\$1 per month for CARE customers**

## Our Policy Objective

**Ensure a fair system in which assistance programs are used as intended and close policy loopholes that shift costs and increase rates.**

*If adopted, SCE estimates proposed reforms could reduce arrearage balances by **\$300–\$400 million by 2030 while maintaining an appropriate balance with supporting customers in need of assistance.***

# Customers Continue to Accumulate Past Due Balances Despite Long Term Installment Plans and Disconnection Protections



- As of February 2026, residential receivable balances are \$1.1 Billion<sup>1</sup>
  - Approximately, 300,000 customers owe 6-months or more of energy bills, 38,000 customers carry ~30 months of past due balances and contribute to 35% of receivable balances
  - Application of D.25-06-012 will likely cause customers to accumulate higher past due balances in 2026+
- Over 1.8 million installment plans were granted in 2025 (3 months – 24+ months)
  - 57% of plans defaulted within 3-months; and 28% represent repeat installment plans
  - Granted 500,000 24 Mo installment plans; representing 21,000 unique customer accounts
  - Customers on 24 Mo installment plans can miss 2 payments. 90% never make an on-time payment and default after the first 3 months.

<sup>1</sup> \$1.1B represents residential active > 21 days (\$746M) and inactive (\$326M) receivable balances

# Disconnection Caps Should Increase with Appropriate Oversight and Safeguards

*Disconnections are a last resort tool that encourages payment, seek payment assistance, and prevents unmanageable arrearages.*

## Current State

- **Amounts collected after disconnection have declined significantly** so far in 2026
- **Arrearage levels are 12 times pre-2019 levels**
- Arrearage balances expected to **remain flat or grow** in the absence of policy changes

## Policy Gaps

- Disconnection caps have resulted in fewer disconnections, but **higher arrearage balances** at the time of disconnection
- Reconnection-without-payment rule has **effectively cut IOU disconnection caps by 50%**
- Higher arrearage balances at the time of disconnection make it less likely customers will pay or attempt to pay

## Proposal to Reduce Arrears While Maintaining Appropriate Oversight

- SCE estimates that arrearages will reduce by \$27 million for every one percent increase in the disconnection cap (~\$108 million to \$162 million at 8%-10% disconnection cap).
- Increase disconnections using a **ramp-up approach**, 2% per year, up to 8% or 10%, depending on arrears status
- Mechanisms to control unintended consequences could include maintaining zip code limits for zip codes >100 customers etc.
- Regulatory Oversight
  - Utilize annual **Tier 2 advice letter** process, in addition to ensuring regulatory oversight over cap increases.
  - Disconnection policies remain highly regulated, with multiple notices, outreach, assistance programs, and reporting requirements.
  - Explore **"circuit breaker"** process based on segmented customer populations.

# Payment Plans Should Provide a Clear Path Out of Debt, not Indefinite Deferral

*Payment plans are critical tools for customers experiencing temporary hardship.*

## Current State

- Long-term payment plans have proven mostly ineffective.
- **57% of all payment plans longer than 3 months result in default.**
- Nearly one-third of payment plans issued have been 24-months. **90%** of customers on these plans **never make a payment** and **default from the payment plan within 3 months**, owing a higher amount than before.

## Policy Gaps

- Current policy allows for **unlimited, repeated enrollment** in long-term plans without the risk of disconnection.
- Customers are allowed to miss payment twice and automatically remain on long-term payment plans.

## Proposal to Improve Payment Plan Success Rates

- **Reasonable limits** are necessary to improve payment plan success, while still providing flexibility and assistance.
  - Limit reinstatement after default to two times per year.
  - Limit length of payment plans to a **maximum of one year**.
- Requiring enrollment in auto-pay after an initial default may also improve likelihood of successful completion of payment plans.
- All existing notice, outreach, and assistance programs remain in place.
- SCE estimates policy reforms will result in ~\$63 million to \$129 million in arrearage reduction.

# Develop “Benefit of Service” Rules to Avoid Same-Party Account Cycling

*Rules for opening new accounts must be established to prevent abuse.*

## Current State

- **New accounts can be opened at the same address** under the same or different name (e.g., spouse or relative) to **avoid disconnections or making payments indefinitely**.
- About 2% of customers who were disconnected leveraged benefit of service loopholes to reconnect without payment. Of that population, 56% of customers repeatedly abuse the policy.

## Policy Gaps

- IOUs are **prohibited from withholding service** pending an investigation.
- If the party is found to be responsible, the collection cycle restarts, which further increases arrearage balances.
- **IOUs cannot charge a deposit or require payment** before or after an investigation for service.

## Proposal to Prevent Same-Party Account Cycling

- Proposed reforms focus on fast responsibility determinations, abuse prevention, and reasonably good faith payments.
  - Permit **investigation period of 48 hours** to determine responsibility while withholding service for **high-risk** accounts.
  - For lower-risk accounts, do not withhold service but require good-faith payment, calculated at 30% of outstanding balance, **if investigation proves responsibility**.
  - Permit utilities to **withhold service** until account brought back to good standing following **two completed investigations** determining same-party responsibility.
- Customer **notification and dispute process** adopted in D.20-06-003 should remain fully in place.
- SCE estimates policy reform would result in ~\$11million in annual arrearage reduction.

# Reinstate Utilities' Ability to Collect Deposits in Limited Scenarios

*Deposits have been important tools to reduce cost shifts associated with defaults.*

## Current State

- When accounts close, any unpaid balances eventually become uncollectible expense, which increases rates for all customers.
- Elevated arrearage balances and limits to collection practices have resulted in increased levels of uncollectible expense.

## Policy Gaps

- **IOUs are prohibited from collecting deposits**, including at account establishment and for re-establishment of credit.

## Proposal to Collect Deposits for High-Risk Accounts

- Assess deposits in **targeted scenarios** of high credit risk.
  - For example, charge deposits for customers who have **disconnected twice in a 12-month period, defaulted on two or more payment plans, and/or have not made a payment in six months or longer.**
  - Apply a flat deposit for customers starting **new service without prior satisfactory credit history** with the utility.
- Previous Commission Decision (D.12-03-054) addressed deposit practices.
  - Deposit for re-establishment of credit based on **twice the average monthly bill.**
  - **No deposits charged for late payments, or for CARE/FERA customers.**
  - Required deposits for customers who wrote three or more bad checks or those involved in fraud.
- Deposits are **returned to customers** after twelve on-time payments.
- Prior to the issuance of D.20-06-003, deposits historically **reduced uncollectible expense by 29%.**