BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) ON ASSIGNED COMMISSIONER'S RULING SETTING WORKSHOP AND ORDERING COMMENTS

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I. INTRODUCTION

Pursuant to the Assigned Commissioner's Ruling Setting Workshop and Ordering Comments, dated February 26, 2026 (Ruling), San Diego Gas & Electric Company (SDG&E) hereby submits the following Opening Comments in response to the discussion questions identified in the Ruling.[1] Pursuant to Administrative Law Judge Dugowson's email to the service list, dated March 14, 2026, attached hereto as Attachment A is SDG&E's workshop presentation related to residential disconnections, the disconnection cap, and arrearages, and Attachment B is the joint investor-owned utility (IOU) presentation on the Percentage of Income Payment Plan (PIPP).

II. DISCONNECTION CAPS

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.*

SDG&E Response

In response to Party concerns discussed in the Ruling, SDG&E notes that both the Commission and the IOUs have developed the following robust protections and programs to support past due residential customers:

[1] SDG&E notes that for ease of reference, the corresponding footnotes included in the Ruling have been omitted from the questions below.

Protections:

- **First-Time Disconnection** – Customers can reconnect for zero dollars and a payment plan.
- **Weather** – Disconnection moratorium during extreme temperatures.
- **Disaster** – Impacted customers are protected from disconnection and given additional relief for one year.
- **Program Offering** – Customers are offered eligible programs and protected from disconnection for 60 days if they contact us prior to disconnection.

Programs:

- **Payment Plans – Flexible payment arrangements up to 24 months.**
- **Debt Forgiveness – Arrearage Management Payment (AMP) Plan, Low-Income Home Energy Assistance Program (LIHEAP), and SDG&E's Neighbor-to-Neighbor program.**
- **Bill Discounts – CARE, FERA, and Medical Baseline.**
- **Energy Efficiency – Programs designed to help customers save longer-term on their energy bills.**
- **Bill Management** – Level Pay Plan, climate credits, and alerts to monitor usage and bill forecasts.[2]

Additionally, SDG&E sends multiple past due notifications including a monthly bill, late notice, disconnection notice, and an SMS text message before disconnecting a customer. Vulnerable customers also receive an in-person field visit.[3] Each notification encourages the customer to contact SDG&E if they need assistance, who will offer all applicable programs and payment plans. SDG&E limits the volume of late notices, disconnection notices, SMS text messages, and disconnections to ensure impacted customers are able to access timely support and assistance, in alignment with regulatory requirements and available customer care and field resources.

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[2] Workshop in Disconnections Rulemaking Presentation (March 11, 2026) (Workshop Presentation) at 51.

[3] Per SDG&E Electric Rule 11 and Gas Rule 11 at Sheet 1, n.3, "[v]ulnerable customers include elderly (age 65 and over), handicapped, and special needs profiled residential customers, including Medical Baseline, Life Support and customers who self-certify that they have a serious illness." SDG&E notes that Life Support customers are not eligible for disconnection for non-payment.

Within these limits, SDG&E's system prioritizes customer accounts for credit activities based on highest risk. The risk is determined by the customers' payment history and the size of their past due balance.

There is a strong correlation between arrearages and disconnections. When residential disconnections were suspended during the pandemic from March 2020 to August 2023, residential arrearages increased significantly. Despite the support the Commission and IOUs have developed and implemented, arrearages have increased when disconnections do not occur. Therefore, while a last resort, disconnection is a necessary tool to prompt certain customers to take action towards their past due balance by paying or contacting their utility so they can be connected with programs and assistance.

As of February 2026, SDG&E residential arrearages remain two times pre-pandemic levels and are expected to increase due to the new reconnection requirement.[4] Furthermore, nearly 260,000 SDG&E residential customers are past due with an average balance of approximately $500.[5] Given the robust customer protections and programs that exist, and the strong correlation between arrearages and disconnections, SDG&E believes that the disconnection cap is no longer necessary and should be eliminated. To continue to support low-income customers, SDG&E believes that AMP should be made permanent with certain modifications as discussed in SDG&E response to Question IV below. If additional protections for low-income customers are desired, SDG&E recommends implementing a 3-year glidepath leading to the eventual discontinuation of the CARE/FERA disconnection cap.

SDG&E notes that if the existing 3% disconnection cap (approximately 41,000 customers) were to continue, it would take six years for SDG&E to reach all past due customers (approximately 260,000 customers) with a first-time disconnection.[6]

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?*

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4 Workshop Presentation at 49.

5 *Id.* at 50.

6 *Id*.

SDG&E Response

As discussed in SDG&E's response to Question II.1 above, SDG&E believes that the disconnection cap is no longer necessary and should be eliminated. Furthermore, disconnection caps do not empower customers to make the right choice for their particular financial situation. Instead, disconnection caps allow customer debt to grow, making it harder to achieve reconnection if a customer is ultimately disconnected.[7]

If additional protection for low-income customers is desired, SDG&E recommends eliminating the disconnection cap for non-CARE/FERA customers and implementing a 3-year glidepath beginning the month following a final Decision. Specifically, SDG&E recommends a 6%, 9%, and 12% disconnection cap for low-income customers in the first, second, and third years, respectively, following a final Decision, and ultimately eliminating the cap after conclusion of the third year.

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.*

SDG&E Response

Please refer to SDG&E's response to Question II.2 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?*

SDG&E Response

If the Commission were to raise the disconnection caps, SDG&E believes that the Commission and IOUs have already developed and implemented mechanisms to prevent unintended consequences. For example, the IOUs provide multiple past due notifications and ample time to customers at risk of disconnection. As noted above, SDG&E customers receive a

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[7] Opening Comments of San Diego Gas & Electric Company on Administrative Law Judge's Ruling on Disconnection Caps and Past-Due Payment Allocation (April 19, 2024) (SDG&E Opening Comments) at 4 – 5.

monthly bill, late notice, disconnection notice, and an SMS text message prior to disconnection. Additionally, vulnerable customers receive an in-person field visit.

Customers making good faith efforts to pay, such as those enrolled in payment plans or AMP, and those with a pending LIHEAP pledge cannot be disconnected for non-payment. Likewise, customers who contact the IOU prior to disconnection are offered all applicable benefit programs and protected from disconnection for 60 days to give them time to enroll.[8]

When a customer is disconnected, pursuant to Decision (D.) 25-06-012 issued in this proceeding, the IOUs were recently required to restore service with no conditions beyond enrolling the customer in a payment plan.[9] Additionally, three months following that first reconnection, if a customer is disconnected again, the utility is required to reconnect that customer, and maintain their payment plan, if the customer pays the balance accrued during the plan or an amount agreed upon.[10] And to prevent concentration of disconnections in specific or vulnerable communities, D.20-06-003 adopted a requirement that no ZIP code may exceed a 30 percent residential disconnection rate.

Prior to issuance of the disconnection caps in D.20-06-003, SDG&E had the lowest disconnection rate of all electric investor-owned utilities in the state of California.[11] Without a prescribed disconnection cap, SDG&E would still be limited in the number of disconnections it could perform due to other regulatory requirements and operational constraints. Additionally, SDG&E does not disconnect customers with a past due balance of less than $100. Overall, SDG&E estimates that a disconnection rate above 10 percent would not be feasible.

SDG&E disconnects customers as a last resort when customers who receive the various notifications fail to take action to pay their balance or enroll in a payment plan or program. While a last resort, disconnections are a necessary tool to prompt customers to take action towards their past due balance, which ultimately helps the customer, IOU, and Community Choice Aggregator manage arrearages.

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8 Resolution (Res.) UEB-006 (December 17, 2020) at 2.

9 D.25-06-012 at Ordering Paragraph (OP) 1(a).

10 *Id*.

11 SDGE&E Opening Comments at 2.

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?*

SDG&E Response

As noted above, SDG&E believes the disconnection caps should be eliminated for all customers. Alternatively, if additional protection for low-income customers is desired, SDG&E recommends eliminating the disconnection cap for non-CARE/FERA customers and implementing a 3-year glidepath beginning the month following a final Decision. Specifically, SDG&E recommends a 6%, 9%, and 12% disconnection cap for low-income customers in the first, second, and third years, respectively, following a final Decision, and ultimately eliminating the cap after conclusion of the third year.

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?*

SDG&E Response

SDG&E notes that this Rulemaking has been open since 2018 and has been an active, data-rich, and participatory proceeding. Over the course of this multi-year rulemaking, the Commission has repeatedly incorporated public input, updated data requirements, hosted workshops, and issued several Decisions with requirements for the IOUs, including the protections for customers noted above. The proceeding includes numerous Parties, representing diverse stakeholder groups, all of whom have had ongoing opportunities to submit comments, proposals, and reply comments across multiple phases. This extensive record ensures that questions regarding the appropriate level of caps are not evaluated in isolation, but in the context of detailed operational experience of the IOUs and stakeholder feedback.

Within this context, SDG&E maintains that the disconnection caps should be eliminated. SDG&E has stated this position multiple times throughout the proceeding, supported by updated operational data, customer experience information, and analysis demonstrating that the caps do not effectively advance their intended purpose and may instead produce counterproductive outcomes.

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?*

SDG&E Response

Pursuant to Senate Bill (SB) 598, disconnection caps were a "circuit breaker" mechanism used to lower disconnections. The legislation created a goal to reduce disconnections by 2024 and the Commission has met, and exceeded, its target. Furthermore, the Commission has worked closely with the IOUs and intervenors to provide other options to customers. The disconnection caps allowed time to fully vet and implement the program offerings, which have since been successfully implemented.

Pursuant to Res. UEB-006, the Commission adopted several rules related to disconnections, including rules around extreme weather conditions. For instance, the Commission requires no residential disconnections when temperatures are forecasted to be >100 degrees or <32 degrees.[12] Additionally, pursuant to D.19-07-015, SDG&E offers emergency protections to eligible customers for 12-months, intended to assist utility customers in keeping vital utility services and receiving financial support in the wake of a disaster.[13] These measures serve as additional protection measures to help customers.

Prior to the issuance of D.20-06-003, SDG&E had the lowest disconnection rates for any electric providing utility in the state of California, and SDG&E maintains the lowest percentage post D.20-06-003.[14] Additionally, SDG&E carefully considered and delayed resumption of its credit practices post-moratorium, to ensure that its customers had the ability to take advantage of the various programs and offerings available to them, while ensuring compliance with the disconnection cap.

With the existing 3% disconnection cap (approximately 41,000 customers), it would take six years for SDG&E to reach all past due customers (approximately 260,000 customers) with a first-time disconnection.[15] To ease concerns around quickly increasing disconnections, SDG&E notes that it would be unable to disconnect a large portion of those customers immediately given other regulatory requirements and operational limitations as discussed above. As such, SDG&E does not intend to immediately disconnect every past due customer, nor has the ability to do so.

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[12] Res. UEB-006 at 10.

[13] Advice Letter 4784-E/3488-G, January 8, 2026; *see also* D.19-07-015 at 2 and OP 2.

[14] SDG&E Opening Comments at 2.

[15] Workshop Presentation at 50.

Given these existing protections and limitations, SDG&E believes additional "circuit breaker" conditions are unnecessary.

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.*

   - *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?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

   - *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?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

   - *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?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

III. COMMUNITY BASED ORGANIZATION PILOT PROGRAM (CBO PILOT)

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

SDG&E Response

The Advice Letter process might be a suitable avenue if the CBO Pilot is evaluated as being more successful than SDG&E's typical business practices at resolving customers' arrearages, and if so ordered by the Commission. However, SDG&E maintains that the Pilot should sunset, as scheduled, on April 15, 2026. Additionally, if additional analysis is required,

that would also require additional funding and cost recovery, which SDG&E does not support. Pursuant to D.24-02-046, Verdant is required to submit a final evaluation Report by September 2, 2026.[16] As such, SDG&E recommends that the Commission wait until that Report is provided, to determine whether the Pilot has been successful, or not, before investing additional ratepayer dollars into the Pilot.

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

SDG&E Response

As noted above, Verdant is required to submit a final evaluation Report by September 2, 2026. In the interim, the Commission can incorporate the pilot's lessons by directing that insights from the upcoming evaluation be applied to future program design, particularly in areas of 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?*

SDG&E Response

No, as stated above, the Pilot's sunset date should not be extended beyond the date of April 15, 2026. The scope and granularity of data collection already required in the Decision language has seemed to be sufficient for evaluation efforts to understand the Pilot's anticipated impact. Extending the pilot's sunset would complicate existing contractual agreements and cause customer confusion. Customers have already been referred to other financial assistance programs as outlined in the customer's case management action plan. A protracted sunset date would also increase both implementation and evaluation costs, both of which appear, at least preliminarily, to eclipse the witnessed impact associated with any arrearage reductions that prescribed case management activities are meant to produce.

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

[16] D.24-02-046 at Attachment A, A-7.

SDG&E Response

The Commission should consider the lessons learned through this pilot when contemplating any proceeding or activity concerned with auxiliary treatment for residential customers who are in arrears or at risk of disconnection, as well as proceedings or activities concerned with the working partnerships between IOUs and their respective CBOs.

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?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

IV. ARREARAGE MANAGEMENT PROGRAM (AMP)

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

SDG&E Response

Given its success and benefits to low-income customers, SDG&E recommends making AMP permanent. Both the AMP evaluation report as well as the Center for Accessible Technology, the National Consumers Law Center, and The Utility Reform Network (together, the Joint Consumers) also recommend that the Commission continue AMP as a permanent program with some modifications due to its positive impacts for customers.[17]

The evaluation found that AMP is effective in reducing arrearages in both the first and second year after enrollment with an estimated arrearage reduction of approximately 50%.[18] The evaluation also found that on-time bill payment improved for AMP participants and this improvement continued after completion of the program.[19]

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[17] Southern California Edison's Submission of the AMP Final Evaluation Report (October 17, 2025), Appendix A, Applied Public Policy Research Institute for Study and Evaluation AMP Evaluation Report (September 2025) (APPRISE AMP Evaluation Report); *see also* Center for Accessible Technology's Comments in Response to Email Ruling on Arrearage-Related Assistance Programs (November 14, 2025) at 5.

[18] APPRISE AMP Evaluation Report at vi.

[19] *Id.* at iv-v.

While nearly 40% of AMP participants successfully completed all 12+ months of the program since SDG&E resumed residential disconnections at a rate consistent with disconnection cap in March 2024, all AMP participants receive meaningful debt forgiveness and disconnection protection every month they pay their current bill on-time and remain enrolled in the program. In fact, for SDG&E customers, over $90M total debt has been forgiven through AMP since the program began in 2021.[20]

SDG&E finds AMP to be effective, noting that any help provided can significantly benefit low-income customers, and thus supports the program's continuation as a permanent offering.

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

SDG&E Response

Please see SDG&E's response to Question 6 above.

8. *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.*

SDG&E Response

SDG&E recommends certain modifications to AMP to strengthen its impact, including:[21]

- Updating program eligibility criteria to require customers to have made at least one on-time payment, in full, within the past 12 months, rather than within the past 24 months. A single on-time payment over a 24-month period does not demonstrate a consistent ability or commitment to pay, which is essential for success in the AMP program.
- Extending the AMP re-enrollment waiting period from 12 months to 24 months after the previous AMP plan ended. This change would strengthen program integrity and discourage repeat cycles of arrearage forgiveness. The current 12-

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[20] Workshop Presentation at 58.

[21] Joint Opening Comments of Southern California Gas Company and San Diego Gas & Electric Company on Administrative Law Judge's Email ruling on Arrearage-Related Assistance Programs (November 14, 2025) at 4 and 5; *see also* Joint Reply Comments of Southern California Gas Company and San Diego Gas & Electric Company on Administrative Law Judge's Email ruling on Arrearage-Related Assistance Programs (December 5, 2025) (Joint Reply Comments) at 5.

month gap may allow customers to complete AMP, accumulate new unpaid balances, and re-enroll, which may create a pattern that undermines the plan's intent to promote sustainable payment behavior and reduce residential disconnections.

- *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.*

SDG&E Response

SDG&E disagrees with the evaluation's suggestion to require customers who apply for AMP to complete a post enrollment verification (PEV) of CARE/FERA status and to remove ineligible customers after verification. Absent regulatory changes, SDG&E is restricted in the number of CARE/FERA PEVs it can perform per year due to a CARE/FERA PEV limit.[22] For example, SDG&E is limited to 18,313 total CARE/FERA PEVs in 2026 and over 17,000 SDG&E customers are currently enrolled in AMP so this suggestion is not feasible at this time.

- *Adopting the evaluation report's recommendation to require disconnection and disenrollment of AMP participants who miss payments, rather than just removal from AMP.*

SDG&E Response

SDG&E disagrees with the evaluation's recommendation to require disconnection and disenrollment of AMP participants who miss payments, rather than just removal from AMP. This change is contrary to one of the primary goals of AMP, which is to reduce residential disconnections. Additionally, it would result in fundamental changes to the program and current processes requiring IT development costs. Instead, SDG&E recommends continuing current disconnection practices in alignment with the thresholds required by this proceeding.

- *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?*

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[22] D.12-08-044 at OP 92. SDG&E is limited to 6% post enrollment verification of CARE/FERA households in a one-year period. As of December 31, 2025, SDG&E had 286,327 CARE households + 18,886 FERA households X 6% = 18,313 PEV cap in 2026.

SDG&E Response

SDG&E supports sending communications to customers before they are involuntarily removed from AMP with information on available resources. SDG&E has already implemented AMP missed payment and cancellation letters which are delivered via direct mail and email and include information on AMP and additional options to help manage their energy bill.

- *Adopting the evaluation report's recommendation to limit AMP reenrollment to after five years.*

SDG&E Response

As discussed above, SDG&E supports extending the AMP re-enrollment waiting period but recommends extending it from 12 months to 24 months, instead of five years. SDG&E agrees with the evaluation report that the current 12 month re-enrollment waiting period "provides disincentives for bill payment" because it "allows customers to receive arrearage forgiveness, build up additional arrearages, and then re-enroll in AMP" which may undermine the program's goal to strengthen customer payment habits.[23] However, customers may face financial hardship and would benefit from AMP more frequently than once every five years so a shorter re-enrollment waiting is recommended to better support customers most in need and the program's goal of reducing residential disconnections.

- *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?*

SDG&E Response

SDG&E supports the evaluation Report's recommendation to include specific information about AMP progress with customer bills; however, SDG&E already provides specific information about AMP progress on customer bills and does not support providing it in a separate bill insert which would be duplicative and costly to implement. The AMP information provided to participants on their bills includes the original arrearage amount, periodic forgiveness amount, prior total forgiven, and arrearage remaining as recommended by the evaluation report as well as the plan number and start date.

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[23] APPRISE AMP Evaluation Report at xi.

- *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?*

SDG&E Response

SDG&E already offers customers the option to enroll in bill payment reminder notifications via email and/or text five days prior to the bill due date. Additionally, SDG&E has already implemented AMP missed payment letters which are delivered via direct mail and email and includes AMP plan information, action needed to avoid AMP plan cancellation, consequences of AMP plan cancellation, and how to contact SDG&E for assistance. As such, SDG&E does not recommend additional notifications which would be duplicative and costly to implement.

- *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.*

SDG&E Response

As discussed above, SDG&E recommends updating program eligibility criteria to require customers to have made at least one on-time payment, in full, within the past 12 months, rather than within the past 24 months. A single on-time payment over a 24-month period does not demonstrate a consistent ability or commitment to pay, which is essential for success in the AMP program.

- *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?*

SDG&E Response

SDG&E disagrees with the Joint Consumers that "[i]f an AMP enrollee is making a partial payment . . . [s]uch a showing should be sufficient to keep the AMP participant in the program" and CalCCA's proposal of allowing partial payments to count as qualifying AMP payments. Doing so would not promote positive payment behavior among participants, which is one of the goals of AMP, and would require substantial IT development costs.[24]

[24] Joint Reply Comments at 5, n.18, and 6.

- *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.*

SDG&E Response

SDG&E supports CalCCA's recommendation to provide on-bill or online AMP information to participants. SDG&E notes that it already provides on-bill and online AMP information to participants including the original arrearage amount, periodic forgiveness amount, prior total forgiven, and arrearage remaining as recommended as well as the plan number and start date.

- *Adopting the Joint Consumers' recommendation to conduct another evaluation of AMP in 5 years, especially if there are substantial program design changes adopted now.*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

- *Adopting SCE's recommendation to reduce the AMP forgiveness thresholds from $8,000 to $4,000 to promote affordability for all customers.*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

V. PERCENTAGE OF INCOME PILOT PROGRAM (PIPP)

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

SDG&E Response

SDG&E does not recommend that the Commission extend PIPP's sunset date and instead let it expire on February 1, 2027.

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

SDG&E Response

SDG&E does not believe additional Commission action is necessary with the sunsetting of this pilot. SDG&E plans to send timely communications with PIPP customers to prepare them for the closure of the pilot to minimize the risk of disconnecting current participants.[25] Upon enrollment, customers were informed of the PIPP pilot's 48-month duration. SDG&E intends to notify customers at least six months in advance of the pilot's planned sunset date with several follow-up notifications to maximize awareness of bill changes. Consistent with the Joint Consumers' recommendation, SDG&E will recommend to impacted customers other available bill assistance programs that may assist with their bill payment needs.[26]

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.*

SDG&E Response

SDG&E does not recommend continuation of PIPP. As noted previously, there is no assurance that PIPP will sufficiently improve to achieve the intended goals of PIPP.[27]

- *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?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

  - *Would limiting eligibility to these customers mitigate costs enough to justify continuation of the program?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

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[25] Joint Reply Comments at 4.

[26] *Id*.

[27] *Id.* at 3.

- *Are there other options to mitigate costs while retaining PIPP in some form for customers with demonstrated need for the program?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

4. *Should the Commission extend the PIPP sunset date? If so, what should be the new sunset date?*

SDG&E Response

No. Please see SDG&E's response to Question 3 above.

- *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?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

5. *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?*

SDG&E Response

SDG&E does not support a limited continuation of the of the PIPP. As stated in response to Question 2, existing customers will receive timely communications to prepare them for the closure of the pilot. SDG&E will support customers by responding to their questions and concerns, if any, and refer them to other applicable programs to meet their needs, if eligible.

VI. ONGOING SUPPORT FOR CUSTOMERS AT RISK OF DISCONNECTION

6. *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.*

SDG&E Response

If the Commission ultimately declines to eliminate the disconnection cap for all customers, SDG&E suggests that any review be in the ongoing Low-Income proceeding (A.25-

06-022, cons.), if SDG&E's proposal to implement a 3-year glidepath to eliminate the disconnection cap for low-income customers is approved. Additionally, SDG&E notes that each IOU submits monthly reports that track disconnections, reconnections, etc., in this proceeding, which could continue to be used to monitor customer arrearages.

7. *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?*

SDG&E Response

Please see SDG&E's response to Question 6 above.

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

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

8. *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?*

SDG&E Response

SDG&E does not have a response to this Question at this time but reserves the right to respond in Reply Comments.

VII. CONCLUSION

SDG&E urges the Commission to consider these Comments when addressing the remaining issues in this proceeding and looks further to future participation.

Respectfully submitted,

/s/ Siobhán E. Murillo

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March 25, 2026

Attachment A -

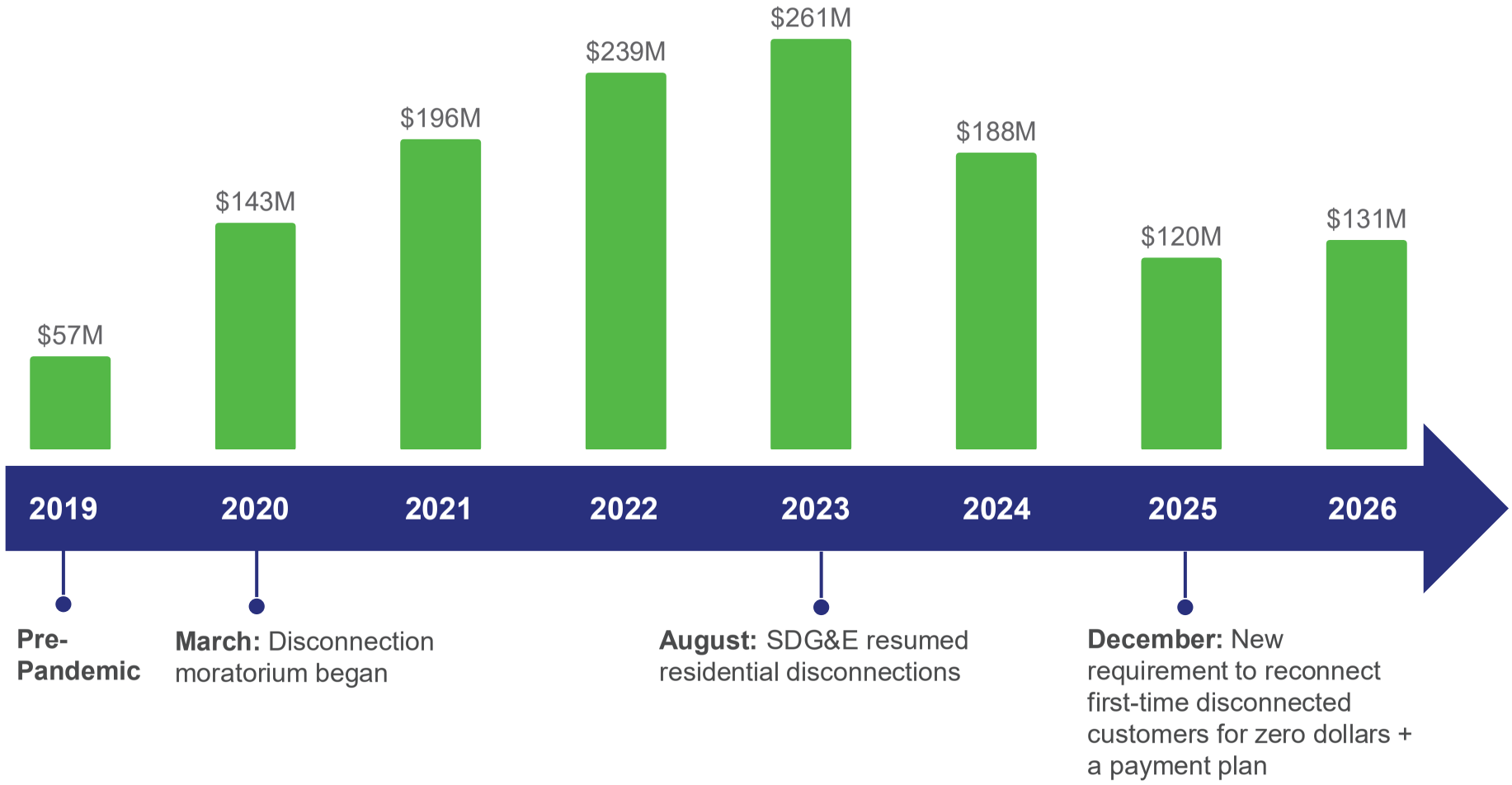
SDG&E Residential Arrearage/Disconnection Slides

R.18-07-005: Disconnection OIR Workshop

March 11, 2026

Residential Customer Arrearages

Residential arrearages are still 2X pre-pandemic levels and are increasing due to the new reconnection requirement



Note: 2019 through 2025 amounts represent residential customer arrearages as reported in the December Disconnection OIR monthly filings. The 2026 amount represents February results. Results include the benefits of electric and gas climate credits.

Key Impacts and Observations

There is a strong correlation between disconnections and customer arrearages

Disconnection Cap Impacts

- **Affordability Concerns**
  - The average residential past due balance increased 300% from $250 pre-pandemic to $750 just before resuming disconnections, and remains elevated at $500 today
  - The higher the past due balance, the more difficult it is for customers to pay and get caught up
- **Cost Shift** – Uncollectible expense is paid for by all customers
- **Impacts to CCAs** – Customers are returned to bundled service for non-payment

Disconnection Observations

- Disconnections **enable customer contact**
- **~90%** of premises disconnected take action and are **reconnected within 24 hours**
- New requirement results in **multiple disconnections before payment** can be required for reconnection
- With a 3% disconnection cap (~41K), it would take **6 years** for SDG&E to reach all past due customers (~260K) with a first-time disconnection

Robust Customer Support

Protections

- **First-Time Disconnection |** Customers can reconnect for zero dollars and a payment plan
- **Weather |** Disconnection moratorium during extreme temperatures
- **Disaster |** Impacted customers are protected from disconnection and given additional relief for 1 year
- **Program Offering |** Customers are offered eligible programs and protected from disconnection for 60 days if they contact us prior to disconnection
- **Notifications |** Customers receive a bill message, late notice, disconnection notice, and text message – vulnerable customers also receive a field visit

Programs

- **Payment Plans |** Flexible payment arrangements up to 24 months
- **Debt Forgiveness |** Arrearage Management Payment (AMP) Plan, Low-Income Home Energy Assistance Program (LIHEAP), and SDG&E's Neighbor-to-Neighbor program
- **Bill Discounts |** CARE, FERA, and Medical Baseline
- **Energy Efficiency |** Programs designed to help customers save longer-term on their energy bills
- **Bill Management |** Level Pay Plan, climate credits, and alerts to monitor usage and bill forecasts

Recommendations

- While a last resort, **disconnection is a necessary tool** to prompt certain customers to pay or contact us so we can connect them with programs and assistance like flexible payment plans and debt forgiveness

- Given the robust customer protections and programs that now exist, **the disconnection cap is no longer necessary** and should be eliminated

- To continue to support low-income customers, the **AMP should be made permanent** with certain modifications to ensure sustainability

- If additional protection for low-income customers is desired, SDG&E recommends eliminating the disconnection cap for all other customers and implementing a **3-year glide path to lift the disconnection cap for low-income customers**

- **Lower arrearages benefit everyone** – all customers whether past due or not, the IOUs and CCAs

Attachment B - Joint IOU PIPP Slides



Disconnection OIR Workshop
Disconnection Cap and Arrearage Assistance Related Programs

Percent of Income Payment Plan pilot program (PIPP)

March 11, 2026

CPUC Commission Headquarters
505 Van Ness Avenue
San Francisco, CA

PIPP Timeline and Overview

The 48-month PIPP Pilot is scheduled to sunset in February 2027

- Program goal: reduce low-income disconnections by capping monthly bills at 4% of household income.
- The PIPP Final Evaluation Report ordered in D.21-10-012 provides an independent review of the pilot's effectiveness and costs during its first year (2023-2024) and was conducted by APPRISE, Inc., the selected study evaluator.
- Party comments on the October 2025 ALJ Ruling provided input on whether pilots and programs should continue, be modified, or sunset, along with responses to recommendations in the evaluation report.



Evaluation Results

- APPRISE evaluation found PIPP did not meet its goal to control program costs.
- Continuing PIPP as designed may significantly impact rates for non-participants.
- APPRISE Short-Term recommendation for PIPP: 6% bill cap for CARE customers with High Energy Burden estimated annual IOU costs of $520 million (excluding IT) passed on to non-participating ratepayers.

Cost Category	PG&E	SCE	SDG&E	SoCalGas	Total *
Annual Subsidy Cost	$215,770,661	$128,959,301	$56,543,802	$45,092,910	**$446,366,674**
Annual Admin Cost	$19,376,501	$23,329,910	$5,432,396	$25,260,380	**$73,399,188**
Total Cost Estimate (No IT)	$235,147,162	$152,289,211	$61,976,198	$70,353,291	**$519,765,862**

* APPRISE Evaluation Table IV-22, page 68

- Cal Advocates, PG&E, SCE, and SDG&E/SoCalGas recommend in ALJ Ruling comments PIPP should run until the original planned date of February 2027, then be allowed to sunset.

Takeaways and Next Steps

Recent ALJ Ruling Comments filed in December 2025

- Most parties support or do not oppose sunsetting PIPP in February 2027.
- IOUs agree PIPP goals were not met, and roll-out costs to continue in any form would far exceed participant benefits observed in the evaluation.

IOU PIPP sunset communication plan schedule to begin in August 2026

- Multi-channel communications to ensure participant awareness
- Proactively offer programs that PIPP participants may be eligible for – payment plans, LIHEAP, etc. – prior to transition off the pilot
- Following the pilot, all eligible PIPP participants will retain CARE enrollment