

Decision 21-07-029 July 15, 2021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking
Evaluating the Commission's 2010
Water Action Plan Objective of
Achieving Consistency Between Class
A Water Utilities' Low-Income Rate
Assistance Programs, Providing Rate
Assistance to All Low-Income
Customers of Investor-Owned Water
Utilities, and Affordability.

Rulemaking 17-06-024

**PHASE II DECISION CONTINUING SUSPENSION OF DISCONNECTIONS
FOR NONPAYMENT OF WATER UTILITY BILLS ACCUMULATED DURING
THE STATEWIDE WATER DISCONNECTION MORATORIUM AND
IMPROVING ACCESS TO THE LOW-INCOME WATER RATE ASSISTANCE
PROGRAMS STATEWIDE**

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FOR NONPAYMENT OF WATER UTILITY BILLS ACCUMULATED DURING
STATEWIDE WATER DISCONNECTION MORATORIUM AND IMPROVING
ACCESS TO THE LOW-INCOME WATER RATE ASSISTANCE PROGRAMS
STATEWIDE**

Summary

This decision directs Class A water utilities to continue to suspend disconnections of customers with water utility bill debt accumulated during the time the statewide water moratorium is in effect, until the sooner of further notice and direction from the Commission or February 1, 2022. In the meantime, this decision adopts improvements to the exchange of low-income customer data between energy and water utilities to help ease customer access to low-income assistance programs. This decision also provides guidance to Class A water utilities for requesting recovery of unpaid bills associated with the COVID-19 pandemic through their Catastrophic Event Memorandum Accounts. Finally, this decision continues monthly reporting of water utility bill payment and collection data and orders Class A water utilities to pursue data reporting refinements through public working sessions.

This proceeding remains open.

1. Background

The California Public Utilities Commission (Commission) regulates nearly one hundred privately-owned water utilities throughout the state, categorized by size, the largest of which are Class A water utilities with over 10,000 customers.¹

In 2017, the Commission opened this rulemaking to evaluate:

... the low-income rate assistance programs of the Class A water utilities under the Commission's jurisdiction to assess the feasibility of achieving program consistency across the

¹ Pub. Util. Code § 241 and Decision (D.) 85-04-076.

Class A water utilities. In addition, the Commission will investigate assistance to low-income customers of the Class B, C, and D water utilities. The Commission also will consider water affordability, and whether other public revenue sources within and outside of our jurisdiction can be generated to contribute to affordability, including potential revenue from bottled water. This will involve working with the State Water Resources Control Board on affordability, including pooling and consolidation opportunities.²

During the initial phase of this proceeding (Phase I), the Assigned Commissioner issued the Scoping Memo and Ruling on January 19, 2018, and the Amended Scoping Memo and Ruling on July 19, 2018.

During Phase I of this proceeding, the world was faced with the COVID-19 pandemic.

1.1. Response to COVID-19 by Commission and Governor

The Commission promptly began its response to the pandemic by activating emergency customer protections across all Commission-regulated utility industries.

On March 16, 2020, Governor Newsom issued Executive Order N-28-20 requesting the Commission monitor measures undertaken by public and private utilities to implement customer service protections in response to COVID-19 pandemic.³

On March 17, 2020, the Commission's Executive Director issued a letter to Class A and B water utilities ordering emergency protections for water utility

² Order Instituting Rulemaking (OIR) or (R.) 17-06-024 at 2.

³ "6) The California Public Utilities Commission is requested to monitor measures undertaken by public and private utility providers to implement customer service protections for critical utilities, including but not limited to electric, gas, water, internet, landline telephone, and cell phone service, in response to COVID-19, and on a weekly basis publicly report these measures."

customers, including a minimization of disconnections (commonly referred to as the “disconnection moratorium”). The Commission subsequently ratified that order through Resolution M-4842⁴

On April 2, 2020, Governor Newsom issued Executive Order N-42-20 which mandated a statewide water disconnection moratorium, as follows:

- 1) The authority of urban and community water systems, as defined in Health and Safety Code Section 116902, subdivision (d), to discontinue residential service, as defined in Health and Safety Code Sections 116908 and 116910, is suspended; [and]
- 2) Water systems not subject to the requirements of Health and Safety Code Sections 116908 and 116910 shall not discontinue residential service, as defined in Health and Safety Code Section 116902, subdivision (c), for non-payment.⁵

The Commission’s Water Division directed the Class A water utilities to report monthly on changes to enrollment in the Customer Assistance Program (CAP).⁶ CAP is the program providing a bill discount to qualifying single-family residential customers of water utilities. The Commission soon after identified

⁴ Similar Executive Director letters went to utilities in all the Commission-regulated industries to implement the emergency protections developed in the cross-industry R.18-03-011. Executive Director letters dated March 17, 2020, to Energy Companies, Water Companies and Communications Companies available here <https://www.cpuc.ca.gov/covid/>. While the Commission’s emergency protections for water utilities referred to in the Executive Directive letter of March 17, 2020 and subsequently ordered by Resolutions M-4842 and M-4849 did not entirely prohibit, but rather required minimizing disconnections of water service, many water utilities voluntarily suspended disconnections of water service prior to the Governor’s Executive Order N-42-20.

⁵ Governor Newsom’s Executive Order N-42-20 issued on April 2, 2020.

⁶ Commission Water Division Data Request dated May 13, 2020, regarding Low-Income Program Enrollment.

this proceeding as the venue⁷ and appropriated Phase II of this rulemaking to help water utilities respond as the COVID-19 pandemic evolved, noting “this proceeding [] already addresses many of the subjects impacted by the COVID-19 pandemic.”⁸

While the statewide disconnection moratorium shielded customers from losing water service, the Commission recognized that a long moratorium was likely to reduce the collection of the utilities’ billed revenue. On May 28, 2020, the Commission issued Resolution M-4843 to prevent revenue shortfalls from compromising the ability of utilities “to provide necessary and often life-saving utility services during the COVID-19 pandemic.”⁹ Resolution M-4843 permitted the Commission’s smaller-size utilities, including all water and sewer utilities, to secure loans to fund operations and maintenance expenses, through a streamlined regulatory process.

As the COVID-19 pandemic and associated economic and societal disruption took its unprecedented and unpredictable course, water utilities continued to operate their systems, protect their employees and keep customers connected to their systems. The Commission’s emergency protections ordered in Resolution M-4842 included a suspension of the renewal requirements for the energy utilities’ low-income assistance program, the California Alternate Rates for Energy (CARE) program. The water utilities took the same initiative of their own accord. This is important because the exchange of low-income customer data from the regulated energy utilities is a primary source of Class A water

⁷ D.20-08-047 at 98-99.

⁸ Second Amended Scoping Memo and Ruling dated June 2, 2020, at 1-2.

⁹ Resolution M-4843 at 6.

utilities' CAP enrollment.¹⁰ In further recognition that CARE and CAP serve the same customers, in June of 2020, the Commission's regulated water and energy utilities were formally encouraged to increase the frequency of their exchange of low-income customer data.¹¹

On February 11, 2021, the Commission issued Resolution M-4849 which extended emergency protections until at least June 30, 2021. Resolution M-4849 also set out a deliberative planning process to prepare for the resumption of credit and collections practices, including disconnection for nonpayment. Pursuant to Resolution M-4849, water utilities filed Transition Plans on April 1, 2021.

On June 11, 2021, Governor Newsom issued Executive Order N-08-21 announcing the statewide water disconnection moratorium will end September 30, 2021. On June 16, 2021, the Commission's Water Division directed water utilities to extend the Commission's emergency protections through September 30, 2021, consistent with Executive Order N-08-21.

1.2. California Water Shutoff Protection Act (Senate Bill (SB) 998)

In the first months of the pandemic, California's 2018 Water Shutoff Protection Act¹² was just going into effect.¹³ The Water Shutoff Protection Act

¹⁰ See Table 5 in Appendix A of ALJ Ruling of October 12, 2021. *Also see* Cal-Am Comments dated November 9, 2020, at 4.

¹¹ The Ruling of Assigned Commissioner Shiroma dated June 15, 2020, in Application (A.) 19-11-0-03 encouraged additional exchanges between energy and Class A water utilities of low-income customer data.

¹² Enacted by Senate Bill (SB) 998.

¹³ By California HSC § 116904, Commission-regulated water utilities and urban water supplies were required to comply with the Water Shutoff Protection Act (Act) by February 1, 2020, and all other urban and community water systems by April 1, 2020. Fifty-five Commission-regulated water utilities have filed Advice Letters conforming their credit and

standardizes customer protections between Commission-regulated water utilities and public water systems. The Water Shutoff Protection Act, *inter alia*:

(1) extends the time period before utilities may initiate collections action on unpaid water utility bills to 60 days; (2) enhances notice to customers of opportunities to make special arrangements to pay debt over longer terms; and (3) prohibits disconnection while a customer's appeal of the water bill is pending.¹⁴ For qualifying low-income customer, the Water Shutoff Protection Act caps reconnection fees and waives interest charges (including late fees¹⁵) once a year.¹⁶

The Water Shutoff Protection Act's longer timelines and more aggressive payment plan requirements are designed with the intention of minimizing disconnections for nonpayment. However, since Executive Order N-42-20 took effect March 4, 2020, and suspended all disconnections, the impact of the Water Shutoff Protection Act has yet to be realized.¹⁷

collections rules to the Act. Policies and procedures on customer payment and bill collection, including disconnection of service for nonpayment are contained in utility tariff rules 1, 5, 8, 10 and 11. (Also see ALJ Ruling dated January 28, 2021 Receiving Utility Annual Reports, Compliance Filings and Data Request Responses into the Proceeding Record and Directing Water Utilities to File Certain Future Advice Letters in the Proceeding.

¹⁴ California Health and Safety Code (HSC) § 116908.

¹⁵ See Commission Resolution 5223-W dated June 25, 2020, clarifying the Act's reference to interest charges includes late fees.

¹⁶ California HSC § 116914.

¹⁷ Because implementation of the Act began February 1, 2020, and the statewide disconnection moratorium went into effect March 4, 2020, there was not time for the Act to be fully implemented. For the majority of residential customers, the protections of the Act are longer timelines prior to disconnection. The Act's disconnection prohibition is applicable only to small subsets of residential water customers. As specified in HSC § 116910, low-income customers that can get from a primary care provider documentation stating that discontinuation of water service would be life threatening or pose a serious threat to health and safety and remain compliant with the terms of special payment arrangements may not be disconnected unless

1.3. Procedural Background for Proceeding Phase II

On June 2, 2020, the assigned Commissioner and the assigned Administrative Law Judge (ALJ) issued the Second Amended Scoping Memo and Ruling which opened Phase II of this proceeding and directed parties to file comments on issues relating to potential Commission response to COVID-19 (Phase II Scoping Memo). The Phase II issues¹⁸ are summarized as follows:

- What are the impacts of COVID-19 on Class A water utilities, ratepayers as a whole, and individual customers? [Issues identified in Sections A, C, and D of Phase II Scoping Memo]
- In light of the impacts, what relief, if any, is necessary for Class A water utilities, ratepayers as whole, and individual customers? [Issues identified in Sections B, E, F, and G of Phase II Scoping Memo]

To review these issues, we increased Class A water utilities' reporting requirements concerning their customer bill payment and collection metrics and customer access to CAP, beginning June 12, 2020.¹⁹

they become delinquent again for at least 60 days. As specified in HSC § 116916, renters whose landlord defaults on bills long enough that disconnection is imminent may not be disconnected until they have been given the opportunity to become the customer moving forward.

¹⁸ The specific Phase II scoping questions are found in Section 2, as well as in each section addressing the issue.

¹⁹ Cal Water and Golden State Water marked some of the data submitted to the Water Division confidential. On September 16, 2020, ALJ Camille Watts-Zagha directed Class A water utilities to (1) file their data reports on customer bill payment and collection metrics and customer access to CAP, in this proceeding docket, (2) disaggregate the residential data by CAP and non-CAP residential customers, and (3) if necessary, file motions for confidential treatment of data. (Email Ruling Directing Class A Water Utilities to Submit Motions Seeking Leave to File Under Seal and Revising Reporting Requirements) Golden State and Cal Water requested confidential treatment of certain arrearage data, as well as the number of customers late or behind on their bill. NRDC opposed their motion. Golden State's and Cal Water's motions were denied by ALJ Ruling dated February 22, 2021. On February 3, 2021, and March 1, 2021, respectively, Golden State and Cal Water filed their prior reports with all arrearage data disclosed, as previously ordered.

On June 30, 2020, Liberty Utilities (Liberty), California Water Service Company (Cal Water), California-American Water Company (Cal-Am), Great Oaks Water Company (Great Oaks), Golden State Water Company (Golden State), San Jose Water Company (San Jose), the Public Advocates Office of the California Public Utilities Commission (Cal Advocates), Community Water Center/Center for Accessible Technology (CforAT)/Leadership Council for Justice and Accountability (Leadership Counsel)/Pacific Institute for Studies in Development (Pacific Institute)/National Resources Defense Council (NRDC)/National Consumer Law Center (NCLC) (collectively, the Joint Advocates²⁰), California Water Association (CWA), San Gabriel Valley Water Company (San Gabriel), Suburban Water Systems (Suburban) and Southern California Edison (SCE) filed opening comments.

Eastern Municipal Water District (EMWD) and the NRDC were granted party status by email ruling dated July 7, 2020.

On July 14, 2020, the Joint Advocates, CWA, Cal Advocates, Great Oaks, and the California Bottled Water Association/International Bottled Water Association filed reply comments.

On August 27, 2020, the Commission issued D.20-08-027 in the instant proceeding to resolve many but not all Phase I issues in this proceeding, including water sales forecasting, regionalization and consolidation (including voluntary and virtual) of at-risk water systems by Commission-regulated water utilities, standardizing the name of the Commission-regulated low-income water rate assistance program, and how best to consider potential changes in rate

²⁰ At various times at certain filings, some members were active and some members were silent.

design such that there is a basic amount of water that customers receive at a low quantity rate.²¹

In an ALJ Ruling issued on October 12, 2020, and during the Joint Workshop held by the Commission and State Water Resources Control Board (State Water Board) on October 30, 2020, (Joint Workshop),²² the Commission presented the summary of six months' worth of Class A water utilities' reports of pandemic data on customer payment trends and CAP enrollment with the comparison of that data to data from the pre-pandemic year 2019. Based on this historic and comparison data, the Commission solicited (1) parties' assessments of the impact of the pandemic and the disconnection moratorium to-date on water customers and companies statewide, and (2) further recommendations on how best to manage the increase in unpaid bills. Parties generally expressed that the status quo under the disconnection moratorium was acceptable. Based thereon, the proceeding's focus turned from immediate relief to planning how to manage the growing arrearages.

Over 200 individuals and 16 agencies, organizations and utilities participated in the October 30, 2020, Joint Workshop. Thereafter, Liberty, Cal Water, Cal-Am, Great Oaks, Golden State, San Jose Water, Cal Advocates, the

²¹ Phase I issues in this proceeding are scoped in the Assigned Commissioner Scoping Memo and Ruling dated January 19, 2018, and in the Assigned Commissioner Amended Scoping Memo and Ruling dated July 19, 2018.

²² The Joint Workshop was noticed by ALJ Ruling dated September 28, 2020. The agenda for the joint workshop was released by ALJ Ruling dated October 19, 2020, Regarding October 30, 2020, Workshop Agenda and Access Information, and posed questions "Is the status quo effectively protecting customers?" and "How else should water systems prepare to assist customers facing arrearages?" Also on October 19, 2020, an ALJ Ruling provided notice of comments sought and workshop scheduled to parties in related proceedings.

Joint Advocates, CWA, San Gabriel, Suburban, SCE, SDG&E and SoCalGas filed opening comments in response to the ALJ Ruling dated October 12, 2020.

Also in response, all Class A water utilities met with PG&E, SCE, SDG&E and SoCalGas on November 13, 2020, and November 20, 2020, to confer and propose improvements to the low-income data exchange process.²³

CWA, Great Oaks, Cal Advocates, Joint Advocates and the energy utilities filed replies to the opening comments. The Joint Advocates' reply also addressed the December 1, 2020 report on the meetings between the energy utilities and Class A water utilities regarding the low-income data exchange.

An ALJ Ruling dated December 3, 2020, solicited party comments on the Water Division Workshop Report (Workshop Report), which was released the same day. The Workshop Report summarized the following recommendations presented at the workshop, to:

- (1) Refine the current monthly data reporting to Water Division;
- (2) Coordinate with the State Water Board on data collected;
- (3) Request description of current payment plans offered by CPUC-regulated water utilities;
- (4) Consider feasibility of a bill forgiveness program for CPUC-regulated water utilities;
- (5) Waive late fees for CAP customers;
- (6) Apply the disconnection moratorium to CAP eligible customers only if extended;
- (7) Require more frequent CAP data sharing and improve efficiency;

²³ CWA filing dated December 1, 2020, on behalf of Class A water utilities reporting on the results of the meet and confers ordered in the ALJ Ruling dated October 12, 2020.

- (8) Develop mechanism to prevent ratepayers from bearing 100% of COVID related costs;
- (9) Join forces with the State Water Board to lobby for federal funding; and
- (10) Provide additional assistance for small CPUC-regulated water utilities.

Cal Advocates, CforAT, CWA, San Great Oaks, Southwest Gas, Cal Water,²⁴ and SDG&E and SoCalGas, jointly, filed comments on December 23, 2020.

An ALJ Ruling dated October 12, 2020, solicited the participation of energy utilities and smaller water systems and was followed by an ALJ Ruling of October 19, 2020, noticing the pending opportunity for input at the workshop and responding to the ruling to other relevant proceedings. SoCalGas and SDG&E jointly, and Southwest Gas petitioned for party status which was granted by ALJ Rulings dated November 30, 2020, and December 22, 2010, respectively.

Much of the direction to water utilities relating to COVID-19 protections has been provided by actions outside of this proceeding, in Commission directives to all Commission-regulated industries and by statewide mandates from the Governor's Office. These directives on water utilities and bear directly on this proceeding. Accordingly, an ALJ Ruling dated January 28, 2021, received into the record of this proceeding relevant filings in other dockets, including the pertinent Commission directives and orders.

²⁴ Cal Water comments dated December 23, 2020, corrected an omission in its earlier comments dated November 9, 2020.

1.4. Federal and State Funding for COVID-19 Arrearage Relief

In the last few months, several potential federal and state funding sources have been announced to help address water utility bill arrearages associated with the COVID-19 pandemic. Those potential funding sources are noted below.

1.4.1. California's 2021/22 Budget

On June 28, 2021, Governor Gavin Newsom signed the Budget Act of 2021, which includes \$1 billion to help Californians pay their overdue water bills. The \$1 billion appropriation is contingent upon future legislation.²⁵ The source of the funding is the federal American Rescue Plan Act of 2021. On July 12, 2021, Governor Newsom signed Senate Bill 139, designating the appropriation as the Water and Wastewater System Payments Under the American Rescue Plan Act of 2021. Further, SB 139 requires the State Water Resources Control Board to begin disbursing funds no later than November 1, 2021, and to complete distribution of the funds no later than January 31, 2022.

1.4.2. Emergency Rental Assistance Program (ERAP)

On December 27, 2020, the Consolidated Appropriations Act, 2021 (H.R. 133) was signed into law, with a \$2.3 trillion spending bill that included funding for the federal Emergency Rental Assistance Program (ERAP) to allocate funds to states, local governments, tribal communities, and territories to assist renters with unpaid rent and utility bills accrued between April 1, 2020, and March 31, 2021.

California SB 91 (2021) established California's program for administering and distributing rental assistance funds, authorizing the California Department

²⁵ Assembly Bill (AB) 128, Budget Act of 2021, Section 19.55 (Legislative Deferrals in General Sections Statewide), subsection 17 appropriates \$1 billion for the Coronavirus Fiscal Recovery Fund of 2021 for water arrearage debt relief.

of Housing and Community Development (HCD) to administer the funds in accordance with state and federal law, and providing a framework for cities, counties, and tribes that received a direct allocation of funds from the U.S. Treasury to implement ERAP funding in partnership with HCD.

California' initial share of ERAP funding was \$2.6 billion, already received and being distributed. On June 28, 2021, Governor Newsom signed Assembly Bill 832 doubling the amount of ERAP funding to \$5.2 billion. While the bulk of ERAP is likely to be applied toward rent, any qualifying renter may also apply to ERAP for utility bill relief.

In the compliance filings of April 1, 2021, pursuant to Resolution M-4849, Class A and B water utilities indicated that they would report the number and amount of HCD payments applied to customer bills, and some Class A water utilities indicated that they are actively promoting the HCD program to their customers.

1.4.3. Homeowner Assistance Fund For Assistance With Housing Costs Including Utility Bills

A new federal program relief program was also created for homeowners, the Homeowner Assistance Fund. California was allocated \$1.055 billion through the American Rescue Plan Act for the Homeowner Assistance Fund to assist homeowners with housing as well as utility debt. States must notify the US Treasury or submit plans for their Homeowner Assistance Fund by July 31, 2021.

1.4.4. Low-Income Household Water Assistance Program (LIHWAP)

On June 2, 2021, the federal department of Health and Human Services (HHS) announced the launch of the Low-Income Household Water Assistance Program (LIHWAP). California's allocation of LIHWAP funding is \$116 million and will be distributed by the California Department of Community Services and

Development (CSD).²⁶ This federal program requires 90 percent of funding to be obligated by September 2022 and the remainder by September 2023.²⁷ The amount of funding for California and the program rules are to be determined. State grantees have a deadline of August 9, 2021 to submit a state LIHWAP plan to HHS.

2. Issues Before the Commission

This decision addresses and resolves the following pending issues in the scope of this proceeding:

- What are the impacts of COVID-19 on Class A water utilities, ratepayers as a whole, and individual customers? [Issues identified in Sections A, C and D of the Phase II Scoping Memo]
- What actions will ease access to the low-income water rate assistance programs? [Issues identified in Sections F and G of Phase II Scoping Memo]; and
- Whether the Commission should adopt criteria to allow for sharing of low-income customer data by regulated investor-owned energy utilities with municipal water utilities? [Outstanding issue from Phase I of this proceeding]²⁸

Specifically, the issues identified in Sections A, C and D of the Phase II Scoping Memo resolved in today's decision are:

²⁶ See FY 2021 Allocation of Low-Income Household Drinking Water and Wastewater Emergency Assistance Program (LIHWAP) Funds to States and Territories under the *Consolidated Appropriations Act, 2021* (P.L. 116-260) and the *American Rescue Plan Act of 2021* Public Law 117-2) available at https://www.acf.hhs.gov/sites/default/files/documents/ocs/COMM_LIHWAP_FundingReleaseDCLAtt1_StatesTerrs_052621_0.pdf

²⁷ U.S. Department of Health and Human Services *Presentation Slides from April 22, 2021 Feedback and Information Session*, downloaded June 2, 2021 from <https://www.acf.hhs.gov/ocs/programs/lihwap>.

²⁸ Question #2 in the Amended Scoping Memo dated July 19, 2018.

A. Due to the loss of employment caused by the economic impact of COVID-19, many water customers will face the inability to pay utility bills, and as a result, water utilities may begin to accumulate unpaid bills (arrearages). Provide comments on the following questions:

- (1) Is your utility experiencing a significant increase in arrearages by residential and non-residential customers?
- (2) How significant are these increases on a month-to-month basis?
- (3) Do you anticipate that water bills will become unmanageable for some customers?
- (4) What criteria would you propose in identifying those customers needing assistance?
- (5) Has your utility taken any preliminary actions to assist customers in reducing their unpaid bills? If yes, then what were these actions?

C. How are the current unpaid bills accounted for in a utility's system of accounts? Are they being recorded in uncollectibles? Or tracked in a separate account?

D. A certain amount of unpaid bills is considered during the general rate case process. What was that percentage in your last general rate case? Do you expect the actual percentage to be greater than that amount, and if so by how much?

Below issues identified in Sections F and G of the Phase II Scoping Memo are also resolved in today's decision:

F. How should the current Low-income Rate Assistance Program Application process be improved?

- (1) Should the current paper application process be converted to an online process?
- (2) How should the eligibility requirements be improved on?

G. With regard to California Alternate Rates for Energy (CARE) data sharing between energy and water utilities, how can this process be improved to capture customers affected by the COVID-19 pandemic?

- (1) Should this CARE data sharing occur on a more frequent basis rather than the current bi-annual process?
- (2) How quickly can the water utilities process and increase enrollment if this data sharing is increased? If it occurs on a monthly or weekly basis?

This decision also resolves certain outstanding issues from Phase I of this proceeding. Specifically, we resolve the below issue of whether existing data exchanges could support water affordability, in today's decision:

- Whether the Commission should adopt criteria to allow for sharing of low-income customer data by regulated investor-owned energy utilities with municipal water utilities? ²⁹

This decision postpones action on the issues identified in Sections B and E of the Phase II Scoping Memo until the implication of state and federal relief pandemic relief funding is better known. In a subsequent phase of this proceeding, the Commission will also (1) continue to track Class A water utilities' billing and collections metrics as well as the external relief funding applied to water utility arrearages, (2) determine if the external funding sources we identify sufficiently meet the existing needs for arrearage relief, and (3) see if California adopts the State Water Board's recommendations to create a statewide low-income water rate assistance program, and whether CAP will be subsumed

²⁹ This issue (Question #2) was added to the Phase I scope in the Amended Scoping Memo dated July 19, 2018.

by such a program or need changes to align with a statewide low-income water rate assistance program.

3. Easing Access to Low-Income Water Rate Assistance

Intentions to create statewide and national low-income water rate assistance programs have been announced.³⁰ Today in California, only Commission-regulated water utilities uniformly offer the CAP program. In Phase II of this proceeding, we considered expansions and improvements to CAP, as an avenue for COVID relief.³¹

In D.11-05-020, the Commission adopted criteria that allows for the sharing of low-income customer data by regulated investor-owned energy utilities with regulated water utilities. In accordance therewith, all Class A water utilities currently have robust data exchange practices in place according to the protocols established to protect customer privacy. The data examined in this proceeding confirms that (1) the CAP program rules are necessarily aligned with the low-income energy rate assistance program CARE; and (2) these data exchanges are critical to CAP program enrollment. The ALJ Ruling dated October 12, 2020, specifically sought comments on the effectiveness of the low-income data exchanges.

Below Table 1 illustrates the current status on the pairs of data exchange partners.

³⁰ See description of federal LIHWAP program in Section 1.4.4 above and description of recommendations for statewide low-income water rate assistance program contained in the California Assembly Bill 401 Final Report, described in D.20-08-047 at 15 and 99.

³¹ Section 3.2 of Attachment A of the ALJ Ruling of October 12, 2020.

**TABLE 1: COMMISSION-REGULATED DATA EXCHANGE
PARTNERS AS UPDATED IN PHASE II**

Water Utility	Class	PG&E	SCE	SCG	SDG&E	Southwest Gas	Total Data Exchange Partners
California Water Service Company	A	X	X	X (1-way from SoCalGas to Cal-Water)			3
California-American Water Company	A	X	X	X (1-way from SoCalGas to Cal-Am)	X (one-way per SDG&E Reply Comments of Dec 7 2020 at 3)		4
Golden State Water Company	A	X	X	X (2-way)		X	4
Great Oaks Water Company	A	X					1
Liberty Utilities - Apple Valley Ranchos	A		X			X	2
Liberty Utilities - Park Water	A		X	X (2-way)			2
San Jose Water Company	A	X					1
San Gabriel Valley Water Company	A		X	X (1-way to LA Div., 2-way with Fontana Div.)			2
Suburban Water Systems	A			X (2-way)			1
Del Oro Water Company - Sterling Buffs	B	X					1

Del Oro Water Company - Strawberry	B	X					1
Southern California Edison - Catalina	C		X				1
Total Data Exchange		7	7	6	1	2	

The pandemic provided another opportunity to leverage coordination between energy and water utilities to the benefit of customers. In the spring of 2021, when California launched the distribution of ERAP relief funding for rental and utility bill debt, the relief application allowed customers to provide utility account information for all utilities and receive relief through one single application. The Commission directed energy utilities to facilitate supporting customers access the ERAP debt relief by working cooperatively with their water utility counterparts to identify customers with high arrearage on both utility bills. The energy utilities were further directed to directly contact and facilitate the applications of a small sample group of customers.³² Energy utilities reported meeting with their water utility counterparts to jointly identify customers most in need of relief.

³²ALJ Ruling Directing Energy Utilities to Leverage Federal Funding, April 5, 2021, in R.21-02-014.

Below Table 2 illustrates CAP program enrollment increases throughout the pandemic.

TABLE 2: CAP ENROLLMENT INCREASES³³

	MID-PANDEMIC (end Oct 2020)				CURRENT (end Mar 2021)	
Class A	CAP Enrollment (Oct 2020)	% of Residential	# new CAP customers since Mar 2020	% increase in CAP customers since Mar 2020	# new CAP customers since Oct 2020	% increase in CAP customers since Oct 2020
California Water Service Company	100,358	24%	13,413	15%	926	0.9%
Golden State Water Company*	35,162	16%	2,678	8%	7,893	22.4%
San Jose Water Company	23,443	12%	4,037	21%	-555	-2.4%
California-American Water Company	19,822	12%	3,639	22%	-80	-0.4%
San Gabriel Valley Water Company	44,593	55%	1,366	3%	949	2.1%
Suburban Water Systems	9,042	13%	1,461	19%	195	2.2%
Liberty Utilities - Park Water	10,666	41%	714	7%	730	6.8%
Great Oaks Water Company	2,454	12%	286	13%	948	38.6%
Liberty Utilities - Apple Valley Ranchos	3,211	17%	387	14%	330	10.3%
TOTAL	220,770		27,981	13%	11,336	5%

We also considered which program enrollment methods are available by utility to ascertain whether more enrollment methods are necessary. The below Table 3 shows enrollment methods currently available, from each utility. The

³³ See Attachment D for CAP enrollment changes by district within utilities.

third column of Table 3 shows the percentage of customers enrolled in CAP through the data exchange. For many of the Class A water utilities, the data exchange is the primary enrollment method.

TABLE 3: EXISTING CAP ENROLLMENT METHODS

Water Utility	Data exchange from Energy Utilities		Enrollment form and delivery separate					Electronic or verbal			Most helpful new method, if any
	total exchange partners	% of enrollment from data exchange	Hard copy form	Downloadable form from internet	Acceptance via U.S. mail or hand delivery	Acceptance via email (scanned)	Acceptance via text (scanned)	Online submittal (Internet form)	Online submittal (text/mobile phone form)	Over the phone with a CSR^	
California Water	3	30%**	Yes	Yes	Yes	Yes	No	Yes	No	Partial; customers must certify eligibility	fully electronic process using the customer portal
California-American	4	55%	Yes	Yes	Yes	Yes	No	No	No	Partial	registration form that could be filled out and submitted directly on the website
Golden State	4	50%	Yes	Yes	Yes	Yes	No	No	No	Partial	state-provided central database to automatically enroll all CAP/FERA eligible customers
Great Oaks	1	92%	Yes	Yes	Yes	Yes*	No	No	No	Yes	none

Liberty Utilities - Apple Valley Ranchos	2	30%	Yes	Yes	Yes	No	No	No	No	Yes	Commission - administrated CAP clearinghouse funded by utilities
Liberty Utilities - Park Water	2	79%	Yes	Yes	Yes	No	No	No	No	Yes	Commission - administrated CAP clearinghouse funded by utilities
San Jose Water Company	1	86%	Yes	Yes	Yes	No	No	No	No	Partial	Commission - administrated CAP clearinghouse funded by utilities
San Gabriel Valley Water Company	2	70%	Yes	Yes	Yes	Yes*	No	No	No	Partial; customers must certify eligibility	state- or NGO-run data clearinghouse
Suburban Water Systems	1	Suburban does not separately track new enrollments originating from data exchanges.	Yes	Yes	Yes	Yes	No	No	No	Partial	No response

Southern California Edison	1	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No additional methods recommended
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Source: Class A responses dated November 9, 2020, to Q1, Q6, Q7 in Section 1.5 of Attachment A of ALJ Ruling of October 1, 2020.

* Denotes that acceptance of CAP enrollment forms via email is not apparent based on current website language.

** Cal Water reports on hard-matches enrolled.

^ CSR is the acronym for Customer Service Representative

Data exchanges are also a primary method of CAP renewal activities. Per the data sharing rules of D.11-05-020,³⁴ some companies rely exclusively on energy utility data exchanges for verification of CAP customers.³⁵

3.1. Party Comments on Low-Income Water Rate Assistance Programs

Parties all agree that data exchanges are the preferred method of enrolling customers in CAP. Most water utilities made recommendations to build on the past success of the data exchanges. To this end, on November 13 and November 20, 2020, representatives from PG&E, SCE, SDG&E, SoCalGas met with representatives from all Class A water utilities as well as CWA to “develop a mutually beneficial proposal on improvements to the low-income data exchange process.”³⁶ The utilities jointly and unanimously recommend the following five improvements:

1. Share data up to and no more than four times a year.
2. Keep an updated list of contact information to continue open communication between the parties.
3. Meet on an annual basis.
4. Hold a data privacy forum within the next 12 months to ensure utilities are compliant with new data privacy requirements.
5. Develop a central repository for both the energy and water utilities to seamlessly conduct data exchanges.³⁷

³⁴ Attachment 1, Item 13, of D.11-05-020.

³⁵ Cal Water Comments dated November 9, 2020, at 2.

³⁶ CWA report dated December 1, 2020, on the Meet and Confers regarding Low-income data exchange process at 2.

³⁷ CWA report dated December 1, 2020, on the Meet and Confers regarding Low-income data exchange process at 6-7.

Other parties support these recommendations,³⁸ although Southwest Gas objects to increasing the data exchanges quarterly due to its system limitations and lack of budget.³⁹

3.2. CAP Enrollment and Data Exchanges

Data exchanges have proven over the years to be the most effective enrollment method for water utility customers. We continue to focus on improving data exchanges to ease access to the CAP program for qualifying customers. We adopt the first three of the Class A water utilities' recommendations in Section 3.1 above. At the upcoming annual meetings water and energy utilities will hold, we require the utilities to address joint strategies to help customers access relief and affordability programs available to both water and energy utility customers, such as ERAP. Finding ways to reduce the number of steps low-income customers must take for support may be difficult from an organizational standpoint but is invaluable from a low-income customer standpoint.

The fourth and fifth recommendations, regarding data privacy and a central repository, are not ripe. Should it become necessary, recommendations four and five may receive further consideration during a subsequent phase of this proceeding, in the context of statewide development of a low-income water rate assistance program.

While data exchanges have proven to be the best and easiest way to reach qualifying customers, we also encourage Class A water utilities to maintain and improve their direct enrollment options to customers. However, as costs of

³⁸ Joint Advocates comments dated December 7, 2020, at 12.

³⁹ Southwest Gas comments dated December 23, 2020, at 4.

developing online or mobile applications for enrollment may be significant, we do not order the development on online or mobile enrollment tools. Instead, we order one low-cost improvement that became apparent through this review. While the comments of Great Oaks and San Gabriel Valley include this enrollment method, a review of their websites reveals they do not explicitly inform customers that they may apply by emailing a scanned CAP application form directly to the utility. We therefore order Great Oaks and San Gabriel Valley to inform customers of the enrollment option to submit CAP applications via e-mail.

4. Expanding Access to Low-Income Water Rate Assistance

Customers of public water systems, including Commission-regulated Class B, C and D water utilities (Small Utilities), will have improved access to low-income water rate assistance programs if the regulated energy utilities which are parties to this proceeding share low-income customer data with overlapping water systems.

The Amended Scoping Memo⁴⁰ identified the issue of whether the Commission should adopt criteria to allow for sharing of low-income customer data by regulated investor-owned energy utilities with municipal water utilities. The criteria adopted herein will foster a statewide approach to low-income water rate assistance.

4.1. Low-Income Data Exchange Between Commission-Regulated Energy Utilities and Public Water Systems Statewide

As noted above, in July 2018, we added the issue of data sharing between energy utilities and municipal water utilities to the scope of this proceeding.

⁴⁰ Amended Scoping Memo issued July 19, 2018.

Notice of the additional issue was also given to parties in related proceedings by ALJ rulings dated August 2, 2018, March 20, 2019, and October 19, 2020.

The Commission's R.09-12-017 considered and established data sharing criteria and mandated Commission-regulated water utilities and energy utilities to engage in data sharing.⁴¹ The rulemaking focused on how the more established and standardized CARE program could be leveraged to benefit of the varied water systems and their customers. Rather than having water systems duplicate efforts of identifying qualifying customers and enrolling them, a compelling leveraging strategy might be to automatically enroll customers already identified and qualified for CARE in the CAP program. In furtherance of such strategic leveraging, CAP eligibility rules have conformed to and followed CARE rules. D.11-05-020 officially ordered eligibility rules to align with CAP.

Class A water utilities' approaches to data sharing have adapted as rules have continued to change over the years. During the pandemic, the Commission's emergency protections required CARE renewals to be suspended but did not expressly require CAP renewals to similarly be suspended. Nevertheless, Class A water utilities quickly adapted. By the time comments were filed in response to the ALJ Ruling dated October 12, 2021, all Class A water utilities but one, reported following suit and had suspended their CAP renewal requirements as well.

In R.09-12-017, eligibility alignment was a reason the Commission stopped short of mandating data exchanges between Class A water utilities and overlapping municipal energy utilities. Instead, D.11-05-020 permitted but did not require sharing low-income customer information among regulated water

⁴¹ D.11-05-020.

and municipal energy utilities.⁴² D.11-05-20 also took notice of existing data sharing programs between Commission-regulated energy utilities and municipal irrigation and water districts.⁴³

Beyond conforming eligibility rules, D.11-05-020 addressed data transfer methods, obtaining customer authorization, and methods to ensure the security and privacy of customer information.⁴⁴

We further note California's recent legislation, effective January 1, 2021, makes it legally permissible for public utilities to provide customer name, address, telephone number and email addresses to local governments pursuant to California Government Code Section 8593.4.⁴⁵ Thus, only one additional data field beyond data already deemed legal to share with cities and counties is under consideration in this decision: the customer's status as participating in the CARE program.

4.1.1. Party Comments

On August 10, 2018, the EMWD filed a Motion for Party Status stating it had been encouraged by Commission staff to participate in the proceeding to share its ongoing efforts to meet customer concerns regarding their water usage and the level of their bills.⁴⁶ At the Phase I status conference held

⁴² D.11-05-020 FOF 8 and Attachment 1, Guideline #2.

⁴³ D.11-05-020 at 10-11, FOF 7.

⁴⁴ D.11-05-020, Attachment 1.

⁴⁵ California Government Code Section 8593.4 was amended by AB 2213 to require public utilities to provide customer name, address, telephone number and email address to city government as well as county government for purposes of automatically enrolling residents in public emergency warning systems.

⁴⁶ As noted in Section 1.3, the EMWD motion was granted by email ruling July 7, 2020.

January 14, 2019, EMWD stated, “... we’re primarily interested in data sharing with municipal utilities.”⁴⁷

CWA and SCE filed comments and provided substantive input in response to the Amended Scoping Memo’s inquiry into expanding the low-income assistance data share by regulated investor-owned energy utilities with municipal water utilities. SCE identified privacy concerns based on Commission rules for the sharing of energy consumption data, which SCE stated may prevent the Commission-regulated energy utilities from sharing certain types of information with municipal utilities. CWA also noted the privacy concerns but additionally acknowledged the benefits to expanding the data sharing.⁴⁸ CWA views the Commission’s protocols as a starting point and also recommends the Commission permit one-way data sharing to increase the likelihood of municipal water utility participation to increase enrollment of qualifying customers in their discount programs.⁴⁹ Similar to CWA’s position, Great Oaks stated that D.11-05-020 handles customer consent effectively.⁵⁰

4.1.2. Discussion

This decision directs the Commission’s regulated energy utilities that are parties to this proceeding to expand their exchange of low-income customer data with public water systems statewide. SCE, SoCalGas, SDG&E and Southwest

⁴⁷ Reporter’s Transcript of Status Conference held January 14, 2019, at 8:7-8.

⁴⁸ CWA Comments dated August 15, 2018, at 8.

⁴⁹ CWA Comments dated August 20, 2018, at 8-9.

⁵⁰ Great Oaks Comments dated August 14, 2018, at 6.

Gas⁵¹ shall follow the same protocols established in D.11-05-020 to secure and protect customer data when sharing data with public water systems.

Commission-regulated energy utilities have shared low-income customer data with public water systems in the past. The Commission approved the sharing among water utilities and municipal energy utilities. All public utilities, whether investor-owned or local public utilities, are required by state law to share the same customer information with city and county government for the specific purpose of enrollment in a public emergency warning system. Expanding low-income data exchanges to public water systems is an efficient and necessary means to support statewide efforts to improve water affordability and COVID-19 relief.

D.11-05-020 required Commission-regulated energy utilities to commence sharing of low-income customer data within six months of a request from an overlapping public water system. This requirement will increase water affordability, consistent with movement toward a unified statewide low-income water rate assistance program. The existing criteria established by D.11-05-020⁵² are sufficient to protect customer privacy.

SCE cites Commission rules on data sharing made in the context of energy consumption data as a barrier to sharing data with municipal water utilities.⁵³ Specifically, D.14-05-016 determined that municipal governments, including

⁵¹ PG&E is not a party to this proceeding and therefore cannot be ordered in this proceeding. Utilities take appropriate actions of their own volition. This decision authorizes but does not mandate PG&E to expand their exchange of low-income customer data with public water systems statewide under the terms ordered in D.11-05-020.

⁵² See D.11-05-020, Attachment 1.

⁵³ SCE Response dated July 21, 2018, at 7 – 13 to the Amended Scoping Memo and Ruling of July 19, 2018.

those operating municipal water systems, were not standard recipients of the energy consumption data.⁵⁴ Thus, D.14-05-016 did not require the sharing of this very granular usage data. But D.14-05-016 is not relevant to the question before us. The question before us is: should the customer's status as qualifying for rate assistance be shared with municipal utilities in order to increase enrollment in municipal programs?

We find that the existing framework is sufficient to guide any data exchange between a Commission-regulated energy utility and a public water system. Specifically, any municipal or publicly owned water system requesting customer data from a Commission-regulated energy utility will need to enter into memorandums of understanding and nondisclosure agreements to implement data sharing and ensure the confidentiality of customer information. The agreements must define customer data and establish procedures for handling confidential customer data and unauthorized disclosure of confidential data. The agreements may only be one-directional, from energy utility to water utility, since the Commission does not have authority to order public water systems to provide data to energy utilities. The energy utilities' memorandums of understanding with Commission-regulated water utilities can be examples of what information should be contained in the agreements; however, the agreements must be utility specific due to differing billing practices, customer information databases, available resources and technology as well as differing low-income assistance program practices.

The confidential customer data exchanged for low-income program assistance is, at this time, limited to customer name and address. The data

⁵⁴ D.14-05-016 at 35-36.

exchanged for purposes of low-income enrollment does not rise to the same level of privacy concern as energy consumption data, which can reveal habits of individual customers and can be monetized for the direct marketing of energy products based on these habits.

Regarding customer consent, the CAP and CARE low-income program applications already contain the customer authorization language required by D.11-05-020.⁵⁵ We reviewed the consent language provided by Class A water utilities and SCE.⁵⁶ While SCE opined in 2018 that CARE applications would require modification,⁵⁷ they did not explain how the consent language would be adequate for the existing data exchanges but require revision for the expanded data exchanges. Thus, we find the current CARE customer authorization language sufficient to inform customers that their status as a CARE customer may be shared with other utilities for the purpose of enrolling them in rate relief programs.

4.2. Guidance to Class B, Class C and D Water Utilities (Small Utilities)

Only Class A water utilities⁵⁸ are respondents to this proceeding, and Phase II of this proceeding primarily considers impacts on Class A water utilities and their customers. While this decision does not specifically direct actions of

⁵⁵ D.11-05-020, Attachment 1, Guideline #11.

⁵⁶ Class A water utilities (except for Cal Water) and SCE Comments dated November 9, 2020, in response to Question 5 of Section 3.2 of Attachment A of the ALJ Ruling dated October 12, 2020, and Cal Water comments dated December 23, 2020.

⁵⁷ SCE Response dated July 21, 2018, at 13 to the Amended Scoping Memo and Ruling dated July 19, 2018.

⁵⁸ The Scoping Memo and Ruling dated January 19, 2018, erroneously stated the Class B water utilities were respondents to R.17-06-024. Commission-regulated Class B water utilities have over 2,000 and fewer than 10,000 customers. We note Class B water utilities are subject to the Commission's direction in Resolutions M-4842 and M-4849 and have filed transition plans.

the Class B, C and D water utilities (Small Utilities), we recognize that the statewide efforts to improve water affordability and provide COVID-19 relief must include Small Utilities and their customers.

By February 1, 2020, the Commission-regulated utilities, irrespective of utility size, implemented the mandated customer protections under the Water Shutoff Protection Act.⁵⁹ The disconnection moratorium applies equally to water systems whether private or public.⁶⁰ As only one Class B water utility and one Class C water utility operates a low-income program,⁶¹ Small Utilities' customers do not have access to benefit from low-income water rate assistance until low-income water rate assistance programs are implemented statewide.⁶²

While this decision is directed at the Class A water utilities, we encourage Small Utilities to plan for the COVID relief programs that are on the way. Water Division staff continues to communicate with Small Utilities regarding safe, reliable and affordable water to Californians and will continue to relay this message. CWA, and Lukins Brothers Water Company and Lake Alpine Water Company reported their efforts to continue to serve their customers.⁶³ We thank them for their participation.

⁵⁹ Water systems must have at least 15 customers.

⁶⁰ Water systems with fewer than 200 customers are exempt from the disconnection moratorium.

⁶¹ ALJ Ruling dated October 12, 2020, Table 1 in Attachment A.

⁶² The Administrative Law Judge's Ruling Inviting Comments on Water Division Staff Report and Modifying Proceeding Schedule, dated June 21, 2019, invited party comment on the question: Should the Commission direct class B, C, and D water utilities to adopt low-income programs? If so, how should it be paid for; *i.e.* should there be one low-income water program that applies across all water utilities?

⁶³ ALJ Ruling dated December 3, 2020, issuing Report on October 30, 2020 workshop.

Additionally, as explained at the Joint Workshop, Small Utilities must keep in mind the COVID relief programs that are anticipated, as they begin planning for ways to collect and manage unpaid customer accounts when the disconnection moratorium lifts and disconnections resume. We expect that Small Utilities, not unlike the Class A water utilities, will make every effort to support and facilitate their customers' receipt of state and federal arrearage reliefs as they become available. Regardless of utility size, the same logic applies: suspending collection until relief funding arrives benefits both the water utility and its customers. We are also aware that administrative requirements to facilitate the flow of relief to customers may place a burden on Small Utilities. We continue to encourage Small Utilities to participate in this proceeding as the statewide coordination efforts are likely to benefit their operations and customers.

5. COVID-19 Relief for Residential Customers

The record in this proceeding shows a substantial number of customers face growing arrearages in their water utility bills. The disconnection moratorium has deferred the customer impact but has the potential to create a "balloon-payment" situation for customers who have been unable to pay bills during the pandemic. The residential debt accumulated since March 2020, requires special treatment after the water disconnection moratorium ends, for a number of reasons: 1) During the health pandemic, frequent washing has been universally prescribed; 2) the disconnection moratorium, intentionally, interrupted the signal to customers that bill payment was urgent; 3) with one exception, the Class A water utilities proposals to transition out of the disconnection moratorium were not gradual.

Today's decision does not yet conclusively resolve when or how disconnections related to COVID-19 period debt will resume even when the water disconnection moratorium is lifted. However, we resolve some conflicting interpretations that will help to conclude this inquiry in a subsequent phase. This proceeding presented two categories of arrearage forgiveness for party comment.

We asked, in the Phase II Scoping Memo:

1. Should arrearage management plans be adopted that includes a debt forgiveness element? If so, should a plan similar to that proposed in the Disconnections Proceeding (R.18-07-005) be adopted here?
2. Should certain months of arrearages be forgiven across the board?

As the Commission had recently implemented an arrearage forgiveness program for customers of energy utilities, the Arrearage Management Program (AMP), our inquiry included whether AMP, or elements of AMP, could serve as a model for water utility customer forgiveness. AMP is an example of an ongoing forgiveness program, that conditions forgiveness of 1/12 of past-due amounts upon complete and timely payment of a future bill.⁶⁴

In contrast to AMP, forgiveness initiatives early in the pandemic were one-time and not necessarily conditioned on future payments. The Illinois COVID-19 arrearage forgiveness settlement allows a number of Illinois water utilities to provide one-time unconditional forgiveness in response to the COVID-19 crisis.⁶⁵ Michigan, Vermont and West Virginia's distribution of

⁶⁴ D.20-06-003 and Resolution E-5114.

⁶⁵ Joint Advocates Comments dated November 9, 2020, at 19-20, CWA Comments dated December 7, 2020, at 11.

CARES Act funding were also presented as examples of one-time COVID-19 specific arrearage forgiveness.⁶⁶

After parties discussed the various models and proposals at the Joint Workshop, we sought party comment on the Workshop Report's fourth highlighted recommendation: Consider the feasibility of a bill forgiveness program for CPUC-regulated water utilities.⁶⁷

5.1.1. Party Positions and Data on Arrearages and Need for Relief

During COVID-19, more bills went unpaid in greater amounts than usual. Around⁶⁸ February 2020, about 142,900 residential customers, about 11.7 percent of residential customers had water utility bills past-due.⁶⁹ By February 2021, the number was 193,000, or 15.9 percent of residential customers.⁷⁰ Class A water utilities' total residential arrearages in 2019 were approximately \$24 million, or 1.4% of 2019 revenue, while total residential arrearages in 2020 were \$44 million, or 2.3% of 2020 revenue. Total residential arrearages as of April 2021 remain at \$44 million.

Table 4 below illustrates the same total residential arrearages of \$44 million as of April 2021, by average debt per residential customer.

⁶⁶ NCLC Presentation at October 30, 2020 Joint Workshop, *Strategic Responses to the COVID Impacts in the Water Sector*.

⁶⁷ ALJ Ruling of December 3, 2020.

⁶⁸ See notes of Table 4 specifying substitutions to February 2020 data for utilities unable to produce February 2020 data.

⁶⁹ Past-due means bills unpaid at least 30 days after the due date.

⁷⁰ Numbers from June 2020 forward through November are complete, based on full reporting from all the Class A water utilities. The 2019 total is based partly on company reporting plus estimates for companies that were unable to provide complete data back to the beginning of 2019.

TABLE 4: AVERAGE ARREARAGE OF RESIDENTIAL CUSTOMERS 30+ DAYS PAST-DUE ON WATER BILLS

Class A	CAP Customers		NonCAP Residential Customers	
	Number of customers past-due	Average Amount past-due	Number of customers past-due	Average Amount past-due
California Water Service Company	21,904	\$253	32,653	\$272
Golden State Water Company	6,788	\$193	27,939	\$197
San Jose Water Company	3,903	\$465	14,893	\$416
California-American Water Company	3,502	\$374	17,456	\$369
San Gabriel Valley Water Company-Fontana	11,761	\$81	5,701	\$96
San Gabriel Valley Water Company-LA	8,917	\$68	5,568	\$88
Suburban Water Systems	1,450	\$164	9,329	\$154
Liberty Utilities - Park Water	2,281	\$375	2,553	\$381
Great Oaks Water Company	910	\$88	1,565	\$104
Liberty Utilities - Apple Valley Ranchos	613	\$258	2,377	\$290
TOTAL	62,029	\$208	120,034	\$261

As of April 2021

The change in customers and average past-due amounts over the most recent seven months is presented in Attachment C. The number of nonCAP residential customers past-due has been declining overall for the past seven months, while the number of CAP customers past-due has remained stable. San Gabriel Valley is the only utility where customers' average past-due amounts are declining, for both CAP and nonCAP residential customers. This is particularly notable because San Gabriel Valley also has the 2nd highest proportion of low-income customers, after Liberty Park Water.

Not all arrearages end in disconnection. Before the disconnection moratorium, under the new Water Shutoff Protection Act directives, the earliest water utilities may notify customers that disconnection will occur is 60 days. With notice requirement, it is likely to be a few more weeks before the disconnection occurs. Table 5 compares customers (and amounts) delinquent 90 days or longer between February 2020 to February 2021.⁷¹ We also include the Class A water utilities' projections of the number of customers who will be subject to disconnection on June 30, 2021.⁷² Class A water utilities' arrearages delinquent 30 days or longer is presented in Attachment B.

⁷¹ While not all Class A water utilities report arrearages by age over 90 days, the 90 day marker of age of arrears is most useful to evaluate for several reasons, including 1) the Water Shutoff Protection Act prohibits disconnections for nonpayment until the customer's bill is at least 79 days overdue, and 2) payments less than 90 days overdue are less indicative of customer inability to pay because some customers are simply inattentive to the payment deadline. To accommodate the lack of data on 90 days overdue, we also present Class A water utilities' arrearages over 30 days in Attachment B.

⁷² The projected rates of customers that will be eligible for disconnection on July 1, 2021, the Commission's current target date to resume disconnections for nonpayment, are from the Class A water utilities Advice Letters (ALs) filed April 1, 2021, pursuant to Commission Resolution M-4849.

**TABLE 5: RESIDENTIAL ARREARAGES
BEFORE⁷³ AND DURING PANDEMIC**(Residential bills 91+ days past-due)⁷⁴

Class A	PRE-PANDEMIC		MID-PANDEMIC		PROJECTED June 30 2021
	% customers behind on bills	% revenue in arrears	% customers behind on bills	% revenue in arrears	% customers behind on bills
California Water Service Company	n/a	0.35%	n/a	1.38%	will project once Gov lifts moratorium
Golden State Water Company	n/a	n/a	n/a	n/a	~6% >90 days
San Jose Water Company	n/a	0.21%	n/a	n/a	9% >31 days
California-American Water Company	2.11%	0.41%	7.50%	1.88%	13.8%
San Gabriel Valley Water Company	0.47%	0.01%	17.93%	0.95%	5.5%
Suburban Water Systems	8.07%	0.36%	8.18%	1.27%	17-20%>60 days
Liberty Utilities - Park Water	n/a	n/a	n/a	3.18%	No projection
Great Oaks Water Company	n/a	0.00%	4.93%	0.69%	4.4-5.9%>90 days

⁷³ Unless otherwise noted, data in the “pre-pandemic” column is as-of February 2020.

⁷⁴ Sources of the data represented in Table 5: Total customer percentages: In 2019, the number of total residential customers is that reported annual reports as of December 2019. San Jose, Cal-Am and Great Oaks supplemented their 2019 annual report data in private communication to Water Division. In 2020, with the exception of Great Oaks which does not include 2020 total customers, the number of total residential customers is intermittently updated to the Water Division in monthly CAP reporting; the as-of month varies by utility in 2020. Pre-pandemic data is as of February 2020 and mid-pandemic data is as of February 2021 with the following noted exceptions: Cal Water data in the Pre-pandemic column is as of June 5, 2020, because this is the earliest data Cal Water was able to report. San Gabriel Valley data in the Pre-pandemic column is from late March/early April 2020 because this is the earliest data San Gabriel Valley was able to report. Suburban data in the Pre-pandemic column is from June 13, 2020, because this is the earliest data San Gabriel Valley was able to report.

Liberty Utilities - Apple Valley Ranchos	n/a	n/a	n/a	2.00%	No projection
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The pandemic impacts are significant for the Class A water utilities and their customers.

In this proceeding, Class A water utilities have consistently argued the Commission should adhere to the four identified principles, set forth below, in considering and ordering relief. The remaining parties (Cal Advocates, the Joint Advocates, and the energy utilities) did not oppose or object to these principles, and we name these the consensus principles.

- Avoid disconnections while maximizing recovery of arrearages⁷⁵
- Build upon existing programs and protections, specifically Water Shutoff Protection Act mandates.⁷⁶
- Target customers who most need help.⁷⁷
- Coordinate statewide.⁷⁸

Comments were filed in this proceeding in the summer, fall and winter of 2020, when federal relief was still speculative. Even then, parties were hopeful that federal relief would become available to Class A water utilities.⁷⁹

Party comments converged around prioritizing arrearage forgiveness to CAP customers.⁸⁰ CforAT's observation that "the option of one-time arrearage

⁷⁵ Cal Advocates comments dated June 30, 2020, at 8.

⁷⁶ CWA comments dated December 23, 2020, at 4.

⁷⁷ CWA comments dated December 23, 2020, at 4, 9.

⁷⁸ CWA comments dated December 23, 2020, at 5.

⁷⁹ Cal Advocates comments dated July 14, 2020, at 4, Joint Advocates comments dated June 30, 2020, at 15-16, Great Oaks comments dated December 23, 2020, at 13.

⁸⁰ CWA comments dated November 9, 2020, at 17-18, Joint Advocates comments dated December 7, 2020, at 5, SCE comments dated November 9, 2020, at 16-17.

forgiveness may be more straightforward to address in the short term” is apt,⁸¹ as is Great Oaks observation that “when the COVID-19 restrictions on disconnections for nonpayment are lifted, the focus should be on those accounts that have unpaid balances that are aged at least 79 days after mailing of the unpaid bill(s) as those will be the accounts subject to shutoffs and/or the customer protections under the Water Shutoff Protection Plan....”⁸²

5.1.2. Funding for COVID-19 Water Utility Bill Relief Likely To Be Available For Residential Customers In Excess of CAP Income Limits

We are persuaded to prioritize relief first for low-income customers as, water utilities can identify low-income customers by CAP enrollment. However, the pending state funding for water relief likely includes customers with incomes in excess of the CAP limits. Until most relief parameters are defined, we find it reasonable to direct Class A water utilities to set aside the COVID-19 arrearages of all residential customers. We would not want bureaucratic definitions or timeframes to cause customers to miss the opportunity for relief.

Of the multiple sources of state and federal relief funding discussed in the Background (Section 1.4 above), only the ERAP program has been established and the attendant rules known. To qualify for assistance through ERAP, applicants must have incomes no higher than 80 percent of the Area Median Income and must be renters with a water utility bill in their name.⁸³ Often, the “area” of Area Median Income refers to county income. In many counties in

⁸¹ CforAT comments dated December 23, 2020, at 3-4.

⁸² Great Oaks comments dated December 7, 2020, at 19.

⁸³ Income and renter status on only a few of the ERAP program rules to qualify for relief. We discuss only some of the rules here, related to our determination to hold off on resuming disconnection related to residential COVID-19 arrearages.

California, the median income far exceeds the current CAP income limit. We raise ERAP as an example of COVID-19 arrearage relief that is available to customers with incomes higher than the CAP limit.

While the income limit for the newly announced federal LIHWAP has not been defined, LIHWAP will be administered by the CSD, the same department administering the existing federal Low-Income Home Energy Assistance Program (LIHEAP). In California, the LIHEAP income limit is state median income, also higher than the CAP income limit.

5.1.3. Transition Back to Normal Credit and Collections Activity

In Resolution M-4849, the Commission directed Class A and B water utilities to propose transition timelines and activities for returning to normal credit and collections activities once disconnection moratoriums end. Class A and B water utility proposals were made before the end-date of the statewide water disconnection moratorium had been determined. “The goal of the transition plan is to proactively enroll customers in programs to manage their utility bills and inform relevant customers of the changes to programs they are already on, to effectively ease customers through [sic] a transition off of Emergency Customer Protections.”⁸⁴

The Class A water utilities’ proposed timelines were uniform and expect that water utilities will have several months of advance notice before the disconnection moratorium end-date. After the advance notice, the Class A water utilities propose resuming disconnections. For disconnections related to nonpayment of bills during the water disconnection moratorium, most Class A water utilities propose waiting 60 days after the moratorium end-date, rather

⁸⁴ Order 5 of Resolution M-4849.

than the past-due date. Cal Water proposes resuming disconnections no earlier than 109 days after the moratorium end-date. Great Oaks' proposed timeline represents the timelines of all other Class A water utilities except Cal Water.

Timeline for Resumption of Water Service Disconnections for Nonpayment	
DPR Date -60	Great Oaks will begin providing notices to customers, through website postings and language on water bills, informing customers of the resumption of standard water service disconnection procedures for unpaid water bills, as authorized by its tariff rules, on the DPR Date. The tariff rules for water service disconnections are based upon the Water Shutoff Protection Act and have been authorized by the Commission.
DPR Date	Great Oaks will resume standard water service disconnection procedures for nonpayment under its existing tariff rules, including the offer of extended payment plans (up to 12 months, depending upon the individual customer's circumstances). A customer who has agreed to an extended payment plan will not have water service disconnected if timely payments are made and will receive required notices if the payment plan is breached by the customer.
DPR Date +60	Disconnections for nonpayment may begin, provided Great Oaks complies with all tariff rule requirements, including: (1) contacting the customer named on the account by telephone or written notice no less than seven (7) business days before disconnection of residential water service; (2) contacting residential occupants of individually-metered multi-unit service locations who are not the customer of record by written notice at least ten (10) calendar prior to any possible water service disconnection for nonpayment; sending written notice of water service disconnection for nonpayment to detached single-family residential service locations at least seven (7) calendar days prior to any possible water service disconnection for nonpayment.

Adjustments to timelines do not alleviate the "balloon-payment" problem for customers past-due. Suburban is the only Class A water utility proposing a solution to this problem. Suburban plans to automatically enroll past-due customers in payment plans that amortize the arrearage over a 12-month term.

With the exception of Suburban, where the automatic twelve-month payment plans solve both the timing and balloon-payment problems, the Class A water utilities' current transition proposals leave customers exposed to disconnection. The transition plan proposals' descriptions of the payment plan

offers that will be made to customers are vague. The water utilities do not specify whether the method or offers differs from the current offers. As discussed in Section 7, several water utilities' reporting of arrearages still only provide the 30+ days past-due category, which calls into question the ability to wait the mandated notice period of at least 60+ days.

When the water disconnection moratorium ends on September 30, 2021, normal business operations, including disconnections, may resume only for billed service going forward. Class A water utilities may not disconnect customers for nonpayment of billed service during the disconnection moratorium until further notice and direction from the Commission.

5.1.4. Discussion

A determination on the resolution of arrearages from March 2020, through the end of the water disconnection moratorium must necessarily be postponed until the state approves funding and implements programs to address water utility customer arrearages. This is only one step of many that must occur before program rules and parameters are defined and the relief reaches those in need out of the state's budget process. As of the issuance of this proposed decision, the budget includes relief earmarked for water utility bill debt. It is in the interest of all groups subject to COVID-19 impacts: individual customers, water utilities, ratepayers as a whole; to wait until external funding for relief is established and disbursed before resolving the remaining COVID-period debt.

We determine that Class A water utilities may not immediately resume disconnections of customers for residential arrearages accrued while the water disconnection moratorium was in effect, under further direction and authorization from the Commission on disconnection resumption. It would be unreasonable for water utilities to notify and possibly disconnect customers for

unpaid amounts while there is relief and solution forthcoming. However, in response to concerns over an indefinite suspension, we determine that the suspension of disconnections for nonpayment will at end, at the latest, by February 1, 2022. We identify this end date consistent with the most recent legislation SB 139 requiring funding disbursement conclude, at the latest, by January 31, 2022. Similarly, as discussed in Section 6 below, it would be equally unreasonable to determine how financial losses should be recovered before relief appropriated in the 2021/22 state budget is pending.

Once the state relief for water utility bill arrearages is defined, we will resume consideration of the need for relief and address any outstanding issues in the subsequent phase of this proceeding.

6. Cost Impacts on Water Utilities and Ratepayers

It has not yet been determined whether and how COVID-19 impacted the cash flow of the Class A utilities.⁸⁵ It is not anticipated that ratepayers would see immediate rate impacts, although rate impacts should be expected in the future for some COVID-related expenses. If and when a Class A utility applies for cost recovery, rates will be impacted if requests for recovery of COVID-related expenses are found incremental to costs already included in rates and are reasonable and recoverable.

Through a series of Resolutions outside of this proceeding, the Commission put in place processes that would permit, after review, the Class A

⁸⁵Analysis of 2020 changes in water consumption and revenue would have to be conducted to better understand how cash flow was impacted.

water utilities⁸⁶ to potentially recover from ratepayers the financial impacts that were not captured during GRC ratemaking,⁸⁷ which occurs prospectively. The Commission directed the Class A water utilities to open Catastrophic Event Memorandum Accounts (CEMAs) in March 2020 and continued the authorization for CEMAs in February 2021.⁸⁸

The CEMA allows for deferred recovery, initiated upon application of the utility but usually included as part of the GRC application.⁸⁹ The CEMA is well established at the Commission since its introduction in 1991⁹⁰ as the method for tracking and resolving recovery of costs incremental to those already authorized in rates. While CEMA is well established, it has yet to be utilized for a catastrophic event as universal and prolonged as COVID-19.

In May 2020, the Commission provided an accelerated method for securing loans to finance operations that have been impacted by the COVID emergency.⁹¹ Water utilities have yet to utilize this method of financing.

⁸⁶ Class B water utilities were also authorized by Resolutions M-4842 and M-4894 to potentially recover from ratepayers the financial impacts that were not captured during General Rate Case (GRC) ratemaking.

⁸⁷ As well as ratemaking mechanisms such as the Water Revenue Account Mechanism. (Revenue protection on the WRAM and expense protection on the CEMA.)

⁸⁸ Class B water utilities received the same direction. Cal-Am AL 1284 announced activation of Cal-Am CEMA account on March 19, 2020. In compliance with CEMA tariff rules, on April 3, 2020, Ca-Am provided further information to the Executive Director including estimated costs expected to be incurred and tracked in the CEMA draft AL dated February 25, 2021).

⁸⁹ Water Division's Standard Practice U-27 directs the timing and review of balancing and memorandum accounts, which commonly occur during the GRC process.

⁹⁰ Resolution E-3238.

⁹¹ Resolution M-4843 dated May 28, 2020. While water utilities have generally been permitted to secure loans, loans over one year in duration required applications. Resolution M-4843 made it possible to secure loans longer than one year. It was intended for water utilities facing cash flow issues during the pandemic.

Phase II focused particularly on the GRC authorizations of uncollectible operating expenses, and how well those are suited to capture uncollected revenue under pandemic conditions. The Phase II Scoping Memo provides, in part:

- C. How are the current unpaid bills accounted for in a utilities' system of accounts? Are they being recorded in uncollectibles? Or tracked in a separate account?
- D. A certain amount of unpaid bills is considered during the general rate case process. What was that percentage in your last general rate case? Do you expect the actual percentage to be greater than that amount, and if so by how much?

In the ALJ Ruling dated October 12, 2020,⁹² we summarized several additional after-the-fact ratemaking mechanisms where COVID-19 impacts may occur. With reference to efforts to increase CAP enrollment, we summarized the California Alternate Rates for Water (CARW)⁹³ balancing account, and the low-income assistance data sharing memorandum accounts. We noted the Water Division's Standard Practice Manual U-27-W guides the review process for tracking and recovery of memorandum accounts, and that water utilities may initiate review and recovery outside of their GRCs if necessary.⁹⁴

To better understand the impact of the COVID-19 pandemic on the uncollectible accounts of the Class A water utilities, the ALJ Ruling dated October 12, 2020, also sought parties comment on:

⁹² In Section 6.2 of Attachment A to the ALJ Ruling dated October 12, 2020.

⁹³ As noted in the ALJ Ruling dated October 12, 2020, at 28, CARW is the former name of CAP.

⁹⁴ ALJ Ruling dated October 12, 2020, at 29.

1. Will uncollectible debt that occurs in 2019⁹⁵ be tracked and recorded differently than it would have been before the COVID-19 pandemic?
2. Based on the difference between 2019 actual uncollectible balances and 2019 authorized uncollectible allowances, what do you expect will be the difference between 2020 actual uncollectible balances and 2020 authorized uncollectible allowances?
3. In the utilities' next GRCs, should parties propose a different treatment of uncollectibles?
4. What would the effect of increasing uncollectibles balances be?

The ALJ Ruling dated October 12, 2020⁹⁶ also detailed and observed the comparison between the authorized uncollectible allowances to the actual recorded uncollectibles in 2019, as an indication of how well the Class A water utilities had been able to manage the collection of revenue in the 2019, relative to their forecasts.

Recommendation 8 in the Workshop Report also presented several options for treatment of uncollectible expenses during the pandemic, asserting “[s]hareholders of water IOUs have been relatively protected by the CPUC with authorizations of memorandum accounts to track and later amortize COVID costs and uncollectibles to account for unpaid bills.”⁹⁷

6.1. Parties Positions and Data on Utility Financial Stability

Prior to the pandemic, disconnections for nonpayment were one in a series of steps of the credit and collections process, and many customers that were

⁹⁵ This question erroneously referred to 2019 debt instead of 2020 debt. Some party responses corrected the year in question and were thus able to provide meaningful answers.

⁹⁶ Table 11 in the ALJ Ruling of October 12, 2020.

⁹⁷ Workshop Report at 6.

behind would make payments when notified of an impending disconnection.⁹⁸ Golden State reports that, of those customers receiving disconnection notices, 86 percent (2018) and 87 percent (2019) made payments after receiving a notice.⁹⁹ The longer the bill remains unpaid, the higher the risk it will turn into an uncollectible. Great Oaks indicated that under the pre-pandemic rules, it promptly collected on customer arrearages prior to the issuance of the next bill (60 days later). As a result, Great Oaks' current customer arrearages were nearly all resolved without disconnection, with the uncollectible expenses coming only from customers who refused to pay their final bill after leaving the dwelling.¹⁰⁰

Below, Table 6 shows the progression of bill delinquencies in 2019 which trigger steps in the collection process, including notice to customers associated with the length of time (or age) the account is in arrears until a disconnection for nonpayment is made. Subsequent to the disconnection for nonpayment, a customer may be reconnected if payment is made or the account may remain closed while the utility pursues collection. After more time, a utility may reclassify the delinquency as an uncollectible expense.

Table 6 compares residential arrearage rates to disconnection rates to uncollectible expenses rates. Not all arrearages trigger disconnection. Many customers resolve their unpaid bills by the time the debt is 90 days old, and others may resolve their debt in order to reconnect water service.

⁹⁸ Prior to the implementation of the Act mandates on February 1, 2020, the disconnection for nonpayment process for water utilities was governed by California Public Utilities Code Section 779 et seq., the requirements included two notices at least 10 days and 48 hours prior to disconnection, the opportunity to amortize the arrearage and avoid disconnection by complying with terms of the amortization agreement.

⁹⁹ Golden State Advice Letter (AL) 1850-W.

¹⁰⁰ Great Oaks comments dated July 14, 2020, at 8, and comments dated December 7, 2020, at 18-19.

TABLE 6: COLLECTIONS EVENT RATES 2019

Class A	% customers behind on bills 30+ days, end Dec 2019	% revenue in arrears 30+ days, end Dec 2019	% customers behind on bills 90+ days, end Dec 2019	% revenue in arrears 90+ days, end Dec 2019	% disconnections , annual*	% uncollectible expenses, **annual
California Water Service Company	12.5%	1.0%	n/a	0.35%	2.53%	0.23%
Golden State Water Company	12.4%	0.9%	n/a	n/a	8.81%	0.18%
San Jose Water Company	5.1%	0.5%	n/a	0.21%	2.46%	0.09%
California-American Water Company	15.0%	1.7%	2.11%	0.41%	3.74%	0.15%
San Gabriel Valley Water Company	11.3%	0.4%	0.47%	0.01%	1.15%	0.13%
Suburban Water Systems	19.6%	0.9%	8.07%	0.36%	0.64%	0.17%
Liberty Utilities - Park Water	15.3%	2.4%	n/a	n/a	16.47%	0.33%
Great Oaks Water Company	n/a	0.3%	n/a	0.00%	1.94%	0.13%
Liberty Utilities - Apple Valley Ranchos	9.8%	1.1%	n/a	n/a	11.59%	0.31%

Source All Residential Customers: Residential Customer Total, Metered and Flat, Company Annual Reports, as of December 31, 2019

* A single customer may be disconnected more than once in a year; the percentage is derived by comparing number of disconnections to number of customers

**The percentage is derived by comparing uncollectible expense to annual revenue in the same year. Uncollectible expenses include such expenses from all customer classes, not only residential customer classes.

In 2020, the disconnection moratorium eliminated one of the many steps in the credit and collections process. As discussed further in Section 6.2 below, six of the nine Class A water utilities also interpreted the suspension of the disconnection step as a suspension of reclassifying the arrearages as uncollectible expenses, stating that all reasonable methods of collection had not been exhausted.

TABLE 7: 2019 UNCOLLECTIBLE ALLOWANCES AND EXPENSES

Water Utility	<u>2019</u> Revenue from Water Service	<u>2019</u> Uncollectible Expense	<u>2019</u> Uncollectible Rate	Authorized Uncollectible Allowance	Difference Expense to Allowance (%)	Difference Expense to Allowance (\$)
<u>Cal</u> <u>Water (average of</u> <u>25 districts,</u> <u>weighted by</u> <u>operating</u> <u>revenues)</u>	<u>\$654,599,090</u> <u>\$656,195,730</u>	\$1,496,187	<u>0.2286%</u> <u>0.2280%</u>	<u>0.2645%</u> <u>0.3671%</u>	<u>0.0359%</u> <u>0.1391%</u>	<u>\$235,228</u> <u>\$912,768</u>
<u>Cal</u> <u>Water (average of</u> <u>16 districts)</u>						
<u>Golden</u> <u>State (average of</u> <u>8 districts,</u> <u>weighted by</u> <u>operating</u> <u>revenues)</u>	<u>\$310,656,226</u> <u>\$317,823,237</u>	\$564,011	<u>0.1816%</u> <u>0.1775%</u>	<u>0.2991%</u> <u>0.3630%</u>	<u>0.1175%</u> <u>0.1855%</u>	<u>\$365,162</u> <u>\$589,562</u>
<u>Golden</u> <u>State (average of</u> <u>8 districts)</u>						

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San Jose	<u>\$387,900,757</u> <u>\$367,608,910</u>	\$330,266	<u>0.0851%</u> <u>0.0898%</u>	0.1329%	<u>0.0477%</u> <u>0.0431%</u>	<u>\$185,139</u> <u>\$158,331</u>
Cal-Am	<u>\$210,318,865</u> <u>\$228,051,894</u>	\$349,447	<u>0.1662%</u> <u>0.1532%</u>	0.5141%	<u>0.3479%</u> <u>0.3609%</u>	<u>\$731,802</u> <u>\$823,039</u>
San Gabriel Valley (average of 2 districts)	<u>\$143,065,009</u> <u>\$154,591,836</u>	\$194,145	<u>0.1357%</u> <u>0.1256%</u>	<u>0.1856%</u> <u>0.1854%</u>	<u>0.0499%</u> <u>0.0598%</u>	<u>\$71,373</u> <u>\$92,369</u>
Suburban	<u>\$79,741,877</u> <u>\$81,236,662</u>	\$136,513	<u>0.1712%</u> <u>0.1680%</u>	0.1491%	<u>-0.0220%</u> <u>-0.0189%</u>	<u>-\$17,578</u> <u>-\$15,313</u>
Liberty - Park	<u>\$36,008,655</u> <u>\$33,598,801</u>	\$110,104	<u>0.3058%</u> <u>0.3277%</u>	0.3901%	<u>0.0844%</u> <u>0.0624%</u>	<u>\$30,374</u> <u>\$20,973</u>
Great Oaks	<u>\$19,278,057</u> <u>\$19,802,903</u>	\$25,188	<u>0.1307%</u> <u>0.1327%</u>	0.2265%	<u>0.0958%</u> <u>0.0937%</u>	<u>\$18,468</u> <u>\$18,562</u>
Liberty - Apple Valley Ranchos	<u>\$22,240,475</u> <u>\$21,781,215</u>	\$67,097	<u>0.3017%</u> <u>0.3080%</u>	0.2801%	<u>-0.0215%</u> <u>-0.0279%</u>	<u>-\$4,791</u> <u>-\$6,067</u>
TOTAL Class A water utilities	<u>\$1,857,809,011</u> <u>\$1,880,691,188</u>					<u>\$1,615,176</u> <u>\$2,594,224</u>
AVERAGE % DIFFERENCE authorized to actual <u>weighted</u> <u>by Revenue</u>					<u>0.0867%</u> <u>0.0998%</u>	

Source of 2019 Revenues: 2019 Annual Reports

Source of 2019 Authorized Allowance: Cal Water (D.16-12-042 dated Dec. 15, 2016 in A.15-07-015 for years 2017, 2018, 2019), Golden State (D.19-05-044 dated May 30, 2019 in A.17-07-010 for years 2019, 2020, 2021), San Jose (D.18-11-025 dated Nov. 29, 2018 in A.18-01-004 for years 2019, 2020, 2021), D.18-12-021 dated Dec. 13, 2018 in A.16-07-002 for years 2018, 2019, 2020), San Gabriel Valley (D.17-06-008 dated Jun. 15, 2017 in A.16-01-002 for years 2017, 2018, 2019), Suburban (D.19-05-029 dated May 30, 2019 in A.17-01-001 for years 2018, 2019, 2020), Liberty Park (D.20-09-019 dated Sept. 24, 2020 in A.18-01-002 and A.18-01-003 for years 2019, 2020, 2021), Great Oaks (D.19-09-010 dated Sept. 12, 2019 in A.18-07-002 for years 2019, 2020, 2021), Liberty Apple Valley D.20-09-019 dated Sept. 24, 2020 in A.18-01-002 and A.18-01-003 for years 2019, 2020, 2021).

Cal Advocates consistently asked how COVID-19 impacts on Class A water utilities' revenues can be disentangled from other drivers of fluctuations in revenue, such as weather and economic conditions.

No parties objected or made corrections to the characterization of the CEMA accounts in the October 12, 2020 ALJ Ruling. However, Cal Advocates claims that no water utility specified if arrears and/or uncollectibles will be recorded in their CEMA as costs associated with the COVID-19 pandemic.¹⁰¹ Party comments describe divergent practices with regard to categorizing the unpaid amounts as accounts receivable which are unlikely to be collected or are then uncollectible.¹⁰² Many utilities¹⁰³ refer to Standard Practice U-38-W as guiding their recording to accounts receivable, uncollectible reserves, and uncollectible assets.

Even if all utilities follow Standard Practice U-38-W, it permits discretion with regard to accounting for unpaid bills until the amounts are determined to be uncollectible. As an example, the Standard Practice describes Accounts 775 and Account 254, which accommodates utilities that wish to place unpaid amounts in a reserve account and subsequently reconcile any payments made through bills expected to be unrecoverable. The reserve account is simply an option, although the Standard Practice dictates corresponding entries to the reserve account and the uncollectible account.¹⁰⁴

¹⁰¹ Cal Advocates comments dated December 7, 2020, at 3.

¹⁰² Cal Advocates comments dated December 23, 2020, at 5.

¹⁰³ Golden State comments dated June 30, 2020, at 4, Great Oaks comments dated November 9, 2020, at 29.

¹⁰⁴ The 2019 annual reports indicated that all companies maintain uncollectible reserve accounts with the exception of San Gabriel Valley¹⁰⁴ and Liberty Utilities. Great Oaks' 2019 annual report shows balances to a reserve account but verbal indications say they do not have one.

Another notable difference among Class A water utilities is their interpretation of the disconnection moratorium on their efforts to collect unpaid bills from customers. As put by the Joint Advocates, “What is unclear is whether this year will have an increase in the amount of arrearages that turn into uncollectibles.”¹⁰⁵

San Jose equated the suspension of disconnections with the suspension of collections.¹⁰⁶ Cal Water,¹⁰⁷ Suburban,¹⁰⁸ and San Gabriel Valley¹⁰⁹ changed their practices and have essentially suspended their practice of recategorizing unpaid amounts as uncollectible. Great Oaks did not categorize unpaid amounts in 2020 as uncollectible.¹¹⁰ Such a suspension of unpaid amounts as uncollectible would lead to very few uncollectible operating expenses in 2020.¹¹¹

In contrast, Cal-Am¹¹² and Golden State¹¹³ indicate recording and determining uncollectible debt has remained unchanged. Liberty’s response is

¹⁰⁵ Joint Advocates comments dated November 9, 2020, at 26.

¹⁰⁶ San Jose comments dated November 9, 2020, in response to Section 6.2.

¹⁰⁷ Cal Water comments dated June 30, 2020, at 4, and comments dated November 9, 2020, at 10 indicate they categorize amounts as uncollectible once the account is closed that has been in collections status for a certain amount of time. Cal Water explains they are not closing accounts under the moratorium.

¹⁰⁸ Suburban comments dated November 9, 2020, at 4.

¹⁰⁹ San Gabriel Valley comments dated November 9, 2020, at 19. While San Gabriel Valley’s direct answer to whether there has been a change is no, they base their answer on their contention that the disconnection moratorium prevents them from exhausting all collection efforts.

¹¹⁰ Great Oaks comments dated July 14, 2020, at 8, and December 7, 2020, at 19.

¹¹¹ See San Gabriel Valley comments dated November 9, 2020, at 19, “Consequently, San Gabriel does not expect to record any material uncollectible amounts in 2020, but does expect to close 2020 with a very large balance of customer accounts receivable.”

¹¹² Cal-Am comments dated June 30, 2020, at 12.

¹¹³ Golden State amended comments dated November 9, 2020, at 14.

so brief that it remains unclear whether or not they will record uncollectibles in 2020.¹¹⁴ Cal-Am indicates its reserve is based on the prior three years of uncollectibles, net of recovery, and also reserves for all debt over 150 days.¹¹⁵ Golden State reviews unpaid amounts in the accounts receivable by aging category and considers “the latest aging of the accounts receivable balance as a key indicator of recent trends.”

Golden State also considers the risk of uncollectibility to be higher for those receivables that have aged longer (*i.e.* greater than 90 days) than those receivables that are more current.¹¹⁶

Great Oaks presents a unique case stating that its uncollectible expenses are not associated with the aging of unpaid bills. Rather, Great Oaks’ 2019 uncollectible expenses were associated with customer-initiated account closings, who failed to pay their final bill.¹¹⁷ Prior to 2020, Great Oaks explains that customers with unpaid bills were disconnected for nonpayment and had reconnected service before 60 days had elapsed.¹¹⁸ That is, Great Oaks “uncollectible expenses” arise not as a result of disconnection for nonpayment but from customers who move away and leave their final bill unpaid.¹¹⁹

Finally, several parties identify a confounding factor in separating COVID-19 financial impacts from the impacts of the extension in collections timelines mandated by the Water Shutoff Protection Act. Class A water utilities

¹¹⁴ Liberty comments dated November 9, 2020, at 10.

¹¹⁵ Cal-Am comments dated June 30, 2020, at 6.

¹¹⁶ Golden State amended comments dated November 9, 2020, at 14.

¹¹⁷ Great Oaks comments dated July 14, 2020, at 8.

¹¹⁸ Great Oaks comments dated December 7, 2020, at 18.

¹¹⁹ Great Oaks comments dated December 7, 2020, at 19.

will be faced with sorting out COVID-19-associated uncollectible amounts from typical uncollectible amounts and will also have to sort out COVID-19-associated uncollectible amounts under a newly mandated collections regime that never went fully into effect. In the following section, we provide uniform guidance.

6.2. The Disconnection Moratorium Did Not Suspend Collections of Unpaid Bills

Resolutions M-4842 and M-4849 directed all Class A and Class B water utilities to “work cooperatively with affected customers to resolve unpaid bills,” “minimize disconnections,” and “provide reasonable payment options to customers.”¹²⁰ Executive Order N-42-20 also stated that the disconnection moratorium did not change the obligation to pay for water service. Consistent with those concurrent directives, Class A water utilities described their efforts to assist customers with unpaid bills.¹²¹

Nevertheless, Class A water utilities’ arrearages at the end of 2020 were distinctly higher than the arrearages at the end of 2019, with a consistent upward trend throughout the year, industry-wide, at each water utility, and for each customer group (CAP, nonCAP residential, and nonresidential.) Only Cal-Am and Golden State clearly state that they expect a corresponding increase in the 2020 uncollectible amounts.

2021 water utility reports show that for some customers and some customer classes, utilities have been able to start reversing the trend of growing arrearages. Most notably, San Gabriel Valley average customer arrearage

¹²⁰ Resolution M-4842 at 7.

¹²¹ Comments dated June 30, 2020: Cal-Am at 5, Great Oaks at 7, San Jose at 4-5, CWA at 4, Suburban at 5, SCE at 3-4, San Gabriel Valley at 4-5. San Jose comments dated November 9, 2020, in response to Section 6.2 makes a contradictory statement, equating the suspension of disconnections with the suspension of collections.

amounts, for both CAP and nonCAP customers have begun to decline.¹²² For all Class A reports combined, average age and amount of nonresidential debt have also begun to decline. These positive trends indicate that customer debt has the potential to be resolved even absent disconnection. These trends also indicate that some of the growth of arrearages is directly attributable to the upheaval associated with the COVID-19 pandemic.

6.3. Discussion

We find that the combination of uncollectible accounts, CEMA accounts, and streamlined authority to secure loans is sufficient for Class A water utilities to weather the pandemic. Indeed, Class A water utilities continue to operate and provide safe and reliable water service while deferring the collection of residential COVID-19 arrearages. We also find that without further direction, the assessment of COVID-19 associated expenses for future recovery will be hampered by the variation in how utilities record such expenses. The additional CEMA guidance contained in today's decision does not change the rules of CEMA recovery in Standard Practice U-27-W, which requires an earnings test and proof of reasonableness, under the legal authority of Pub. Util. Code Section 454.9 and Resolution E-3238, dated July 24, 1991.

The Phase II record of this proceeding clearly demonstrates that Class A water utilities' practices of tracking unpaid COVID-19 bill debt vary. Some Class A water utilities retain COVID-19 arrearages in accounts receivable; others may

¹²² See arrearage data presented in Attachment C.

be reserving these for uncollectibles; and still others may be tracking COVID-19 arrearages in CEMA.¹²³

We restate what is obvious; the pandemic is a different type of catastrophe. Water utilities had to interpret how removing the disconnection step from the collections process impacts their classification of past-due amounts. Water utilities indicate varying practices,¹²⁴ both now and once the step of disconnections resumes. Here, we provide guidance on one category of COVID-19 related costs, the unpaid customer bills, presumably¹²⁵ currently being tracked in Class A water utility CEMAs. Before recovery, the CEMA will first need to be offset against 1) federal and state relief for water utility bill debt from the 2021 Coronavirus Recovery Fund, and distributed through the State Water Resources Control Board, 2) customer payments through payment plan arrangements, and 3) provisions for uncollectibles. All three of these offsets to unpaid bills associated with the COVID-19 period will require time to accrue, which means CEMA review should not occur before these processes have concluded. To the extent the Class A water utilities have engaged customers in payment plans with term lengths exceeding one year and wish to apply for CEMA recovery before

¹²³ Liberty Utilities was explicit in compliance filings that unpaid COVID-19 bills would be tracked in their CEMAs. *See* Liberty Apple Valley AL 239-W at 3 and Liberty Park Water AL 297-W at 3.

¹²⁴ Resolution M-4842 and M-4849 also permit Class A water utilities to track the marketing, education and outreach costs of implementing the Emergency Customer Protections. San Gabriel Valley (AL 561-W), San Jose (AL 560-W), Cal Water (AL 2407-W) estimated these costs in their April 1, 2021 compliance filings but most did not

¹²⁵ As noted above, only Liberty Utilities was explicit about whether unpaid COVID-19 bills are tracked in CEMAs. However, CWA comments throughout this proceeding (CWA comments dated December 7, 2020, at 8-9; CWA comments dated December 23, 2020, at 20) indicate that water utilities will generally associate the pandemic and moratorium impact on uncollectibles as a COVID-19 cost.

the conclusion of the payment plan term, they may do so but may not include any unpaid bills associated with the payment plans in their recovery request.

We determine that the COVID-19 pandemic, as well as the Commission and Governor's directives regarding disconnections, disrupted the function of uncollectible allowances authorized through GRCs. Application of external relief through the state's Coronavirus Recovery Fund of 2021 will further complicate the assessment of unpaid bills potentially recoverable through CEMA.

While Resolutions M-4842 and M-4849 gave blanket authorization for the establishment of COVID-19 CEMAs, these resolutions do not address the intersection of unpaid bills tracked in CEMA with uncollectible allowances. Nor would it be appropriate to expect this issue to be resolved in various CEMA Tier 2 Advice Letters.

Here, we standardize a gauge to distinguish among the various drivers of unpaid bills that utilities may choose to include for recovery in their COVID-19 CEMAs. As described below, we apply a buffer of 0.0867 percent to each utility's authorized uncollectible allowance in 2020 and 2021. This buffer provides a uniform approach to attributing unpaid amounts to the pandemic and associated moratorium, rather than to implementation of the Water Shutoff Protection Act, or other annual variations (such as economic conditions) that would drive uncollectible expenses in non-emergency years. It is more reasonable to utilize standardize gauge on the most recent year prior to the pandemic rather than leave the resolution of varied approaches to be decided through individual filings. The rate impacts associated with CEMA recovery, including the application of the buffer, will be examined in individual utility filings.

With regard to provisions for uncollectibles, the allowances determined through the GRC process are the most readily available and reasonable to incorporate as an offset during the CEMA review process, with adjustment. The uncollectibles offset in 2020 and 2021 to be incorporated during the CEMA review process shall be the sum of the allowance authorized for the year with a buffer amount of 0.0867 percent added. The buffer of 0.0867 percent, shown in Table 7 above, is the difference,¹²⁶ in the aggregate among all Class As in 2019, between authorized and actual uncollectibles. It is reasonable to expect utilities to fully utilize their uncollectible allowances during the pandemic years and also reasonable to nominally reduce ratepayer risk by applying a 0.0867 percentage buffer to the uncollectibles allowance. The buffer is necessary since the disconnection moratorium reduced the utility risk inherent in the uncollectibles allowance in 2020 and 2021. This buffer artificially, but systematically, injects an amount of risk back into the calculation for 2020 and 2021, essentially preserving the ratepayer's balance of risk.

The impact of the requirement of a buffer of 0.0867 percent to each utility's uncollectible allowance in 2020 is illuminated below in Table 8.

¹²⁶ In response to comments on the proposed decision, the calculations of each Class A water utility's 2019 uncollectible expenses and authorized allowance reflect the weighted average. The calculation of the 2019 difference between uncollectible expense and allowance aggregated among all Class A water utilities also reflect the weighted average. Further refinements to the calculations are described in Attachment E.

**TABLE 8:
2020 UNCOLLECTIBLE ALLOWANCE PLUS PANDEMIC BUFFER**

Water Utility	<u>2020</u> Revenue from Water Service	Authorized Uncollectible Allowance	Pandemic Buffer	Uncollectible Rate to Offset Unpaid COVID- 19 Bill During CEMA Review
Cal Water (average of 25 districts, weighted by operating revenues) Cal Water (average of 16 districts)	<u>\$729,191,425</u> TBD	<u>0.2645%</u> 0.2667%	<u>0.0867%</u> 0.0998%	<u>0.3512%</u> 0.3665%
Golden State (average of 15 districts, weighted by operating revenues) Golden State (average of 8 districts)	<u>\$322,626,989</u> TBD	<u>0.2991%</u> 0.3630%	<u>0.0867%</u> 0.0998%	<u>0.3858%</u> 0.4628%
San Jose	<u>\$386,226,729</u> TBD	0.1329%	<u>0.0867%</u> 0.0998%	<u>0.2195%</u> 0.2327%
Cal-Am	<u>\$236,673,157</u> TBD	0.5141%	<u>0.0867%</u> 0.0998%	<u>0.6008%</u> 0.6139%
San Gabriel Valley (average of 2 districts weighted by operating revenues) San Gabriel Valley (average of 2 districts)	<u>\$158,665,260</u> TBD	<u>0.1856%</u> 0.1363%	<u>0.0867%</u> 0.0998%	<u>0.2723%</u> 0.2361%
Suburban	<u>\$79,741,877*</u> TBD	0.1491%	<u>0.0867%</u> 0.0998%	<u>0.2358%</u> 0.2489%
Liberty - Park	<u>\$37,076,738</u> TBD	0.3901%	<u>0.0867%</u> 0.0998%	<u>0.4768%</u> 0.4899%
Great Oaks	<u>\$20,529,194</u> TBD	0.2265%	<u>0.0867%</u> 0.0998%	<u>0.3131%</u> 0.3263%
Liberty - Apple Valley Ranchos	<u>\$23,263,388</u> TBD	0.2801%	<u>0.0867%</u> 0.0998%	<u>0.3668%</u> 0.3799%

Source of 2020 Authorized Allowance: Cal Water (D.20-12-007 dated Dec. 3, 2020 in A.18-07-001 for years 2020, 2021, 2022), Golden State (D.19-05-044 dated May 30, 2019 in A.17-07-010 for years 2019, 2020, 2021), San Jose (D.18-11-025 dated Nov. 29, 2018 in A.18-01-004 for years 2019, 2020, 2021), D.18-12-021 dated Dec. 13, 2018 in A.16-07-002 for years 2018, 2019, 2020), San Gabriel Valley (D.20-08-006 dated Aug. 6, 2020 in A.19-01-001 for years 2020, 2021, 2022), Suburban (D.19-05-029 dated May 30, 2019 in A.17-01-001 for years 2018, 2019, 2020), Liberty Park (D.20-09-019 dated Sept. 24, 2020 in A.18-01-002 and A.18-01-003

for years 2019, 2020, 2021), Great Oaks (D.19-09-010 dated Sept. 12, 2019 in A.18-07-002 for years 2019, 2020, 2021), Liberty Apple Valley D.20-09-019 dated Sept. 24, 2020 in A.18-01-002 and A.18-01-003 for years 2019, 2020, 2021). [2020 Total Water Service Revenues Utility Company Annual Reports, Schedule B-1, Account 501. Suburban Water Company Total Water Service Revenues is for 2019.](#)

As all Class A and Class B water utilities have CEMAs in accordance with Resolutions M-4842 and M-4849, this order will apply equally to the Commission's review of Class A and Class B water utility CEMAs. We take this action to ensure that recovery of CEMA amounts will be uniformly resolved through consistent policies. As raised by CWA in opening comments on the proposed decision, over when the disbursement of federal and state relief will conclude, we limit federal and state relief to mean relief available from the 2021/22 adopted state budget, in the Coronavirus Recovery Fund administered through the State Water Resources Control Board.

7. Enhancements to Data Tracking and Reporting

Here, we review current reporting requirements of billing and collections data. Class A water utilities' monthly reporting needs refinement in order to better assess recovery from the COVID-19 period and to support data-driven improvements to water service affordability, in coordination with the State Water Board. However, it is better to decide on refinements through collaborative discussion with Class A water utilities to clarify definitions, goals of data reporting, and better understand the technical reporting capabilities of those water utilities.

During Phase II of this proceeding, Class A water utilities reported the following data biweekly for the first few months of the pandemic and have continued reporting them monthly since September 2020. The data required and reported during Phase II includes:

- Number of customers requesting bill assistance
- Number of newly enrolled customers to your low-income rate assistance program
- Number of overall enrolled customers in your low-income rate assistance program
- Number of customers late or behind on their bill
- Average arrearage amount
- Median arrearage amount
- Range of arrearage amount
- Overall arrearage amount
- Number of customers making partial payments¹²⁷

Annual report data is necessary to give context to the monthly billing and collections data reported through this proceeding. The Phase I Decision, issued in August of 2020, summarized annual reporting requirements.¹²⁸ Both data reported through Phase II and annual reports is necessary to evaluate pandemic impacts on utilities and customers.

Similarly, the State Water Board sought to understand COVID-19 impacts on all public water systems, including Commission-regulated water utilities. The State Water Board conducted a one-time survey of arrearages for a large sample of public water systems statewide. All Class A water utilities, and many of the

¹²⁷ Second Amended Scoping Memo, dated June 2, 2020, at 4-5.

¹²⁸ D.20-08-047, Ordering Paragraph 6, requires reporting of the following 1) Annual reporting requirements from D.11-05-004. To each annual report, reference MDRs [Minimum Data Requests] submitted in the prior year period as part of the prior GRC filing, and applications for acquisitions; 2) Compliance, and associated data and analysis with orders from D.12-04-048, D.14-10-047, and D.16-12-026.

Small Utilities (Class Bs, Cs and Ds) participated in the survey.¹²⁹ The State Water Board's data request for its survey contained similar information to some of the existing Commission monthly or annual requirements.

In addition to the new reporting requirements, discussed above, which went into effect during Phase II, we also provided opportunity for comment on reporting metrics in the ALJ Ruling of October 12, 2020. The first three of the Workshop Report's ten highlighted recommendations address data reporting are to:

- (1) Refine the current monthly data reporting to Water Division;
- (2) Coordinate with the State Water Board on data collected;
and
- (3) Request description of current payment plans offered by CPUC-regulated water utilities.

7.1. Party Positions on Data Tracking

Cal Advocates¹³⁰ and the Joint Advocates consistently argued for more and better data in this proceeding. While the Class A water utilities see the value of standardized and routine data reporting, they also request a systematic review of the metrics required in this proceeding.¹³¹ We consider accurate and consistent data reporting essential to understanding how well water utilities transition

¹²⁹ State Water Board Drinking Water COVID-19 Financial Impacts Survey, description and results available at https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/covid-19watersystemssurvey.html

¹³⁰ Cal Advocates comments dated June 30, 2020, at 7-9, and Recommendations section contained within Attachment A to comments dated June 30, 2020. Cal Advocates comments dated July 14, 2020, at 1. Joint Advocates comments dated June 30, 2020, at 7-8.

¹³¹ CWA comments dated July 14, 2020, at 11.

customers to the resumption of disconnections, and how well they implement the Water Shutoff Protection Act.

Great Oaks argued that reporting disconnection rates during a disconnection moratorium is nonsensical. Joint Advocates emphasize the importance of identifying bill payment ratios to measure the effectiveness of payment plans.

As part of the transition planning process, Resolution M-4849 required Class A and Class B water utilities to propose tracking metrics. In response, the Class A water utilities proposed:

Cal-Am proposes tracking:¹³²

- Number of customers enrolled in payment plans;
- For unique customers, dollars paid on the payment plan and dollars outstanding on the plan; and
- Number of unique customers more than 90+days in arrears, by zip code, as a percentage of all customers in zip code.

Golden State Water¹³³ and San Gabriel Valley Water¹³⁴ propose tracking:

- Number and percentage of customers enrolled in alternative payment arrangements;
- Number and percentage customers disconnected; and
- Change in arrearage amounts (to the extent such information is not already tracked as part of R.17-06-024 reporting requirements).

¹³² Cal-Am Draft Transition AL dated February 25, 2021.

¹³³ Golden State Draft Transition AL dated February 25, 2021.

¹³⁴ San Gabriel Valley Draft Transition AL dated February 25, 2021, at 14.

Suburban proposes tracking:¹³⁵

- Number and percentage of customers enrolled in alternative payment arrangements;
- Number and percentage customers disconnected;
- Change in arrearage amounts (to the extent such information is not already tracked as part of R.17-06-024 reporting requirements; and
- Number of customers identified as eligible and interested in enrolling in alternative payment arrangements and percent of these successfully enrolled.

San Jose¹³⁶ proposes tracking:

- Number and percentage of customers enrolled in alternative payment arrangements; and
- Number and percentage customers disconnected.

Liberty Apple Valley and Liberty Park proposes tracking:¹³⁷

- Number and percentage of customers enrolled in alternative payment arrangements;
- Number and percentage customers disconnected; and
- Change in arrearage amounts (to the extent such information is not already tracked as part of R.17-06-024 reporting requirements.

7.2. Discussion

Today we direct Class A water utilities to participate in a series of data reporting working sessions sponsored by the Water Division. The purpose of the data reporting working sessions is to review and collaborate toward reconciling, refining and devising a consistent and clear set of requirements for reporting

¹³⁵ Golden State Draft Transition AL dated February 25, 2021.

¹³⁶ San Jose Water Draft Transition AL dated February 25, 2021, at 7.

¹³⁷ Liberty Apple Valley and Liberty Park Draft Transition AL dated February 25, 2021, at 9-10.

billing and collections data, which are being required currently pursuant to various Commission directives discussed above.

The generality of the Class A water utilities' proposed metrics, and the variations displayed above in Section 7.1 (the proposals pursuant to Resolution M-4849) is a good example of why sustained efforts to synthesize reporting are necessary. With one exception, Resolution M-4849 proposals of utilities should be considered and standardized in data reporting working sessions before taking effect.

We require Class A water utilities to immediately add to their monthly reporting metrics the number and percentage of customers disconnected for nonpayment and reconnected. While reporting disconnections may have been unnecessary during a disconnection moratorium, it becomes critical once disconnections resume. Similarly critical is reporting that reflects the age of arrearages aligned with the Water Shutoff Protection Act timelines before disconnection is permitted.

Currently, the three largest utilities do not categorize customers with arrearages over 90+ days; this must be addressed. In Opening Comments on the Proposed Decision, CWA requests the workshop session agenda include consideration of eliminating unused data elements from the required reporting. This item is now included in Attachment A.

Data reporting working sessions ordered herein shall occur periodically but no less than once a month and shall continue for one year after the issuance of this decision. Interested parties, including Commission-regulated water utilities and representatives from public water systems, shall be invited to

participate. Interested parties may submit items to address at each working session to Water Division at least one week in advance of each working session.

The implementation of today's directives depends on better data reporting, including more specific information about payment plans, bill payment ratios, and external funding applied to arrearages. These items are to be addressed in the first working session and are set forth in Attachment A of this decision.

8. Directing Compliance Filings

Resolution M-4843 permits all Commission-regulated water and sewer utilities to secure loans through streamlined regulatory processes for a period of two years beginning May 28, 2020. Resolution M-4843 directs the water utilities to file Tier 2 Advice Letters upon securing new loans, to establish Loan Memorandum Accounts in which to track the costs associated with the loans and invites interested parties to participate in the review of utility costs during GRCs or other utility applications.

Any filings made pursuant to Resolution M-4843 illustrate COVID-19 impacts on water utilities and their customers and continue to inform the Commission's examination of the issues. Accordingly, we direct Class A water utilities to file copies of filings made pursuant to Resolution M-4843, going forward, titled as "compliance filing" in this docket, of all future compliance advice letters pursuant to Resolution M-4843.

9. Motion for Evidentiary Hearings

On December 23, 2020, CWA filed a motion to modify the Phase II Scoping Memo to allow testimony and evidentiary hearings. This request was echoed by Great Oaks in their comments also.¹³⁸ This motion is denied.

10. Conclusion

This Phase II decision moves Class A water utilities and their customers onto a path for recovery from the COVID-19 crisis. Because external state and federal relief funding is anticipated, we direct Class A water utilities to suspend the collection action of disconnecting customers for nonpayment on all residential arrearages accumulated prior to the end-date of the water disconnection moratorium. This suspension will expire by February 1, 2022, and does not suspend Class A water utilities' obligation to continue to work with customers to resolve unpaid bills and implement the protections of the Water Shutoff Protection Act. We will pursue determinations on arrearage relief in a subsequent phase of this proceeding once the availability, terms, and application of state and federal relief to residential water utility bills is better known. While this proceeding only addressed Class A water utilities and their customers, we encourage Small Utilities to likewise suspend disconnection on unpaid bills associated with the COVID-19 pandemic.

This Phase II decision also improves the qualifying low-income water utility customers' access to the programs offering water rate assistance by increasing the frequency of the exchange of low-income customer data between Class A water utilities and Commission-regulated energy utilities. We further direct SCE, SDG&E, SoCalGas and Southwest Gas, who are parties to this

¹³⁸ Great Oaks comments dated December 23, 2020, at 6.

proceeding, to immediately begin sharing low-income customer data with the public water systems statewide, under the applicable privacy and data protection protocols. As the only other large investor-owned energy utility, we expect, encourage and authorize PG&E to follow suit to immediately begin data sharing on low-income customer data with the public water systems statewide, under the same privacy and data protection protocols.

Lastly, this decision provides guidance on the tracking of unpaid bills associated with the COVID-19 pandemic in the CEMA and orders Class A water utilities, with an invitation to interested parties, to participate in monthly data reporting working sessions to review and refine billing and collections data tracking and reporting requirements. Beginning with the first report filed after the end of the statewide water disconnection moratorium on September 30, 2021, Class A water utilities must include in their monthly data reports the number of disconnections for nonpayment and reconnections of service previously disconnected for nonpayment.

This proceeding will remain open to resolve all outstanding issues in this proceeding, which includes our review of the question of what additional relief may be necessary for water utilities and their customers once the extent and impacts of state and federal funding for COVID-19 water utility bill debt relief is better known.

11. Comments on Proposed Decision

The proposed decision of Commissioner Martha Guzman Aceves in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on July 6, 2021, by CWA, Cal-Am, Cal Water, Great Oaks, SDG&E and SoCalGas jointly, and the Joint

Advocates, consisting of the CforAT, NCLC, NRDC, Leadership Counsel, and CWC. Reply comments were filed on July 12, 2021, by CWA, Joint Advocates and Cal Advocates. Corrections and clarifications have been made throughout this decision as appropriate.

12. Assignment of Proceeding

Martha Guzman-Aceves is the assigned Commissioner and Camille Watts-Zagha and Robert Haga are the assigned ALJs in this proceeding.

Findings of Fact

1. Water service is critical to public health.
2. On April 2, 2020, the Governor issued Executive Order N-42-20 (the statewide water disconnection moratorium), which currently remains in effect and prohibits water service disconnections for bill nonpayment beginning March 4, 2020.
3. On June 11, 2021, the Governor issued Executive Order N-08-21 announcing the end of the statewide water disconnection moratorium as of September 30, 2021.
4. Commission Resolutions M-4842 and M-4849 require water utilities to implement Emergency Customer Protections beginning March 4, 2020, through June 30, 2021.
5. The disconnection moratorium has and continues to protect Californians' access to water service.
6. The disconnection moratorium did not suspend collections of unpaid water bills except for disconnections for nonpayment and notices of impending disconnections for nonpayment.
7. The suspension of disconnections for nonpayment between October 1, 2021, and no later than February 1, 2022, does not suspend collections

of unpaid water bills except for disconnections for nonpayment and notices of impending disconnections for nonpayment.

8. More residential customers had higher amounts of past-due water utility bills at the end of 2020 than in 2019.

9. Class A water utilities had greater amounts of uncollected billed revenue at the end of 2020 than the same period in 2019.

10. Customer unpaid bills through April 2021 are due at least in part to the pandemic.

11. Federal funding is available for water utility bill debt accumulated between April 2020 and March 2021 through ERAP.

12. ERAP income limits, tied to Area Median Incomes, exceed CAP income limits in parts of California.

13. Federal funding has been announced to become available for water affordability and water utility bill debt relief through a new federal program called LIHWAP.

14. LIHWAP income limits have not yet been definitively established.

15. Relief to assist residential water utility customers with utility bill debt associated with the COVID-19 pandemic will become available to customers exceeding the CAP income limits.

16. To disconnect water utility customers for past-due utility bills accumulated prior to the end of the statewide water disconnection moratorium before the arrival of state and federal funding intended for water utility bill debt relief would be contrary to public policy and a waste of public resources.

17. To disconnect water utility customers for past-due utility bills accumulated during the statewide water disconnection moratorium before the

arrival of state and federal funding intended for water utility bill debt relief would interrupt water service to customers during recovery from the current pandemic.

18. Coordination and cooperation between energy and water utilities serving the same customers to access relief and affordability programs saves low-income customers valuable time.

19. All Class A and Class B water utilities established CEMA accounts to track the incremental costs associated with the COVID-19 pandemic authorized by Resolutions M-4842 and M-4849.

20. The authorization of CEMAs for water utilities in Resolutions M-4842 and M-4849 did not address the impact of and relationship of unpaid bills associated with the COVID-19 emergency to uncollectible expense allowances authorized in GRCs.

21. The costs recorded in CEMA accounts are recoverable in rates following a water utility request filed by a Tier 2 Advice Letter in accordance with Standard Practice U-27-W and Pub. Util. Code section 454.9.

22. Low-income water rate assistance programs are a means of promoting water affordability.

23. Low-income water rate assistance programs are a means of providing relief for water utility bill debt associated with the COVID-19 pandemic.

24. Data exchanges between energy utilities and water utilities are the most efficient means of enrolling qualifying customers in low-income rate assistance programs.

25. D.11-05-020 in R.09-12-017 adopted guidelines for sharing low-income customer information between energy utilities and Class A water utilities

enrolled in their respective low-income assistance programs and aligned program eligibility rules.

26. Aligning the program rules regarding eligibility requirements will support and optimize the ease of enrolling and retaining qualified customers in low-income rate assistance programs.

27. In alignment with the Commission's Emergency Customer Protections required of energy utilities in Resolutions M-4842 and M-4849 and the Water Division's letter, the Class A water utilities suspended recertification and verification requirements of the CAP program until September 30, 2021.

28. In alignment with the end of the Commission's Emergency Customer Protections required of energy utilities in Resolution M-4849 and the Water Division's letter, the Class A water utilities intend to resume CAP customer recertification and verification requirements on October 1, 2021.

29. Class A water utilities unanimously recommend improving the exchange of low-income customer data between energy and water utilities by (a) increasing the frequency of low-income customer data exchanges between water and energy utilities to quarterly, (b) conducting meetings annually dedicated to pursuing improvements to the low-income customer data exchange process, and (c) maintaining updated contact lists for individuals at each utility integral to the low-income customer data exchange process.

30. More customers are participating in CAP today than ever before.

31. The SCE CARE applications include a section allowing the customer to provide express consent for their information to be shared with other agencies for the sole purpose of enrollment in other public assistance programs.

32. All CAP applications include a section allowing the customer to provide express consent for the utility to share personal information with other agencies for the sole purpose of enrollment in other public assistance programs.

33. Commission-regulated energy utilities have shared low-income customer data with public water systems in the past.

34. The Commission approved the sharing among water utilities and municipal energy utilities in D.11-05-020.

35. It is legally permissible for all public utilities, whether investor-owned or local, to share the same customer information with city and county government for the specific purpose of enrollment in a public emergency warning system.

36. Expanding low-income data exchanges to public water systems is an efficient and prudent means to support statewide efforts to improve water affordability.

37. Resolution M-4843 permits the issuance of debt via AL if necessary for maintenance and operational expenses and is a departure from standard practice.

38. Existing Commission ratemaking mechanisms are sufficient to sustain Class A water utilities while the Class A water utilities wait for external funding for COVID-19 arrearage relief to become available.

39. Class A water utilities report variations in their accounting and tracking of COVID-19 arrearages.

40. At least two Class A water utilities notified the Commission's Water Division that they are tracking unpaid bills accumulated during the statewide water disconnection moratorium as COVID-19 expenses in a CEMA.

41. In 2019 the aggregated difference between Class A water utilities uncollectible allowance and uncollectible expenses was 0.0867 percent of revenues.

42. Requiring the pandemic buffer of 0.0867 be added to each Class A water utility's authorized uncollectible allowance in 2020 and 2021 restores the risk balance inherent in the operation of the uncollectible allowance that was shifted by the authorizations in Resolutions M-4842, M-4843 and M-4849.

43. Review of ALs filed pursuant to Commission Resolution M-4843 will facilitate assessment of the incremental costs associated with the COVID-19 pandemic on Class A water utilities.

Conclusions of Law

1. Defining the COVID-19 period as March 2020 through the end of the statewide water disconnection moratorium is reasonable and consistent with statewide and Commission mandates.

2. When the statewide water disconnection moratorium ends, Class A water utilities should resume disconnections for nonpayment in accordance with the Water Shutoff Protection Act timelines only for water service billed after the end-date of the statewide water disconnection moratorium.

3. Class A water utilities should suspend disconnection for nonpayment of past-due amounts billed to residential customers between March 2020 and the end of the statewide water disconnection moratorium, until the sooner of (1) further notice and direction from the Commission or (2) February 1, 2022.

4. If it is not possible to distinguish past-due amounts by month billed, the Class A water utilities should suspend disconnection for any and all nonpayment of such past-due amounts billed to residential customers prior to the end of the

statewide water disconnection moratorium, until the sooner of (1) further notice and direction from the Commission or (2) February 1, 2022.

5. It is reasonable to ease access to the CAP program.

6. Great Oaks and San Gabriel Valley should explicitly include in their printed and online CAP application instructions the option to apply or renew by emailing a scanned CAP application form directly to the utility.

7. Water utilities should file and serve in this proceeding copies of all future ALs in compliance with Resolution M-4843.

8. The Commission should review the CEMAs for COVID-19 expenses after federal and state COVID-19 relief funding appropriated in the California 2021/22 state budget for water utility bill debt relief has been disbursed and applied to water utility customer past-due accounts.

9. Class A water utilities should record water utility bills unpaid and uncollected during the water disconnection moratorium in their CEMA accounts.

10. Class A water utilities should record payments made by federal or state COVID-19 relief sources on water utility bills in their CEMA accounts.

11. Unpaid water utility bills tracked in the CEMA accounts should be offset by each water utility's authorized uncollectible allowance rate in 2020 and 2021 increased by 0.0867 percent.

12. It is reasonable to apply the Guidelines for Sharing Low-Income Customer Information adopted in D.11-05-020 to data sharing between Commission-regulated energy utilities and public water systems.

13. It is reasonable to require SCE, SoCalGas, SDG&E and Southwest Gas Company to establish the protocols necessary to facilitate the exchange of

low-income customer data within six months of a request from a public water system and to demonstrate compliance in a Tier 2 AL filing.

14. It is reasonable to require SCE, SoCalGas, SDG&E and Southwest Gas Company to begin exchanging of low-income customer data with a public water system within 60 days of making their Tier 2 AL filing.

15. It is reasonable to authorize PG&E to establish the protocols necessary to facilitate the exchange of low-income customer data within six months of a request from a public water system and to document the established protocols in a Tier 2 AL filing.

16. It is reasonable to authorize PG&E to begin exchanging of low-income customer data with a public water system within 60 days of making the Tier 2 AL filing.

17. It is reasonable to require California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company to file in R.17-06-024 or its successor proceeding, as compliance filings, copies of all future compliance advice letters submitted pursuant to Commission Resolution M-4843, until further notice or direction from the Commission.

18. Monthly data reporting of billing and collections metrics should continue indefinitely to support water affordability efforts.

19. Data reporting metrics should be standardized and refined through data reporting working sessions scheduled and conducted by Water Division staff at least once a month.

20. Standardizing and refining data reporting is consistent with recommendations one and three presented in the Workshop Report.

21. The motion by CWA and Great Oaks for evidentiary hearing should be denied.

22. This proceeding should remain open.

O R D E R

IT IS ORDERED that:

1. California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company (Class As) shall suspend disconnection for past-due amounts billed to residential customers between March 2020 and the end-date of the water disconnection moratorium until the sooner of (1) further notice and direction from the Commission, or (2) February 1, 2022. If it is not possible to distinguish past-due amounts by month billed, the Class As shall not pursue collection on any past-due amounts billed to residential customers prior to the end-date of the water disconnection moratorium, until the sooner of (1) further notice and direction from the Commission, or (2) February 1, 2022.

2. Within 30 days of the issuance of this decision, regarding the Customer Assistance Program, California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company shall:

- a. Increase the frequency of low-income customer data exchanges between water and energy utilities to quarterly;

- b. Conduct meetings annually dedicated to pursuing improvements to the low-income customer data exchange process, with the agenda of the first annual meeting which shall include:
 - (1) Increasing the number of enrollment methods that each water utility offers to customers; and (2) Strategic planning by overlapping water and energy utilities to facilitate customer access to state and federal assistance and relief programs; and
- c. Maintain updated contact lists for individuals at each utility integral to the low-income customer data exchange process.

3. Within 30 days of the issuance of this decision, Great Oaks Water Company and San Gabriel Valley Water Company shall amend their printed and online Customer Assistance Program (CAP) application instructions to include the option to apply or renew by emailing a scanned CAP application form directly to the utility.

4. The Guidelines for Sharing Low-Income Customer Information adopted by Commission Decision 11-05-020 shall apply to Commission-regulated energy utilities exchanging data with public water systems in California.

5. Within six months of receipt of a request from a public water system, Southern California Edison, Southern California Gas Company, San Diego Gas & Electric Company and Southwest Gas Company (Energy Utilities) shall each establish the protocols necessary to facilitate the exchange of low-income customer data and demonstrate compliance in a Tier 2 Advice Letter filing, and also shall file and serve a copy of the Tier 2 Advice Letter in the docket of this proceeding. The Tier 2 Advice Letter filing by the Energy Utilities shall include the below identified information, and the Energy Utilities shall commence data sharing within 60 days after the compliance filing:

- a. Copy of Memorandum of Understanding/Non-disclosure Agreement between the energy utility and the public water system; and
- b. Description of proposed data-sharing program's components, including:
 - i. Measures to ensure security and confidentiality of customer information.
 - ii. Data transfer file format.
 - iii. Description of data transfer method, process and system requirements.
 - iv. Number of anticipated annual data exchanges.
 - v. Procedures for matching customer information.
 - vi. Automatic enrollment procedures, including opt-out procedures.
 - vii. Other technical and procedural requirements pertinent to the data-sharing program operations.

6. Pacific Gas & Electric Company (PG&E) is authorized to establish the protocols necessary to facilitate the exchange of low-income customer data by filing a Tier 2 Advice Letter, with a copy filed in the docket of this proceeding, at least 60 days prior to the commencement of data sharing. When filing the Tier 2 Advice Letter, PG&E shall include the below identified information:

- a. Copy of Memorandum of Understanding/Non-disclosure Agreement between the energy utility and the public water system; and
- b. Description of proposed data-sharing program's components, including:
 - i. Measures to ensure security and confidentiality of customer information.
 - ii. Data transfer file format.
 - iii. Description of data transfer method, process and system requirements.

- iv. Number of anticipated annual data exchanges.
- v. Procedures for matching customer information.
- vi. Automatic enrollment procedures, including opt-out procedures.
- vii. Other technical and procedural requirements pertinent to the data-sharing program operations.

7. California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company shall not file for recovery of unpaid bills associated with the COVID-19 pandemic tracked in their Catastrophic Event Memorandum Accounts at least until state and federal funding appropriated in the California 2021/22 state budget for COVID-19 water utility bill relief has been disbursed and applied to customer accounts.

8. California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company shall record payments on unpaid bills associated with the COVID-19 pandemic in their Catastrophic Event Memorandum Accounts.

9. California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company, shall offset the unpaid bill amounts tracked in their Catastrophic Event Memorandum Accounts by their uncollectible allowance rate in 2020 and 2021 increased by 0.0867 percent.

10. California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company shall continue filing in the docket of Rulemaking 17-06-024 monthly, the billing and collections data required in this proceeding until further notice and direction from the Commission.

11. California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company shall immediately begin including in their monthly billing and collections data reports the number and percentage of customers disconnected for nonpayment and reconnected.

12. Within 45 days of the issuance of this decision, California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and Great Oaks Water Company shall participate in a minimum of four data reporting working sessions to be held at least monthly, for tracking and refinement of billing and collections data reporting. The Water Division will schedule and conduct the working sessions. The working sessions will consider reporting changes identified in Attachment A to this decision and shall pursue consistency between State Water Board and Commission required data reporting by water utilities.

13. California Water Service Company, Golden State Water Company, San Jose Water Company, California-American Water Company, San Gabriel Valley Water Company, Suburban Water Systems, Liberty Utilities, and

Great Oaks Water Company shall file, as compliance filing, in Rulemaking 17-06-024 or its successor proceeding, copies of all future compliance advice letters submitted pursuant to Commission Resolution M-4843, until further notice and direction from the Commission.

14. The motions to allow for testimony and for evidentiary hearing of the California Water Association Great Oaks Water Company are denied.

15. Rulemaking 17-06-024 remains open.

This order is effective today.

Dated July 15, 2021, at San Francisco, California.

MARYBEL BATJER

President

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

DARCIE HOUCK

Commissioners

ATTACHMENT A

AGENDA ITEMS TO BE ADDRESSED AT WATER UTILITY DATA REPORTING WORKING SESSIONS

DEFINITIONS

Arrearage, in arrears (synonymous with past-due): Billed revenue unpaid 19 days after the billed date.

Forgiveness, Forgiven amount: Billed revenue no longer owed by the individual customer to the utility.

Unconditional Forgiveness: No obligation or expectation of action or behavior on the part of the customer.

Conditional Forgiveness: Forgiveness granted upon action taken or behavior demonstrated by the customer according to specified terms.

Arrearage Management Plan: Execution of treatment of arrearages according to terms specified between the utility and the customer.

REPORTING METRICS

Data disaggregation

- For any multi-district water company with revenue requirement by district, all monthly reporting shall also be by district
 - Companies with uncollectable allowances differing by district shall report in their annual reports uncollectable reserve accounts and uncollectable accounts by district
- All reporting shall continue to segregate residential customer classes by CAP and nonCAP.
- For 12 months following this order, CAP customers shall be further segregated by those receiving the one-time unconditional debt forgiveness and those not in receipt of one-time unconditional debt forgiveness

- All data on arrearages shall exclude former customers who initiate their own service disconnection prior to accruing arrearages.

New data: Basic

- Total number of customers
- Billed revenue

New data to track compliance with Water Shutoff Protection Act

All customer data to be provided by age of arrears over 60 days old, 90 days old, 150 days old

- Number of customers (customer reported only once in the oldest of the three age buckets)
- Amount of arrearages
- Arrearage amounts subject to special payment arrangements as defined in California Health and Safety Code section 1116910
- Bill payment ratio of arrearage amounts subject to special payment arrangements as defined in California Health and Safety Code section 1116910 (payments as a percentage of arrearage amounts subject to special payment arrangements)
- Number of disconnections for nonpayment (excludes customers who request service disconnection and fail to pay final bills), segregated by customers subject to special payment arrangements as defined in California Health and Safety Code section 1116910 within six months before the disconnection and customers not subject to special payment arrangements as defined in California Health and Safety Code section 1116910 within six months before the disconnection.

- Number of reconnections, segregated by customer paying 100% of total owed as a condition of reconnection and customers paying less than 100% of total owed as a condition of reconnection

New data: External Funding

- Number of delinquent residential customers that received a direct bill credit from the Housing and Community Development's Emergency Rental Assistance Program
- Number of delinquent multi-family, commercial or nonresidential customers that received a direct bill credit from the Housing and Community Development's Emergency Rental Assistance
- Amount of funding received from the Housing and Community Development's Emergency Rental Assistance Program (ERAP) and applied to residential customer accounts
- Amount of funding received from the Housing and Community Development's Emergency Rental Assistance Program and applied to multi-family, commercial or nonresidential customer accounts
- Number of delinquent residential customers that received a direct bill credit from Low-Income Household Water Assistance Program (LIHWAP)
- Amount of funding received from Low-Income Household Water Assistance Program (LIHWAP)

- Number of delinquent residential customers that received a direct bill credit from external funding source other than ERAP, LIHWAP or utility-sponsored hardship assistance fund
- Amount of funding received from external funding source other than ERAP, LIHWAP or utility-sponsored hardship assistance fund

Identify unused or unnecessary data elements to eliminate from required reporting

(END OF ATTACHMENT A)

ATTACHMENT B

As noted in Section 5 “COVID-19 Relief for Residential Customers:” while not all Class A water utilities report arrearages by age over 90 days, the 90 day marker of age of arrears is most useful to evaluate for several reasons, including 1) the Water Shutoff Protection Act prohibits disconnections for nonpayment until the customer’s bill is at least 79 days overdue, and 2) payments less than 90 days overdue are less indicative of customer inability to pay because some customers are simply inattentive to the payment deadline. To accommodate the lack of data on 90 days overdue, we also present Class A water utilities’ arrearages over 30 days here.

TABLE B-1: ARREARAGES BEFORE AND DURING PANDEMIC

(based on 30 days past-due)

	PRE-PANDEMIC		CURRENT		PROJECTED June 30 2021
Class A	% customers behind on bills	% revenue in arrears	% customers behind on bills	% revenue in arrears	% customers behind on bills
California Water Service Company	12.5%	1.0%	14.8%	2.3%	will project once Gov lifts moratorium
Golden State Water Company	12.4%	0.9%	18.4%	2.3%	~6% >90 days
San Jose Water Company	5.1%	0.5%	9.1%	1.9%	9% >31 days

California-American Water Company	15.0%	1.7%	14.7%	3.8%	13.8%
San Gabriel Valley Water Company	11.3%	0.4%	35.0%	1.7%	5.5%
Suburban Water Systems	19.6%	0.9%	15.4%	2.3%	17-20%>60 days
Liberty Utilities - Park Water	15.3%	2.4%	18.0%	5.9%	No projection
Great Oaks Water Company	n/a	0.3%	10.5%	1.4%	4.4-5.9%>90 days
Liberty Utilities - Apple Valley Ranchos	9.8%	1.1%	15.8%	3.6%	No projection

Unless otherwise noted, “Before pandemic data” is as-of February 2020. Sources of the data represented in Table B-1: Total customer percentages: In 2019, the number of total residential customers is that reported annual reports as of December 2019. San Jose, Cal-Am and Great Oaks supplemented their 2019 annual report data in private communication to Water Division. In 2020, with the exception of Great Oaks which does not include 2020 total customers, the number of total residential customers is intermittently updated to the Water Division in monthly CAP reporting; the as-of month varies by utility in 2020. Pre-pandemic data is as of February 2020 and mid-pandemic data is as of February 2021 with the following noted exceptions: Cal Water data in the Pre-pandemic column is as of June 5, 2020, because this is the earliest data Cal Water was able to report. San Gabriel Valley data in the Pre-pandemic column is from late March/early April 2020 because this is the earliest data San Gabriel Valley was able to report. Suburban data in the Pre-pandemic column is from June 13, 2020, because this is the earliest data San Gabriel Valley was able to report.

(END OF ATTACHMENT B)

ATTACHMENT C

RESIDENTIAL CUSTOMERS PAST-DUE* OCTOBER 2020 – APRIL 2021

*Customers are “past-due” when they are 30+ days after invoice

TABLE C-1: AVERAGE ARREARAGES, CAP CUSTOMERS

Class A	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Cal Water	\$188	\$193	\$209	\$219	\$224	\$247	\$253
Golden State	\$156	\$158	\$158	\$155	\$165	\$176	\$193
San Jose	\$366	\$392	409	\$432	\$435	\$445	\$465
Cal-Am	\$268	\$308	\$303	\$325	\$344	\$350	\$374
San Gabriel Valley – Fontana	\$89	\$91	\$87	\$85	\$84	\$82	\$81
San Gabriel Valley – LA	\$62	\$72	\$71	\$71	\$70	\$68	\$68
Suburban	\$93	\$84	\$82	\$79	\$170	\$151	\$164
Liberty - Park	282	\$304	\$335	\$359	\$368	\$379	\$375
Great Oaks	\$78	\$78	\$75	\$79	\$74	\$88	\$88
Liberty - Apple Valley Ranchos	\$192	\$228	\$235	\$244	\$244	\$255	\$258

TABLE C-2: AVERAGE ARREARAGES, NONCAP RESIDENTIAL CUSTOMERS

Class A	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Cal Water	\$225	\$231	\$248	\$248	\$248	\$266	\$272
Golden State	\$189	\$201	\$184	\$189	\$184	\$207	\$197
San Jose	\$375	\$391	\$402	\$412	\$404	\$401	\$416
Cal-Am	\$304	\$342	\$316	\$337	\$350	\$346	\$369
San Gabriel Valley – Fontana	\$117	\$104	\$103	\$ 99	\$98	\$99	\$96
San Gabriel Valley – LA	\$93	\$94	\$89	\$89	\$89	\$88	\$88
Suburban	\$107	\$ 84	\$104	\$84	\$167	\$151	\$154
Liberty - Park	\$297	\$320	\$356	\$368	\$385	\$379	\$381
Great Oaks	\$99	\$99	\$101	\$110	\$128	\$88	\$104
Liberty - Apple Valley Ranchos	\$237	\$270	\$268	\$ 277	\$279	\$292	\$290

TABLE C-3: CAP CUSTOMERS PAST-DUE

Class A	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Cal Water	22,339	24,591	23,364	23,104	22,882	19,862	21,904
Golden State	7,498	7,022	7,897	5,981	5,673	5,730	6,788
San Jose	3,736	3,948	6,563	3,921	4,041	4,031	3,903
Cal-Am	4,239	3,829	4,253	3,950	3,898	3,737	3,502
San Gabriel Valley – Fontana	7,639	9,519	10,104	10,746	11,197	10,855	11,761
San Gabriel Valley – LA	5,454	6,414	6,865	7,387	8,245	8,491	8,917
Suburban	1,841	2,644	2,951	3,107	1,474	1,582	1,450
Liberty - Park	2,065	2,375	2,394	2,095	2,205	1,990	2,281
Great Oaks	560	560	694	563	642	1,009	910
Liberty - Apple Valley Ranchos	615	698	766	651	638	550	613
TOTAL	55,986	61,600	65,851	61,505	60,895	57,837	62,029

TABLE C-4: NONCAP RESIDENTIAL CUSTOMERS PAST-DUE

Class A	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Cal Water	37,113	41,878	36,806	39,446	38,847	34,221	32,653
Golden State	34,379	33,543	39,511	37,747	33,744	36,796	27,939
San Jose	13,826	14,473	20,647	14,047	14,187	14,779	14,893
Cal-Am	21,045	17,473	20,510	19,307	18,992	18,717	17,456
San Gabriel Valley – Fontana	3,787	4,504	4,753	5,128	5,312	5,271	5,701
San Gabriel Valley – LA	3,701	4,337	4,509	4,744	5,202	5,430	5,568
Suburban	12,580	17,237	18,798	19,094	9,355	9,723	9,329
Liberty - Park	2,771	2,880	2,662	2,395	2,495	2,252	2,553

Great Oaks	1,583	1,583	1,772	1,610	1,746	1,705	1,565
Liberty - Apple Valley Ranchos	2,574	2,664	2,686	2,591	2,338	2,259	2,377
TOTAL	133,359	140,572	152,654	146,109	132,218	131,153	120,034

(END OF ATTACHMENT C)

ATTACHMENT D

Table D-1 is similar to Table 2. Both tables show CAP enrollment changes by utility. Table D-1 includes CAP enrollment by utility as well as district.

TABLE D-1: CAP ENROLLMENT CHANGES BY DISTRICT, BY UTILITY

	MID-PANDEMIC (end Oct 2020)				CURRENT (end Mar 2021)	
Class A	CAP Enrollment (Oct 2020)	% of Residential	# new CAP customers since Mar 2020	# new CAP customers since Mar 2020	# new CAP customers since Oct 2020	# new CAP customers since Oct 2020
California Water Service Company	100,358	24%	13,413	15%	926	0.9%
Bakersfield	24,825	39%	3,250	15%	54	0.2%
Bay Area Region	4,448	9%	827	23%	83	1.9%
Bear Gulch	742	4%	151	26%	23	3.1%
Chico	4,226	16%	490	13%	122	2.9%
Dixon	791	28%	111	16%	2	0.3%
Dominguez	6,911	24%	994	17%	213	3.1%
East Los Angeles	9,457	46%	1,056	13%	61	0.6%
Hermosa-Redondo	1,056	5%	212	25%	35	3.3%
Kern River Valley	1,330	34%	76	6%	22	1.7%
Salinas Valley Region	7,407	28%	1,158	19%	79	1.1%
Livermore	1,350	8%	249	23%	23	1.7%

Los Altos	455	3%	117	35%	25	5.5%
Los Angeles County Region	1,254	5%	302	32%	62	4.9%
Marysville	1,233	40%	124	11%	-5	-0.4%
Oroville	1,134	42%	92	9%	-19	-1.7%
Selma	2,858	50%	246	9%	8	0.3%
Stockton	16,583	42%	2,061	14%	-16	-0.1%
Visalia	13,090	32%	1,744	15%	141	1.1%
Westlake	462	7%	85	23%	11	2.4%
Willows	746	37%	68	10%	2	0.3%
Golden State Water Company*	35,162	16%	2,678	8%	7,893	22.4%
Arden Cordova	1,231	8%	76	7%	-19	-1.5%
Bay Point	1,149	24%	226	24%	-30	-2.6%
Clearlake	530	26%	48	10%	-16	-3.0%
Los Osos	342	11%	31	10%	25	7.3%
Santa Maria	1,759	12%	194	12%	354	20.1%
Simi Valley	1,374	11%	74	6%	547	39.8%
Region 2	17,720	24%	1,388	8%	4,434	25.0%
Region 3	11,057	12%	641	6%	2,598	23.5%
San Jose Water Company	23,443	12%	4,037	21%	-555	-2.4%
California-American Water Company	19,822	12%	3,639	22%	-80	-0.4%

Larkfield	151	8%	56	59%	-7	-4.6%
Los Angeles	3,484	14%	25	1%	-108	-3.1%
Meadowbrook	161	10%	13	9%	-2	-1.2%
Monterey	3,310	9%	1,110	50%	-15	-0.5%
Sacramento	7,938	13%	1,811	30%	262	3.3%
San Diego	3,778	20%	610	19%	-155	-4.1%
Ventura	1,000	5%	14	1%	-55	-5.5%
San Gabriel Valley Water Company	44,593	55%	1,366	3%	949	2.1%
Los Angeles	20,475	53%	701	4%	432	2.1%
Fontana	24,118	58%	665	3%	517	2.1%
Suburban Water Systems	9,042	13%	1,461	19%	195	2.2%
San Jose Hills	6,220	16%	994	19%	166	2.7%
Whittier/La Mirada	2,822	9%	467	20%	29	1.0%
Liberty Utilities - Park Water	10,666	41%	714	7%	730	6.8%
Great Oaks Water Company	2,454	12%	286	13%	948	38.6%
Liberty Utilities - Apple Valley Ranchos	3,211	17%	387	14%	330	10.3%
TOTAL	220,770		27,981	13%	11,336	5%

(END OF ATTACHMENT D)

ATTACHMENT E

Explanation of Changes to Table 7 and Table 8

Changes were made to Table 7 and Table 8 in the proposed decision to correct certain source numbers. Those source number changes resulted in mechanical changes in the calculations.

Table 7 is today's decision is changed from Table 7 in the proposed decision by:

- The Authorized Uncollectable Allowance was recalculated for three companies:
 - Cal Water – the previous table did not include the individual authorized uncollectable allowance rates for all 25 districts, and the average was incorrectly calculated. The revised number (0.2645%) is the average calculated weighted by the district annual revenues.
 - Golden State – the previous table did not include the individual authorized uncollectable allowance rates for all 15 districts, and the average was incorrectly calculated. The revised number (0.2991%) is the average calculated weighted by the district annual revenues.
 - San Gabriel Valley – The previous table incorrectly calculated the average of the two district's authorized uncollectable allowances. The revised number (0.1856%) is the average of the authorized uncollectable allowance rates weighted by the two district annual revenues.
- The 2019 revenues originally reported in the first column were Total Operating Revenues. The revised table reports the Total Water Service Revenues reported in the Annual Reports Schedule B-1, Account 501.
- The 2019 Uncollectable Rates shown in the third column are revised as a mechanical change from being calculated from the revised Total Water Service revenues.
- The fifth and sixth columns are revised as a mechanical change from being calculated from the revised numbers in the earlier columns.
- The Average Difference is revised partly as a mechanical change from being calculated from other revised results. It is also revised in that it was incorrectly calculated in the previous version. The revised number (0.0867%) is a weighted average, weighted according to the Annual Revenues shown in Column 1.

Table 8 underwent the following changes:

- The authorized uncollectable allowances for the three companies: Cal Water Service (0.2645%); Golden State (0.2991%); and San Gabriel Valley (0.1856%), are revised as in Table 7, discussed above.
- The 2020 Revenue from Water Service numbers are now in place. The revised table reports the Total Water Service Revenues reported in the Annual Reports Schedule B-1, Account 501. Note that the number for Suburban Water Systems is the 2019 revenues, for the 2020 report is not yet available.
- The Pandemic Buffer number reported in the third column (0.0867%) is the revised number reported in Table 7.
- The uncollectable amounts shown in the fourth column are revised as a mechanical change from being calculated from the revised numbers in the earlier columns.

(END OF ATTACHMENT E)