Decision 21-10-012 October 7, 2021

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

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| Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs. | Rulemaking 18-07-005 |

# DECISION AUTHORIZING PERCENTAGE OF INCOME PAYMENT PLAN PILOT PROGRAMS

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# DECISION AUTHORIZING PERCENTAGE OF INCOME PAYMENT PLAN PILOT PROGRAMS

## Summary

This decision orders Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company to implement Percentage of Income Payment Plan (PIPP) pilot programs to reduce residential disconnections of electric and gas service. A PIPP is a program that sets a participant's utility bill payment amounts at an affordable percentage of the participant's monthly income.

This decision authorizes PIPP pilot programs as described in Attachment A. Participants will receive a monthly bill cap for current electricity and gas charges based on four percent of their household's monthly income. Monthly bill caps will be standardized for households in two income tiers: 0-100% of Federal Poverty Guidelines, and 101-200% of Federal Poverty Guidelines.

Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company will enroll up to 15,000 total participants for 48 months to test whether a PIPP program can reduce the number of low-income households at risk of disconnection, encourage participation in energy saving and energy management programs, increase access to essential levels of energy service, and control program costs.

Customers of the large investor-owned utilities and participating Community Choice Aggregators (CCAs) are eligible for the pilots if they are enrolled in the California Alternate Rates for Energy (CARE) program and (i) are located in zip codes with highest rates of recurring disconnections, or (ii) were disconnected 2 or more times during the 12 months prior to the disconnections

moratorium. Utilities will contract with community-based organizations that conduct Energy Savings Assistance Program (ESAP) or Low-Income Home Energy Assistance Program (LIHEAP) outreach to perform concurrent PIPP outreach, intake and enrollment. CARE program rules regarding high energy usage will apply to PIPP pilot participants.

We estimate total pilot bill subsidy costs of around $23 million and total pilot administrative costs of around $15 million over the four-year pilot period. Utilities and participating CCAs will recover electric costs through the Public Purpose Programs Charge and gas costs through gas transportation rates. Administrative costs will be subject to memorandum account review for reasonableness.

An independent evaluation contractor will assess the pilots based on the first 18 months of pilot data. The evaluation report will recommend whether to modify the pilots and/or whether the utilities should file a joint application for a long-term program.

This decision concludes the PIPP Phase of this proceeding. This proceeding remains open for Phase I-A, which will address near-term reforms for small and multi-jurisdictional utilities, and Phase II, which will consider additional reforms and preventative approaches.

## 1. Background

### 1.1. PIPP Procedural Background

On September 28, 2017, Governor Brown signed Senate Bill (SB) 598 (Hueso 2017) into law. SB 598 acknowledged rising disconnections of gas and electric utility customers and the public health impacts of disconnections, especially among vulnerable populations.

On July 12, 2018, the California Public Utilities Commission (Commission) opened this rulemaking to address SB 598 requirements and address residential disconnections across California's electric and gas investor-owned utilities. The overarching purpose of this proceeding is to adopt rules and policies to reduce disconnections and improve reconnection processes and outcomes for disconnected customers.

In Decision (D.) 20-06-003, the Commission concluded Phase I of this proceeding by adopting near-term reforms to reduce residential customer disconnections and improve reconnection processes for disconnected customers served by Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas). D.20-06-003 created the Arrearages Management Plan program, which provides bill debt forgiveness for residential customers that make on-time bill payments.

D.20-06-003 established a ratesetting phase for this proceeding to consider a Percentage of Income Payment Plan (PIPP) program. The Commission held a prehearing conference for the PIPP phase of this proceeding (PIPP Phase) on September 17, 2020. The assigned Commissioner issued a PIPP Phase scoping memo on October 30, 2020.

The PIPP Phase scoping memo requested briefs on whether any issues require an evidentiary hearing. PG&E, SCE, SDG&E and SoCalGas filed opening briefs on December 4, 2020. Center for Accessible Technology (CforAT), National Consumer Law Center (NCLC), and The Utility Reform Network (TURN) filed a joint reply brief on December 18, 2020. PG&E and SCE filed surreply briefs on December 22, 2020.

This decision concludes the PIPP Phase. This proceeding will remain open to address additional issues. Phase I-A of this proceeding will address near-term reforms for the small and multi-jurisdictional gas and electric utilities.[1] Phase II will consider additional reforms and preventative measures for reducing the disconnection rate for residential gas and electric disconnections.

PIPP programs were discussed throughout the course of Phase I of this proceeding at workshops and in party comments. During the PIPP Phase of this proceeding, the assigned Administrative Law Judge (ALJ) issued a series of rulings to request party comments on PIPP issues on November 24, 2020, December 7, 2020, January 28, 2021, April 20, 2021, and June 17, 2021.

The following parties filed comments in the PIPP Phase of this proceeding: California Community Choice Association (CalCCA), CforAT and NCLC, City and County of San Francisco, Natural Resources Defense Council (NRDC), PG&E, Public Advocates Office of the Commission (Cal Advocates), SCE, SDG&E, SoCalGas, TURN, and Utility Consumers' Action Network (UCAN).

### 1.2. Disconnections Moratorium

On March 16, 2020, Governor Newsom issued Executive Order N-28-20, which requested that the Commission monitor and report on measures undertaken by utilities to implement customer service protections in response to the COVID-19 pandemic.

On March 17, 2020, the Commission's Executive Director issued a letter to regulated energy utilities to order immediate protections for residential and small commercial customers. On March 19, 2020, Governor Newsom issued

[1] The small and multi-jurisdictional utilities named as respondents to this proceeding are Southwest Gas Company, Liberty Utilities (CalPeco Utilities) LLC, Bear Valley Electric Service, a division of Golden State Water Company, PacifiCorp, Alpine Natural Gas Operating Company, and West Coast Gas Company, Inc.

Executive Order N-33-20, directing utilities and the Commission to implement emergency customer protections.

On April 16, 2020, the Commission approved Resolution M-4842, which ratified the emergency customer protections in the Executive Director's letter to regulated energy utilities on March 17, 2020. The emergency protections included a moratorium on electric and gas disconnections (disconnections moratorium). The Commission subsequently issued Resolution M-4849 on February 12, 2021, which extended the disconnections moratorium until June 30, 2021. On June 30, 2021, the Commission issued D.21-06-036, extending the disconnections moratorium until September 30, 2021 and ordering all electric and gas utilities to automatically enroll residential and small business customers with arrearages more than 60 days past due in extended payment plans.

The Commission opened Rulemaking (R.) 21-02-014 on February 11, 2021 to provide relief from energy utility customer bill debt accumulated during the COVID-19 pandemic. In D.21-06-036, the Commission ordered energy utilities to automatically provide all residential customers two-year payment plans to pay off their energy bill debt, with an opt-out provision.[2] Rulemaking 21-02-014 remains open to address relief related to customer arrearages accumulated during the COVID-19 pandemic.

## 2. Issues Before the Commission

In accordance with the PIPP Phase scoping memo, the PIPP issues before the Commission are as follows:

i. **Goals**. Should the Commission authorize long-term programs or pilot programs? What should be the goals of

[2] Small and multi-jurisdictional energy utilities may provide customers a minimum of eight months to pay off their debt.

the program? How can a PIPP advance the Commission's Environmental and Social Justice Action Plan?

ii. **Eligibility**. What should be the eligibility criteria? How should eligibility be verified? Should it be reverified and how often? Should any types of customers be ineligible for participation? What happens if a customer moves while enrolled in a PIPP?

iii. **Duration and Timeline**. If structured as a pilot, when should the pilot commence and be completed? When should the pilot be evaluated?

iv. **Pilot Size**. How many eligible customers should participate in the pilot?

v. **Unbundled customers**. Should Community Choice Aggregation (CCA) customers be eligible to participate. If so, how will the PIPP work for CCA customers? How will billed amounts be attributed to third party charges? Should direct access customers be eligible to participate?

vi. **Rate design**. Should the PIPP be designed as a separate rate or as a bill cap? How will the PIPP interact with other rate programs, including California Alternate Rates for Energy? How will a PIPP work if a customer is served by two different utilities for gas and electric service?

vii. **Energy use and safety issues**. Will decoupling bills from energy use impact energy conservation goals and energy efficiency program enrollment? Should there be a usage cap for customers enrolled in a PIPP? Are there safety issues which the Commission must address in this proceeding?

viii. **Arrearages**. How should a missed payment affect PIPP participation? Should PIPP participants be allowed to concurrently enroll in AMP or should there be an arrearage forgiveness component in PIPP?

ix. **Outreach and education**. What outreach and education should be included in a PIPP program?

x. **Costs**. What are the costs associated with a PIPP and how should the Commission handle cost recovery for PIPP costs?

xi. **Evaluation**. How should the Commission evaluate the effectiveness of the PIPP?

## 3. Goals

The overarching purpose of this proceeding is to adopt rules and policies to reduce disconnections and improve reconnection processes and outcomes for disconnected customers.[3]

Throughout this proceeding, we recognized the relationship between energy burdens and disconnections. In the Order Instituting Rulemaking for this proceeding, we noted that the Commission opened a companion rulemaking to develop methods and processes to assess the affordability of utility services (R.18-07-006). In the companion rulemaking, the Commission adopted D.20-07-032, where we concluded that the Commission is generally charged with making certain levels of energy service affordable in accordance with Public Utilities Code Section 382.[4] Section 382(b) provides that the Commission shall ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures.

In Phase I of this proceeding, parties proposed that this proceeding consider adopting PIPP programs, a best practice from other states. CforAT and NCLC recommended resources regarding PIPP programs from Ohio and Pennsylvania in their joint comments on August 9, 2018. In these comments, CforAT and NCLC asserted that the purpose of a PIPP is to address energy burdens of low-income customers, and the basic premise of a PIPP is that a

[3] PIPP Phase scoping memo at 1-2.

[4] D.20-07-032 at Conclusion of Law 1.

participant pays a predetermined affordable percentage of their monthly income toward their utility bill.

In D.20-06-003, the Commission considered whether to establish a PIPP pilot program based on the record of Phase I.

The 2020 decision considered a PIPP pilot designed to address the following questions:[5]

1. Do PIPPs encourage on-time bill payment?
2. Does a levelized bill reduce the risk of falling into arrears?
3. Do PIPPs reduce the number of customers eligible for disconnection in areas with high rates of recurring disconnections?
4. Do PIPPs reduce recurring disconnections in areas with high disconnection rates?

The Commission decided to take up the PIPP issue in a separate ratesetting phase of this proceeding to address the concerns raised in comments on the proposed decision. Several parties raised concerns about potential impacts of a PIPP on non-participant rates and energy usage.[6]

In January 2021 comments, parties unanimously supported Commission authorization of pilot programs to test whether a PIPP can reduce residential disconnections and mitigate potential negative impacts of a PIPP.

Several parties opposed authorization of long-term PIPP programs before evaluating PIPP pilot programs. SDG&E and SoCalGas expressed skepticism that a PIPP program will reduce disconnections.[7] Cal Advocates asserted that its review of other states' PIPP program evaluations did not indicate that PIPPs

[5] D.20-06-003 at 102.

[6] D.20-06-003 at 114.

[7] SDG&E /SoCalGas' comments on January 8, 2021.

reduce disconnection rates.[8] UCAN notes that a properly structured PIPP has the potential to reduce disconnections, but urges the Commission to proceed cautiously before establishing a long-term program since both the Commission and the utilities serving Californians have no experience with administering a PIPP program.[9] We agree it is reasonable to authorize and evaluate PIPP pilots before considering whether to authorize long-term PIPP programs.

In comments filed on May 5, 2021, parties explained how a PIPP could advance the Commission's Environmental and Social Justice (ESJ) Action Plan. TURN and UCAN asserted that a PIPP could further ESJ Action Plan Goal 1 (integrate equity and access considerations throughout Commission proceedings and other efforts). TURN explained that limiting the PIPP pilots to low-income households will further the Commission's efforts to pursue equity in the provision of utility services and will improve participating households' access to affordable electricity and gas.

SoCalGas agreed that a PIPP could further ESJ Action Plan Goal 1 but expressed concern about the impact of a PIPP on Goal 2 (Increase investment in clean energy resources to benefit ESJ communities, especially to improve local air quality and public health).

Parties agreed that PIPP pilots should test how a PIPP impacts energy usage.[10] Many parties recommended designing PIPP pilots to encourage energy conservation and participation in energy saving and energy management

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[8] Cal Advocates comments on January 8, 2021.

[9] UCAN comments on January 8, 2021.

[10] February 5, 2021 comments of CalCCA, Cal Advocates, NCLC/CforAT, SCE, SDG&E/ SoCalGas, and UCAN. No party disagreed.

programs.[11] Several parties also recommended designing PIPP pilots to determine whether a PIPP can control program costs, reduce arrearages and avoid uncollectibles.[12]

SDG&E argued that a PIPP should be designed to achieve ESJ Action Plan Goal 5.15 (Reduce incidents of energy utility disconnections).[13] While NCLC/CforAT supported the Commission's initial focus on zip codes with high disconnection rates, they urged the Commission to eventually provide access to a PIPP to low-income customers facing serious affordability challenges in communities across the state.[14]

Based on these party comments, the assigned Administrative Law Judge (ALJ) issued a ruling on June 17, 2021 requesting comments on a straw proposal (2021 Straw Proposal Ruling) that included the following goals for PIPP pilots: Gather data to inform the development of a long-term PIPP program that (i) reduces residential disconnections, (ii) encourages energy conservation and participation in energy saving and energy management programs, and (iii) controls program costs and avoids arrearages and uncollectibles. Parties filed comments in July 2021.[15]

A few parties commented on the proposed goals. UCAN argued that it will be difficult to assess whether PIPP pilots reduce residential disconnections

[11] See Section 9 below for discussion of these comments.

[12] For example, CalCCA's and PG&E's January 8, 2021 comments each recommended in designing PIPP pilots to determine whether a PIPP can encourage on-time bill payment (reducing risks of arrearages and uncollectibles). (*See* also February 2021 party comments and Section 12 below for discussion of these comments.)

[13] ESJ Action Plan Appendix A at 35.

[14] CforAT/NCLC comments filed on May 5, 2021.

[15] Cal Advocates, CalCCA, CforAT/NCLC, PG&E, SoCalGas, SCE, SDG&E, TURN, and UCAN filed opening comments on July 9, 2021 and reply comments on July 16, 2021.

when other policies may contribute to reduced disconnections.[16] We will clarify that PIPP pilots should aim to reduce the number of low-income households at risk of disconnection. PIPP pilots can reduce the risk that low-income customers will fall into arrears and face recurring disconnections because current bills are not affordable in relation to their income levels.

SoCalGas asserted that a goal of the pilot should be to provide access to essential utility services needed for participants' health and well-being.[17] NCLC/CforAT supported this goal in reply comments.[18]

PG&E argued that a goal of the pilots should be to determine whether to establish a long-term PIPP program. We clarify that the pilots are intended to test whether a PIPP program can meet our stated goals, as implemented or with improvements recommended by the evaluation report.

We conclude that it is reasonable to authorize pilot programs to test whether a PIPP program can (i) reduce the number of low-income households at risk of disconnection, (ii) encourage participation in energy saving and energy management programs, (iii) increase access to essential levels of energy service, and (iv) control program costs.

## 4. Pilot Size

In D.20-06-003, the Commission considered a proposal to authorize a PIPP pilot with up to 20,000 participants.

In January 2021 comments, the utilities proposed the following caps on PIPP pilot participation:[19]

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[16] UCAN comments on July 9, 2021.

[17] SoCalGas comments on July 9, 2021.

[18] CforAT/NCLC comments on July 16, 2021.

[19] Comments on January 8, 2021 by PG&E, SoCalGas, SDG&E, and SCE.

- PG&E: 5,000 participants;
- SoCalGas: 5,000 participants;
- SCE: 4,000 participants; and
- SDG&E: 1,000 participants.

PG&E explained that its proposed pilot participation cap is intended to balance ensuring there is sufficient data to evaluate without introducing undue administrative burden and operational complexity. SDG&E reminded the Commission of the importance of keeping relative service territory size in mind when setting pilot participation caps.

TURN supported a pilot participation cap based on the estimate in D.20-06-003 of a maximum pilot size of 20,000.[20] UCAN recommended that pilots serve 2,000-3,000 customers per service territory to balance the need for sufficient data and program costs.[21] Cal Advocates asserted that each pilot should include at least 1,000 customers by the end of a six-month enrollment period to ensure a sample size capable of producing statistically significant results.[22] We agree that pilot participation caps should balance the need for sufficient data with controlling pilot program costs.

Based on these comments, the assigned ALJ issued the 2021 Straw Proposal Ruling with the following provisions: (i) authorize the pilot participation caps proposed by the utilities, and (ii) establish target enrollment levels for the end of the initial six-month pilot enrollment period for each utility territory: 2,500 for PG&E; 2,500 for SoCalGas; 2,000 for SCE; and 500 for SDG&E.

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[20] TURN comments on January 8, 2021.

[21] UCAN comments on January 8, 2021.

[22] Cal Advocates comments on January 8, 2021.

No party opposed the Straw Proposal provisions. We conclude that it is reasonable to adopt (i) pilot participant caps that total 15,000 customers (PG&E 5,000; SoCalGas 5,000; SCE 4,000; and SDG&E 1,000); and (ii) target enrollment levels for each utility's pilot effective six months after pilot enrollment begins (PG&E 2,500; SoCalGas 2,500; SCE 2,000; and SDG&E 500).

SoCalGas requested clarification that the target enrollment levels are approximate, noting that participants may move or drop out of the pilot over time.[23] We clarify that target enrollment levels are not meant to be specific minimum pilot sizes, but rather establish our approximate expectations for pilot enrollment levels.

## 5. Eligibility

In D.20-06-003, the Commission considered a PIPP proposal with the following eligibility criteria: a customer must (i) have a household income at or below 250% of federal poverty line, and (ii) live in one of the ten zip codes with the highest rates of recurring disconnections in the service territory of each large investor-owned utility.[24] The proposal envisioned that contracted community-based organizations would handle upfront income verification for the program, and that PIPP participants would be able to verify their incomes using the same criteria employed when CARE participant incomes are verified.

### 5.1. Income Eligibility Criteria

In January 2021 comments, parties unanimously agreed that the PIPP pilot should be limited to low-income households. A purpose of a PIPP is to make timely bill payments more achievable for customers who cannot afford their monthly bills with the support of existing assistance programs. In addition, PIPP

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[23] SoCalGas comments on July 9, 2021.

[24] D.20-06-003 at 102.

payments are scaled to a customer's income, so a PIPP is generally less advantageous to customers with higher incomes.

Most parties also agreed that income-eligibility should be based on Federal Poverty Guidelines (FPG) in alignment with other energy utility programs to streamline customer enrollment and education. For example, CforAT and NCLC jointly commented that PIPP pilot eligibility should be aligned with California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), and Arrearage Management Plan (AMP) eligibility to allow the PIPP to operate in conjunction with and complementary to these low-income assistance programs administered by the large investor-owned utilities.[25]

Cal Advocates, NCLC/CforAT, and TURN supported setting the income eligibility threshold at the FERA program threshold (250% of FPG).[26] PG&E and SCE support aligning income eligibility with CARE requirements (200% of FPG).[27] SDG&E and SoCalGas argued that PIPP participation should be limited to fixed income customers and proposed an income threshold of 100% FPG.[28] TURN replied that 100% FPG is unreasonably restrictive, but it would be reasonable to align PIPP income eligibility with CARE if needed to reduce administrative burdens.[29]

On the other hand, the City and County of San Francisco and CalCCA argued that income eligibility should be based on area median income to reflect

[25] NCLC/CforAT comments on January 8, 2021.

[26] Cal Advocates, NCLC/CforAT, and TURN comments on January 8, 2021.

[27] PG&E and SCE comments on January 8, 2021.

[28] SDG&E/SoCalGas comments on January 8, 2021.

[29] TURN comments on January 22, 2021.

the cost of living for participants, in alignment with state and federal housing programs and policies.[30]

On balance, we conclude that PIPP pilot programs should align with CARE income eligibility criteria (200% FPG). Aligning income eligibility with other utility low-income programs will allow utilities to leverage existing CARE income verification processes and reduce administrative costs. Using the same income eligibility as CARE will simplify customer education and outreach during the pilot period.

In addition, excluding customers with incomes above 200% of FPG from the pilot will reduce the likelihood that the PIPP will not benefit the participant. As parties have noted throughout the proceeding, there is potential for customers with higher incomes to receive no benefit from a PIPP.

However, we expect to revisit the issue of income eligibility when considering proposals for a long-term PIPP program or other programs for reducing disconnections in the future. We recognize that California is a large state with great geographic variations in costs of living and climate zones. We look forward to incorporating the work of the Affordability Rulemaking 18-07-006 into solutions for reducing disconnections, including identifying Californians in need of opportunities like PIPP.

The 2021 Straw Proposal Ruling included a 200% FPG income-eligibility threshold for PIPP pilot programs.

PG&E, SCE and SoCalGas urged the Commission to require CARE enrollment, not just CARE-eligibility, to allow the pilots to fully leverage the

[30] City and County of San Francisco comments on January 8, 2021.

CARE income verification and reverification processes.[31] Parties did not oppose this approach in reply comments. As discussed in Section 5.2 below, this approach will reduce administrative costs and simplify the pilot participation experience. We conclude that it is reasonable to limit PIPP pilot eligibility to customers enrolled in the CARE program.

### 5.2. Income Eligibility Verification

Parties generally agreed that the PIPP pilots should leverage the existing CARE income verification process. For example, NCLC and CforAT recommended mirroring the CARE verification process to keep administrative costs low.[32] PG&E recommended using the existing infrastructure used for CARE post-enrollment verification, which is currently performed by a third party.[33] SCE supported the use of the existing CARE post-enrollment verification process, but recommended providing flexibility. SCE performs CARE post-enrollment verification in-house.[34] Cal Advocates supported the use of the existing CARE income verification process and recommended allowing customers to prove eligibility with proof of participation in other means-tested programs.[35]

However, parties disagreed on who should verify income. UCAN, TURN and CalCCA supported the proposal in D.20-06-003 for community-based organizations to perform income verification after signing non-disclosure

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[31] PG&E, SCE and SoCalGas comments on July 9, 2021.

[32] NCLC/CforAT comments on January 8, 2021.

[33] PG&E comments on January 8, 2021.

[34] SCE comments on January 22, 2021.

[35] Cal Advocates comments on January 8, 2021.

agreements to protect customer data privacy.[36] NCLC and CforAT recommended either allowing self-certification of income or engaging community-based organizations to handle income verification.[37]

SCE replied that this task should not be delegated to community-based organizations. SCE explained that maintaining customer data privacy requires meeting cybersecurity and data privacy standards and purchasing related insurance, which may be costly for a community-based organization that has not met these standards previously.[38] However, many ESAP contractors currently handle upfront income verification for ESAP participants. Accordingly, community-based organizations that currently provide upfront income verification services for ESAP should be able provide these services for PIPP pilots.

Parties also advanced different recommendations for when to verify income. NCLC and CforAT recommended replicating the CARE post-enrollment verification approach, which only requires a sampling of customers to verify income eligibility after enrollment. NCLC and CforAT argued that CARE participation should be sufficient to establish initial eligibility. After that, in order to determine the appropriate payment tier for each household, the customer should first be asked to self-certify household income, and then the utilities should verify the income levels from a sampling of applicants.[39]

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[36] UCAN, TURN and CalCCA comments on January 8, 2021.

[37] NCLC/CforAT comments on January 8, 2021.

[38] SCE's comments on January 22, 2021.

[39] NCLC/CforAT comments on January 8, 2021.

The utilities each argued that income eligibility should be verified upfront prior to enrollment since income will determine the amount of a PIPP participant's payments.[40]

Based on these comments, the 2021 Straw Proposal Ruling included the following income verification rules: (i) PIPP pilots should leverage the existing CARE income verification process to reduce administrative costs and avoid customer confusion; (ii) participants may prove their income tier (0-100% FPG or 101-200% FPG) directly or with proof of participation in another state program that requires income verification; (iii) participants who request a bill cap for 101-200% FPG will be subject to the CARE post-enrollment verification process, and (iv) participants who request a bill cap for 0-100% FPL must prove their income within 60 days or they will be moved to a bill cap for participants at 101-200% FPG, and (v) consistent with CARE program procedures, utilities will reverify a sampling of participants annually.

CalCCA, PG&E, SoCalGas, SDG&E, NCLC and CforAT supported the Straw Proposal's approach of leveraging the existing CARE income verification process, but urged the Commission to further align CARE and PIPP pilot income verification and reverification processes.

SoCalGas recommended specific modifications to better align the PIPP process with existing CARE processes. First, SoCalGas proposed providing participants who request a bill cap for 0-100% FPG with a 90-day period to prove their income. Second, SoCalGas proposed clarifying that income verification for 0-100% of income would only be necessary if the customer has not previously been verified. Third, SoCalGas recommended reverifying incomes every

[40] Comments on January 8, 2021 by PG&E, SoCalGas, SDG&E, and SCE.

two years, since CARE requires program participants to re-certify their CARE status every two years, or every four years for fixed-income households.[41]

PG&E and SCE pointed out in Straw Proposal opening comments that they are not aware of any state program that allows participation only if the application is in the 0-100% FPG tier.

NCLC and CforAT supported aligning requirements, and specifically supported reverifying incomes of pilot participants every two years.[42] PG&E proposed clarifying that PIPP recertification will count toward CARE recertification, and proposed that the Commission eventually explore consolidating the income verification processes for PIPP and CARE.[43] SDG&E supported proposals to recertify eligibility for both CARE and PIPP at the same time for a better customer experience and to reduce administrative burden for both the customer and the utility; however, SDG&E raised concerns about PG&E's recommendation to push all PIPP participant CARE anniversary dates out to align with a two- year PIPP recertification.[44]

Overall, party comments highlighted the complexity of layering CARE and PIPP pilot income verification and reverification requirements for both administration and the participant experience. We will refine the requirements to streamline administration and the participant experience.

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[41] SoCalGas comments on July 9, 2021.

[42] NCLC/CforAT comments on July 16, 2021.

[43] PG&E comments on July 9, 2021.

[44] SDG&E comments on July 16, 2021.

Accordingly, we conclude that it is reasonable to adopt the following pilot income verification and reverification provisions:

i. PIPP pilot participants must comply with CARE income verification and reverification rules;

ii. Any participant that is removed from the CARE program shall also be removed from the PIPP pilot;

iii. Participants who request a bill cap for 0-100% of Federal Poverty Guidelines must prove their income within 90 days or they will be moved to a bill cap for participants at 101-200% of Federal Poverty Guidelines;

iv. Participants who request a bill cap for 101-200% of Federal Poverty Guidelines will be subject to the CARE post-enrollment verification processes;

v. Participants will not be required to verify their income if they have verified their income for CARE within the past two years;

vi. Utilities will contract with community-based organizations to provide upfront income verification services for PIPP pilots during pilot intake and enrollment if such community-based organizations currently provide upfront income verification services for CARE and/or ESAP; and

vii. The PIPP pilots will rely on the CARE income reverification processes and will not have separate income reverification requirements.

### 5.3. Recurring Disconnections Eligibility Criteria

In January 2021 comments, parties generally supported the approach described in D.20-06-003 of piloting a PIPP in the top 10 zip codes with the highest rates of recurring disconnections.[45]

[45] On the other hand, SCE comments on January 8, 2021 argued that PIPP pilot eligibility should be based on deeper analyses of CARE customer data rather than solely on identification of zip codes with the highest rates of recurring disconnections.

However, PG&E urged the Commission to expand the number of zip codes eligible to participate in the PIPP pilot beyond the top 10 zip codes. PG&E explained that its preliminary analysis found most of the top 10 zip codes in its service territory have a small number of total customers. PG&E proposed expanding the number of eligible zip codes to at least the top 20, which represents 10,770 customers in PG&E's service territory.

Several parties replied in support of PG&E's concern that it will be difficult to enroll a sufficient number of customers in the PIPP pilots without expanding the location-based eligibility criteria. TURN recommended using the top 10 zip codes with the highest disconnection rates, plus the top 10 zip codes with the highest disconnection numbers.[46] Cal Advocates proposed that if a utility is unable to enroll at least 1,000 customers in its PIPP pilot within the first three months, then they should enroll customers from the zip codes with the next highest disconnection rates.[47] NCLC and CforAT jointly recommended analyzing the high disconnection rate zip codes to ensure that there are enough income-eligible customers to support a robust evaluation.[48]

In an April 2021 ruling, the assigned ALJ asked parties whether the PIPP should target customers at risk of disconnection due to current arrearages.

Several parties argued that a PIPP has a different purpose than the Arrearages Management Plan program and should not be designed to reach customers at risk of disconnection due to current arrearages.[49] UCAN explained in its May 5, 2021 comments that a PIPP should be designed to reduce energy

[46] TURN comments on January 22, 2021.

[47] Cal Advocates comments on January 22, 2021.

[48] NCLC/CforAT comments on January 22, 2021.

[49] See May 5, 2021 comments of PG&E, SDG&E, UCAN, and TURN.

burdens for low-income customers, not as a short-term solution for customers with arrearages.

TURN commented that "a better target may be customers that have experienced multiple disconnections (such as within 12 months before the disconnection moratorium) since that is a good indicator for someone who may have difficulty affording essential utility bills."[50] SCE also listed "previous disconnections" as an indicator for assessing the suitability of a customer for participation in a PIPP pilot.[51] NCLC and CforAT commented that growing or chronic arrearages and frequent disconnections can serve as a useful sign that there is an affordability problem for the household.[52]

Based on these comments, the 2021 Straw Proposal Ruling included the following eligibility criteria relating to a customer's risk of recurring disconnections. A customer must either (i) be located in one of the zip codes with the highest rates of recurring disconnections prior to the disconnections moratorium, or (ii) have been disconnected 2 or more times during the 12 months prior to the disconnections moratorium. Each utility shall propose eligible zip codes with the highest rates of recurring disconnections based on utility data in its Tier 3 PIPP advice letter. Each utility shall propose zip codes that include a sufficient number of CARE-eligible customers for utilities to meet target enrollment levels[53] within 6 months after pilot enrollment begins.

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[50] TURN comments on May 5, 2021.

[51] SCE comments on May 5, 2021.

[52] NCLC/CforAT comments on May 5, 2021.

[53] See Section 6 for discussion of target enrollment levels.

SDG&E opposed any eligibility criteria related to past disconnections, where a customer lives, or geographic disconnection rates.[54] No other party supported this position.

NCLC and CforAT strongly supported including an eligibility pathway for customers disconnected two or more times during the 12 months prior to the disconnections moratorium.[55] On the other hand, PG&E recommended limiting eligibility to customers in high disconnection rate zip codes to focus outreach efforts and evaluation results.[56] SoCalGas and SDG&E agreed with PG&E.[57] NCLC/CforAT replied that no utility claims that the eligibility pathway for customers disconnected two or more times will fail to assist customers most in need of a PIPP to afford utility service.[58]

We are not persuaded by PG&E's argument that limiting eligibility to select zip codes will improve evaluation results. Testing an additional eligibility pathway designed to reach customers with a history of recurring disconnections will enrich the PIPP evaluation results. Further, these benefits outweigh the potential administrative or outreach streamlining benefits of limiting the pilot to select zip codes.

We conclude that the PIPP pilots should include the following eligibility criteria: a customer must either (i) be located in one of the zip codes with the highest rates of recurring disconnections prior to the disconnections moratorium,

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[54] SDG&E comments on July 9, 2021.

[55] NCLC/CforAT comments on July 9, 2021.

[56] PG&E comments on July 9, 2021.

[57] SoCalGas comments on July 16, 2021 and SDG&E comments on July 9, 2021.

[58] NCLC/CforAT comments on July 9, 2021.

or (ii) have been disconnected 2 or more times during the 12 months prior to the disconnections moratorium.

Each utility shall propose in its consolidated Tier 3 PIPP implementation advice letter (PIPP Advice Letter) eligible zip codes with the highest rates of recurring disconnections prior to the disconnections moratorium based on utility data. Each utility shall propose zip codes that include a sufficient number of CARE-eligible customers to meet target enrollment levels within 6 months after pilot enrollment begins.

### 5.4. Other Eligibility Criteria

Parties agreed that a master-metered operator and its sub-metered tenants should be excluded from pilot participation.[59] As SoCalGas explained, a utility can only provide a PIPP to individual customers who are directly billed by the utility.[60] We agree that this eligibility limitation is reasonable for the pilots.

Parties agreed that including direct access customers in the PIPP pilots would add administrative complexity and that it is not necessary to include direct access customers at the pilot stage.[61] No party commented in favor of including direct access customers in the pilots. It is reasonable for the PIPP pilots to exclude direct access customers.

PG&E also proposed to exclude customers that (i) do not have a SmartMeter, (ii) are currently billed through PG&E's Advanced Billing System, or (iii) are enrolled in any other pilot. PG&E asserts that including these categories of customers would have a significant impact on the costs and timing of implementation and would not have much impact on participation. NCLC

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[59] Comments on May 5, 2021 by UCAN, SoCalGas, PG&E, SDG&E, and TURN.

[60] SoCalGas comments on May 5, 2021.

[61] *See* May 5, 2021 comments of PG&E, SDG&E, SoCalGas, SCE, TURN, and UCAN.

and CforAT objected, arguing that PG&E did not provide justification for these exclusions other than the argument about administrative costs.[62] However, our goals for the pilot include managing program costs. We conclude that these exclusions are reasonable to reduce administrative costs without significant impact on pilot participation.

Parties also commented on whether to include CCA customers or customers on other rates such as Net Energy Metering. We will discuss CCA customers in Section 6 below. We will also discuss whether PIPP pilot participants may remain on other rates in Section 8 below.

### 5.5. Participant moves

Most parties agreed that if a PIPP pilot participant moves within a utility's service territory, the household may remain enrolled in the pilot.[63] Parties agreed that a pilot participant that moves to another utility's service territory should be removed from the pilot, with the opportunity to apply to participate in another utility's service territory.

Accordingly, the 2021 Straw Proposal Ruling provided that if a PIPP pilot participant stays in the same utility's service territory, they should remain enrolled in pilot. Otherwise, the participating customer should be removed and should receive notice of how to apply to participate in the PIPP pilot in other service territories.

SDG&E proposed to add a requirement that service be re-established by the customer at their new location within 30-days to remain in the pilot. SDG&E explained that transferring programs for customers who have extended gaps in

[62] NCLC/CforAT comments on July 16, 2021.

[63] UCAN, PG&E, NCLC/CforAT, SDGE, TURN, SCE, and SoCalGas supported this position in comments in May 2021. Only Cal Advocates disagreed in May 2021 comments.

service (more than a full billing cycle) can be costly to manage, as the customer information needs to be manually researched and transferred to ensure the correct customer is receiving the PIPP. No party opposed this recommendation.

We conclude that if a customer moves within the same utility service territory (and establishes service at the new location within 30 days of terminating service at the previous location), they should remain enrolled in the pilot. Otherwise, the customer should be removed and should receive notice of how to apply to participate in the PIPP pilot in other service territories or their current service territory if service is established at a new location more than 30 days from terminating service at the previous location.

## 6. CCA Customers and Third-Party Charges

### 6.1. CCA Customers

Several parties raised administrative complexity as a reason to not include CCA customers in the PIPP pilots.[64] CalCCA recommended that the Commission provide CCAs with the option to participate in PIPP pilots if the pilots will continue for more than 18 months.[65]

TURN recommended leveraging the outcomes of Resolution E-5114 (AMP Resolution), which resolved AMP implementation issues based on the recommendations of the AMP implementation working group.[66] The AMP Resolution addressed several CCA-related issues that are relevant to the PIPP pilots, including cost recovery for CCAs and responsibilities for enrolling and billing CCA customers.

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[64] *See* March 2021 comments of Cal Advocates, PG&E, SCE, SDG&E, and UCAN.

[65] March 5, 2021 comments of CalCCA.

[66] *See* March 2021 comments of TURN.

Given that many Californians are served by CCAs, the benefits of CCA participation in the pilots outweigh the additional administrative costs. We also see an opportunity to reduce administrative complexity by leveraging AMP implementation determinations and limiting pilot participation to CCAs that have experience participating in the AMP program.

The 2021 Straw Proposal Ruling included the following provisions regarding CCA participation:

- Apply the AMP Resolution approach to CCA implementation issues to the PIPP pilots, including CCA cost recovery.
- CCAs that participate in AMP as of the date of the final decision may opt to participate in a utility's PIPP pilot.
- If a CCA in its service territory opts to participate, a utility shall propose a CCA cost recovery proposal consistent with the AMP Resolution in its PIPP Advice Letter.
- If a CCA in its service territory opts to participate, the utility will administer pilot enrollment, income verification, and billing for the CCA's customers.
- CCAs who opt to participate in a utility's PIPP pilot must (i) notify the utility (with a copy to the service list of this proceeding) within 30 days of the final decision, (ii) participate in the PIPP Working Group, and (iii) file a consolidated Tier 3 advice letter within 120 days of the final decision to propose a target enrollment level, eligible high disconnection zip codes, a marketing, education and outreach plan, and a proposed budget. The CCA pilot participation cap shall be less than 1% of the CCA's residential customers and shall be separate from the utility's participation cap.

CalCCA strongly supported the Straw Proposal's approach to CCA pilots and proposed additional refinements.[67] First, CalCCA asked the Commission to clarify that CCAs may designate eligible high disconnection zip codes within the CCA's service territory since the utility's designated high disconnection zip codes may not be within a certain CCA's territory. We clarify that a participating CCA may propose different eligible high recurring disconnection rate zip codes than the utility.

SCE replied that allowing CCAs to propose separate eligible zip codes, combined with a separate pilot participation cap that is up to 1% of the CCA's total residential customers, could greatly increase the number of pilot participants. SCE estimated that if all CCAs in its service territory participated, there could be over 10,000 CCA customers enrolled, in addition to SCE's 4,000 participation cap. To limit the total costs of the pilot, SCE recommended allocating to a participating CCA its proportional share of the 4,000 customers in SCE's pilot based on the number of residential customers served by the CCA relative to the total number of customers served by the utility. We agree that the total number of participants should remain limited to control costs at the pilot stage.

Second, CalCCA proposes to modify the eligibility criteria for CCA pilot participants to include customers more than 90 days in arrears for two or more billing cycles during the year prior to the moratorium. CalCCA argued that adding this category of customers would allow CCAs to identify and offer a PIPP to customers on the cusp of being returned to the utility for nonpayment. We

[67] CalCCA comments on July 9, 2021.

decline to adopt this recommendation. Allowing different eligibility criteria for CCA customers would significantly impact the evaluation of the pilots.

Third, CalCCA urged the Commission to require utilities to provide PIPP weekly reports to participating CCAs with sufficient information to enable CCAs to calculate how much to bill pilot participants. CalCCA noted that the utilities provide weekly reports for AMP implementation. PG&E replied that CCA issues should be resolved through the working group and advice letter processes.[68] While we agree that coordination details will benefit from working group input, it is reasonable to direct the utilities to work with participating CCAs to ensure they have sufficient information to calculate how much to bill pilot participants.

In comments on the proposed decision, SDG&E raised the concern that the new CCA's proportional share of customers in its service territory will change significantly during the pilot period. SDG&E urged the Commission to replace the CCA pilot participation cap with a flexible "target" and allow the utility and CCA to set this target based on the CCA's projected share of customers with the recognition that the CCA's share of customers will change over time. CalCCA agreed with SDG&E's proposal, noting that approximately 47% of SDG&E's residential customers will transition to service by San Diego Community Power between February and June of 2022. We recognize these concerns and will replace the CCA participation cap with a target. In reply comments on the proposed decision, CalCCA requested that the Commission allow San Diego Community Power to participate in the SDG&E PIPP pilot if it is participating in AMP when it begins to serve residential customers in February 2022. On November 20, 2020, San Diego Community Power served notice of its intent to

[68] PG&E comments on July 16, 2021.

participate in AMP as soon as it begins to enroll CARE residential customers in accordance with Resolution E-5114. We agree that it is important to provide San Diego Community Power customers access to SDG&E's PIPP pilot, especially in light of the large portion of SDG&E customers that will be served by the new CCA.

We conclude that the following provisions should apply to CCA participation:

i. A CCA may participate in a utility's PIPP pilot if it is participating in AMP or has served notice of its intent to participate in AMP in accordance with AMP Resolution E-5114 as of the effective date of this decision.

ii. If a CCA in their service territory opts to participate, the utility will propose a CCA cost recovery proposal consistent with the AMP Resolution E-5114 in its PIPP Advice Letter. The utility will track bundled and unbundled electric subsidy costs and will remit the generation portion of electric subsidy costs to the CCA on a monthly basis.

iii. If a CCA in their service territory opts to participate, the utility will administer pilot enrollment, income verification, and billing. The utility will provide sufficient data to each participating CCA in weekly reports to facilitate CCA billing of pilot participants.

iv. CCAs who opt to participate in a utility's PIPP pilot must (i) notify the utility (with a copy to the service list of this proceeding) within 30 days of the effective date of this decision, (ii) participate in the PIPP working group, and (iii) jointly file with the applicable utility a consolidated Tier 3 advice letter within 120 days of the final decision to propose a target enrollment level, eligible high disconnection zip codes, a marketing, education and outreach plan, and a proposed budget.

v. The CCA pilot participation target shall be proportional to the utility's participation cap (based on the CCA's projected share of customers in the utility's service territory) and shall count toward the utility's participation cap.

vi. CCAs may propose eligible high recurring disconnection rate zip codes within the CCA's service territory regardless of whether the utility proposes the same high disconnection rate zip codes.

In comments on the proposed decision, CalCCA asked the Commission to provide direction on how to split the electric bill cap between the utility and a CCA for utilities' CCA cost recovery proposals. As discussed above, utilities must propose a CCA cost recovery proposal consistent with the AMP Resolution E-5114 in its PIPP Advice Letter.

We clarify how CCA cost recovery proposals should be designed to be consistent with the AMP Resolution. The utility must remit costs recovered and attributable to CCA customers proportionally to the generation costs for customers of the CCA. Specifically, the CCA cost recovery proposals should identify the percentage of PIPP-enrolled CCA customer bills that will be regularly recovered and remitted to the CCA, which should be equal to the average historical share of that CCA's CARE customer costs attributable to generation and borne by the CCA. The average historical share should be calculated based on data from a recent 12-month period, such as the period between September 2020 and August 2021.

For example, if the historical data indicates that, on average, generation charges comprised 40 percent of a given CCA's CARE customer bills, then a consistent cost recovery proposal must include regularly remitting 40 percent of costs recovered and attributable to CCA PIPP customers to the CCA.

### 6.2. Third-Party Taxes, Charges and Fees

TURN and SoCalGas each recommended applying the AMP Resolution approach to third-party taxes, charges and fees.[69]

We recognize that parties and the Commission invested significant time in the development of the AMP Resolution outcomes. Accordingly, the 2021 Straw Proposal Ruling included the application of the AMP Resolution approach to third-party charges.

In comments on the Straw Proposal, PG&E and SDG&E recommended applying the PIPP bill cap to a customer's bill prior to third-party taxes, charges and fees. They each argued that the AMP Resolution approach is not relevant because AMP addresses charges that have already been billed. They propose mirroring the CARE process instead. SDG&E explains that applying the bill cap prior to third-party taxes and fees would have minimal bill impacts and would simplify administration.[70]

SCE replied that it continues to recommend the PIPP bill cap be applied to a customer's bill after calculating any taxes and fees, such that the amount of the utility user tax (UUT) or franchise fees is not reduced by the customer's participation in PIPP. SCE argued that calculating taxes and fees after the bill cap may result in a negative customer experience, because customers will receive charges in excess of the bill cap. SCE asserted that given the potential for large discounts to PIPP participants' energy bills, particularly if PIPP becomes a full program, taking the opposite approach could result in significant differences in the taxes and fees collected. However, in comments on the proposed decision,

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[69] *See* March 2021 comments of SoCalGas and TURN.

[70] PG&E and SDG&E comments on July 9, 2021.

SCE noted that Pub. Util. Code Section 6231 requires payment of franchise fees based on gross receipts.

We conclude that it is reasonable to apply the PIPP bill cap to a customer's bill prior to calculating any third-party taxes, charges and fees.

## 7. Pilot Duration and Timeline

In D.20-06-003, the Commission considered authorizing a PIPP pilot for a minimum of two years and to allow participants to remain enrolled in a PIPP while the Commission considered utility proposals for a long-term PIPP program.

Several parties made recommendations that sought to balance the need to gather sufficient data from the pilot while avoiding delays in developing a long-term program. Cal Advocates, City and County of San Francisco, and UCAN proposed an 18-month pilot period.[71] Cal Advocates explained that the pilot should include a 6-month period to enroll participants and 12 months of data gathering thereafter for evaluation. Cal Advocates explained that 12 months of data will be sufficient to capture seasonal differences in energy usage and bills. NCLC and CforAT made a similar recommendation for a 2-year pilot period to balance data gathering while avoiding delays.[72]

The utilities each supported a 3-year pilot period that would include continuation of the pilot during the evaluation period and the Commission's consideration of a long-term PIPP program.[73] TURN recommended a modified

[71] *See* January 8, 2021 comments of Cal Advocates, City and County of San Francisco, and UCAN.

[72] NCLC/CforAT comments on January 8, 2021.

[73] Comments on January 8, 2021 by PG&E, SoCalGas, SDG&E, and SCE.

two-year pilot duration that would begin once all utilities have enrolled at least 50% of their share of pilot participants.[74] We agree that the pilot should continue during the evaluation process and while the Commission considers a long-term program.

Party comments generally recognize that the pilot period must be sufficient to enroll pilot participants, gather at least 12 months of data after initial enrollment, evaluate the pilot, and consider a long-term program. Several parties, including CalCCA, Cal Advocates, and City and County of San Francisco, also raised the need for stakeholder review of the evaluation results.[75]

Accordingly, the 2021 Straw Proposal Ruling requested party comments on a 48-month pilot period and the following timeline:

- CCAs who opt to participate must notify the utility with a copy to the service list within 30 days of the final decision.
- Each utility will file a consolidated advice letter to implement its PIPP pilot within 90 days of the final decision.
- Each participating CCA will file a Tier 3 advice letter to participate in a utility PIPP pilot within 120 days of the final decision.
- Utilities will commence PIPP pilot education, outreach and enrollment within 6 months of a final decision.
- Utilities will enroll target number of participants during the first 6 months of the pilot.
- Evaluation report is due 23 months after pilot launches (based on the first 18 months of pilot data).

[74] TURN comments on January 22, 2021.

[75] January 8, 2021 comments of CalCCA, Cal Advocates, and City and County of San Francisco.

- Working group will make recommendations for the long-term program design within 27 months after pilot launches.
- Utilities will file a joint application for a long-term PIPP program within 30 months after the pilots launch (~36 months after the decision).
- The Commission considers the joint application.

In opening comments on the Straw Proposal, the utilities requested a few minor modifications to the timeline. PG&E, SDG&E and SCE each requested an additional 30 days to file the PIPP Advice Letter. SCE recommended requiring education, outreach and enrollment to begin within 45 days of the approval of the advice letters. No party objected, so we will grant these requests.

NCLC and CforAT supported the 48-month pilot period and the plan to continue the pilots while the Commission considers the joint application for a long-term program.[76] PG&E argued that this decision should not predetermine that the utilities should file a joint application for a long-term PIPP program before the pilot evaluation.[77] We clarify that the requirement to file a joint application is conditioned on the results of the evaluation.

PG&E urged the Commission to onboard the evaluation contractor six months prior to the launch of the pilots so the evaluation plan can influence pilot implementation.[78] TURN strongly opposed this proposal, noting that it could needlessly delay the pilots for years since it frequently takes 12-18 months

[76] NCLC/CforAT comments on July 9, 2021.

[77] PG&E comments on July 9, 2021.

[78] PG&E comments on July 9, 2021.

to hire and onboard an independent third party.[79] We agree and will not adopt PG&E's recommendation.

TURN recommended that the pilot period begin after target enrollment levels have been met by the utilities so there will be sufficient data for pilot evaluation.[80] We expect that this approach would encourage a slow pilot roll out and would delay the evaluation and completion of the pilot. We clarify that the target enrollment levels are not intended to be minimum pilot participation levels to support the evaluation. Rather, the target enrollment levels are intended to guide the marketing, education and outreach strategies and identification of eligible zip codes by the pilot administrators.

Cal Advocates, SCE, SDG&E, NCLC and CforAT urged the Commission to add another evaluation or additional reporting requirements since the pilot will continue for 4 years.[81] We will add reporting requirements to address these concerns without delaying the consideration of whether to authorize long-term PIPP programs.

Cal Advocates recommended, with the support of SoCalGas an opportunity to modify the pilot after the evaluation.[82] We will provide an opportunity to propose pilot modifications based on the evaluation report's recommendations.

In comments on the proposed decision, SDG&E urged the Commission to allow it to commence its PIPP pilot no sooner than July 2021, since approximately 47% of its residential customers will transition to San Diego

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[79] TURN comments on July 9, 2021.

[80] TURN comments on July 9, 2021.

[81] *See* July 2021 comments.

[82] *See* July 9, 2021 comments of Cal Advocates and July 16, 2021 comments of SoCalGas.

Community Power service between February and June of 2022. CalCCA supported this position in reply comments. We will not authorize indefinite delays to commencing the SDG&E pilot. However, we will allow SDG&E to commence its PIPP pilot on the later of July 1, 2022 or 45 days after the approval of its PIPP implementation advice letter.

We conclude that it is reasonable to authorize a 48-month pilot period and the following timeline:

i. CCAs who opt to participate must notify the utility with a copy to the service list within 30 days of the final decision.

ii. Each utility will file a consolidated Tier 3 advice letter to implement its PIPP pilot within 120 days of the final decision.

iii. Each participating CCA will jointly file with the applicable utility a Tier 3 advice letter to participate in a utility's PIPP pilot within 120 days of the final decision.

iv. PG&E, SCE and SoCalGas will each commence PIPP pilot marketing, education, outreach and enrollment within 45 days of the approval of its PIPP implementation advice letter. SDG&E shall commence pilot marketing, education, outreach and enrollment on the later of July 1, 2022 or 45 days after the approval of its PIPP implementation advice letter.

v. Each utility will enroll its target number of participants during the first 6 months of the pilot.

vi. Each utility and participating CCA will file and serve a report with evaluation metrics covering the previous 6 months of pilot data within 7 months after the launch of the pilot and every 6 months thereafter. If there is any significant shortfall in enrollments below target enrollment levels, the utility or CCA will explain the shortfall and the plan to remedy the shortfall.

vii. The evaluation contractor will complete the PIPP evaluation report within 25 months after all PIPP implementation advice letters have been approved, based on at least the first 18 months of pilot data.

viii. If the PIPP evaluation report recommends modifications to the pilots to meet the goals established in this decision, the utilities will file Tier 2 advice letters to implement the modifications recommended by the PIPP evaluation report within 60 days of the completion of the report.

ix. The PIPP working group will file and serve recommendations for the long-term program design within 4 months of the completion of the PIPP evaluation report.

x. If the independent evaluation report finds that the pilots achieved the goals established in this decision or showed significant potential to achieve these goals with modifications, the utilities will file a joint application for a long-term PIPP program within 7 months of the completion of the PIPP evaluation report.

## 8. Rate Design

### 8.1. Monthly Bill Caps

In D.20-06-003, the Commission considered a proposal for PIPP pilot participants to receive levelized monthly bill caps that are based on a percentage of their income. The 2020 decision considered the following monthly bill caps.[83]

**Table 1: 2020 Proposed PIPP Bill Caps**

| Income by Percentage of Federal Poverty Line | Bill Cap |
|---|---|
| 0-50% | 2% with a $12 minimum |
| 51-100% | 2.5% |
| 101 – 150% | 3% |
| 151 – 250% | 4% |

[83] D.20-06-003 at 104-105.

Several parties supported the approach proposed in D.20-06-003, including Cal Advocates, NCLC/CforAT and TURN.[84] However, PG&E, SDG&E and SoCalGas proposed alternative rate designs that would not be based on a percentage of a participant's income.[85]

SCE proposed to streamline the PIPP bill caps by establishing a standard set of monthly bill caps for customers based on two income tiers and two household size categories. SCE explained that its approach would both reduce administrative burdens and support customer education.[86] TURN supported SCE's proposal since it would make administration and enrollment easier while retaining the defining feature of a PIPP.[87]

The 2021 Straw Proposal Ruling requested comments on the proposal to adopt SCE's proposed tiered monthly bill caps.

In July 2021 comments, SoCalGas and PG&E supported the SCE standard bill caps approach and recommended further simplifying the bill caps by assuming one standard household size, rather than two household sizes. SoCalGas proposed standardizing bill caps for a 4-person household, and PG&E proposed standardizing bill caps for a 3-person household. SoCalGas argued that this proposal would reduce program costs for non-participants. PG&E argued that having more bill caps will be very expensive to implement from a billing perspective.[88]

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[84] January 8, 2021 comments of Cal Advocates, NCLC/CforAT and TURN.

[85] January 8, 2021 comments of PG&E, SDG&E and SoCalGas.

[86] SCE comments on January 8, 2021.

[87] TURN comments on January 22, 2021.

[88] PG&E commented on July 9, 2021 that it expects to implement the pilots with manual billing while planned billing system upgrades are in progress. (*See* the cost estimates section below for discussion of PG&E's estimated administrative costs for the pilot.)

TURN, NCLC and CforAT opposed standardizing a bill cap for a 3-person or 4-person household. TURN argued that a standard household size for bill caps is inconsistent with the CARE program approach and would harm participants with larger household sizes.[89] However, this proposal is consistent with the CARE approach of providing a single discount level regardless of the household size. Standardizing the bill cap will not affect eligibility determinations. Further, it will not harm large households to establish a bill cap based on a household size of 3. Larger households will still be eligible for the bill cap, and they will benefit from a lower bill cap than they would have received if the bill cap varied by household size. In light of the substantial simplification benefits for consumer education and administration, we will adopt a standard household size of 3 people for purposes of setting bill caps.

PG&E additionally proposed setting the bill caps at 4% of income per commodity for all participants, rather than at 2.5% of income for households at 0-100% FPG and at 4% of income for households at 101-200% FPG for both electricity and gas. SDG&E proposed setting a bill cap at 6-10% for all participants to lower the costs to ratepayers. SDG&E cited Ohio's and Illinois' PIPP programs for the 6-10% bill cap level, and argued that the Straw Proposal's bill caps of 2.5% and 4%of income are unsupported. TURN strongly opposed SDG&E's arguments, asserting that many factors support a different bill cap for California, including far higher housing costs.

The Commission previously considered a residential energy burden of 5% as the upper bound for assessing the reasonableness of residential rate reforms. In D.15-07-001, the Commission assessed the reasonableness of residential rate

[89] TURN comments on July 16, 2021.

reforms based on whether forecasted residential energy burdens would remain under 5%. Setting monthly bill caps at 4% of income for all participants for both electricity and gas is consistent with the 5% threshold.

We will standardize the bill cap for participants with incomes between 101-200% of Federal Poverty Guidelines based on a reference income level of 150% of Federal Poverty Guidelines, which is the mid-point of incomes for that tier. This approach balances our goals for a PIPP, including of increasing access to essential energy services and controlling program costs.

SoCalGas proposed adjusting PIPP bill caps annually, concurrently with CARE program income guideline updates, to account for changes to FPG. We agree that alignment with the CARE program is appropriate.

We conclude that it is reasonable to adopt monthly bill caps set at 4% of household income for both electricity and gas with the following standard assumptions: (i) household size of 3 people; (ii) reference income of 50% of Federal Poverty Guidelines for households with incomes between 0-100% of Federal Poverty Guidelines; and (iii) reference income of 150% of Federal Poverty Guidelines for households with incomes between 101-200% of Federal Poverty Guidelines. Bill caps will be updated annually to reflect current income guidelines, concurrently with CARE program income guideline updates. However, bill caps will not be adjusted during the first six months after the pilots are launched.

The following table shows the adopted PIPP monthly bill caps based on current Federal Poverty Guidelines.

**Table 2: PIPP Monthly Bill Caps (Electricity & Gas)**

| | **Customers with incomes between 0-100% FPG** | **Customers with incomes between 101-200% FPG** |
|---|---|---|

| Reference income | 50% of FPG | 150% of FPG |
|---|---|---|
| Monthly income for household of 3 | $905 | $2,745 |
| Cap based on 4% of monthly income | $37 | $109 |

### 8.2. Interaction with Other Rates

As a result of aligning income eligibility requirements, a large portion of customers eligible for PIPP pilots are currently enrolled in the CARE program. Some eligible participants may be currently enrolled in Medical Baseline, demand side management, solar or electric vehicle rates.

Most parties agreed that it is important to design the pilot so that CARE and/or Medical Baseline customers who participate in the pilot receive lower bills than they would have received if they had not participated. However, parties differed on how to protect pilot participants from higher bills.

NCLC and CforAT recommended that utilities evaluate each household before enrollment in a PIPP to determine whether a PIPP is likely to result in a lower bill, noting that state PIPP programs include this practice.[90] In reply comments, PG&E supported this approach.[91]

SCE, UCAN and TURN recommended that PIPP participants be charged the lower of their PIPP bill cap or their regular bill net of CARE and/or Medical Baseline discounts.[92] TURN strongly supported this approach because it protects customers and encourages energy conservation. If the PIPP bill cap amount is

[90] NCLC/CforAT comments on June 5, 2021.

[91] PG&E comments on June 13, 2021.

[92] SCE, UCAN and TURN comments on June 5, 2021.

also a bill floor, then it will not be possible for a customer to save money by using less energy.[93]

SCE explains that this approach is much less administratively burdensome since it does not require a pre-enrollment assessment of whether a customer will be better off without a PIPP. Requiring a pre-enrollment assessment would likely delay or reduce customer enrollment. Further, the bill cap approach would allow customers to remain on other demand-side management rates.[94]

SDG&E argued that protecting pilot participants from higher bills would require significant system modifications and would require personnel to manually set up and track bill caps and forecast whether a PIPP would be better off without a PIPP. However, we agree with SCE that protecting participants from higher bills due to a PIPP will allow utilities to avoid forecasting whether a customer would be better off without a PIPP. Further, for PIPP evaluation purposes, utilities will be required to track the impact of a PIPP on each participant.[95]

SoCalGas and SDG&E also argued that concurrent enrollment in CARE and PIPP would violate the Public Utilities Code Section 739.1(c)(1) mandate that the average effective discount under CARE shall not exceed 35%.[96] TURN replied that this argument is erroneous since CARE and PIPP are separate programs; the Commission allows concurrent enrollment in CARE and many other programs that provide incentives or credits for energy management.[97] We

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[93] TURN comments on June 5, 2021.

[94] SCE comments on June 5, 2021.

[95] *See* Section 14 below.

[96] SoCalGas and SDG&E comments on May 5, 2021.

[97] TURN comments on May 13, 2021.

affirm that Section 739.1(c)(1) does not prohibit CARE customers from concurrently participating in the PIPP pilot or require a reduction of the CARE discount.

Several parties raised concerns about allowing PIPP participants to remain on solar, electric vehicle, or demand side management rates. Parties agreed that it is too complicated to allow PIPP participants to remain on Net Energy Metering rates.[98] SCE explained that the Net Energy Metering rates include an annual true-up which is incompatible with a PIPP.[99]

PG&E, SDG&E, SoCalGas, and UCAN argued that PIPP participants should not be allowed to remain on electric vehicle and demand side management rates.[100] PG&E asserted that the PIPP would nullify the impact of rate signals to participants. UCAN raised concerns that including participants on electric vehicle rates will complicate evaluation of a PIPP's impacts on energy usage.

Cal Advocates, CalCCA and SCE, on the other hand, argued that participants should be allowed to remain on electric vehicle and demand-side management rates.[101] Cal Advocates asserted that disincentivizing low-income customers from choosing to manage their demand runs counter to meeting the state's climate goals. SCE argues that it is important for the PIPP pilot evaluation to include data on the energy usage of electric vehicle and demand-side

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[98] UCAN, SoCalGas, PG&E, SDG&E, and TURN comments on May 5, 2021.

[99] SCE comments on May 5, 2021.

[100] PG&E, SDG&E, SoCalGas, and UCAN comments on May 5, 2021.

[101] Cal Advocates, CalCCA and SCE comments on May 5, 2021.

management rate participants. NCLC and CforAT also supported inclusion of customers on electric vehicle and demand-side management rates.[102]

SCE noted that implementing the PIPP as a bill cap rather than as a standalone rate will allow pilot participants to remain enrolled in rate discount programs, including some electric vehicle and demand side management rates. SCE discussed two of its demand side management programs. SCE recommended not allowing concurrent enrollment in PIPP and the Home Energy Reports program, but thought that allowing concurrent enrollment in PIPP and the Summer Discount Plan would be feasible.[103]

The 2021 Straw Proposal Ruling requested comments on the proposal to structure the PIPP pilots so that pilot participants will be charged the lower of their PIPP bill cap or their CARE and/or Medical Baseline bill. In addition, the ruling proposed to exclude customers on Net Energy Metering rates but to include customers on electric vehicle charging and other demand-side management rates.

Some parties opposed the proposal for participants to be charged the lower of their bill cap or their regular bill. NCLC and CforAT argued that comparing bills is too complicated and would prevent scaling the PIPP pilot into a larger program. SoCalGas proposed simplifying administration by implementing the PIPP bill cap as a line-item credit on customer bills. The PIPP credit would be the lower of a) the difference of the bill cap and the actual bill, or b) zero if the actual bill is lower than the bill cap. We agree that this approach will simplify administration while protecting participants from higher bills.

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[102] NCLC/CforAT comments on July 9, 2021.

[103] SCE comments on May 5, 2021 and May 13, 2021.

We conclude that the PIPP bill caps should be implemented as a line-item bill credit, and the bill credits should be either (a) the difference between the bill cap and the actual bill, or b) zero if the actual bill is lower than the bill cap.

PG&E proposed to limit participation to the most commonly enrolled residential rates to reduce billing administration costs. PG&E noted that including additional rates would be administratively complex and expensive due to its need to implement the pilot with manual billing while upgrading its billing system.[104] NCLC and CforAT supported this proposal.[105] SCE, on the other hand, has indicated that including additional rates would be feasible.

We conclude it is reasonable to allow, but not require, utilities to limit pilot participation to customers enrolled in the most commonly enrolled residential rates. It is also reasonable to exclude customers on Net Energy Metering rates from participating in the pilots.

### 8.3. Served by Two Utilities

Parties recommended a variety of solutions for pilot participants that are served by two utilities for gas and electric service. PG&E proposed separate bill caps for customers that receive only electric or only gas from a utility.[106] SoCalGas proposed that the Commission adopt different bill caps for each commodity.[107] UCAN and NCLC/CforAT each proposed that the Commission split the PIPP bill cap in a manner that reflects the relative expenditures of households on their gas and electric bills, which varies by climate zone.[108]

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[104] PG&E comments on July 9, 2021.

[105] NCLC/CforAT comments on July 16, 2021.

[106] PG&E comments on May 5, 2021.

[107] SoCalGas comments on May 5, 2021.

[108] UCAN and NCLC/CforAT comments on May 5, 2021.

Cal Advocates noted that keeping the application process separate for each utility's PIPP pilot will minimize administrative complexity.[109]

Based on these comments, the 2021 Straw Proposal Ruling proposed the following solution.

> The bill caps for customers served by 2 utilities for electricity and gas will be split into separate bill caps for electric and gas service. We recognize that customers' relative reliance on electricity vs. gas varies by climate zone. The utilities will include a joint proposal for splitting each bill cap between electric and gas for two different groups of climate zones in their pilot advice letters. The split will be based on the average annualized CARE customer bill for electricity and gas in two categories of climate zones. For example, if CARE customers receive an average annualized electric bill of $200 and a gas bill of $200 in climate zone group 1, then the bill caps for electric customers served by two utilities in that climate zone category will be 50% of the authorized bill caps.

Since no party opposed this proposal, we will adopt this approach for the pilots.

SoCalGas requested clarification that it may use the same bill cap split for customers served by SCE for electricity and for customers served by municipal utilities. We clarify that we expect that utilities will use the same bill cap splits for customers served by two utilities, regardless of whether the second utility is a utility with a PIPP pilot or a municipal utility that does not have a PIPP program.

In comments on the proposed decision, PG&E requested clarification for how bill caps will be split between electric and gas service when a single utility provides both services, noting that this is particularly important when one or more CCAs opt to participate in a utility's PIPP pilot. We clarify that utilities will

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[109] Cal Advocates comments on May 5, 2021.

use the same methodology to propose bill cap splits between electric and gas service.

## 9. Energy Use and Safety Issues

Our goals for the PIPP pilots include assessing whether a PIPP can encourage participation in energy saving and energy management programs, and whether a PIPP can increase access to essential levels of energy service.

Many parties supported linking PIPP enrollment with energy efficiency outreach or requirements. NRDC recommended linking the PIPP to energy-saving programs based on Ohio's PIPP program experience.[110] NCLC and CforAT similarly recommended prioritizing PIPP participants for energy efficiency treatment.[111] CalCCA recommended encouraging PIPP participants to apply for the Energy Savings Assistance Program (ESAP) and the Low Income Home Energy Assistance Program (LIHEAP).[112] SCE proposed requiring PIPP participants to enroll, if eligible, in ESAP or a residential direct installation program within six months of enrollment of a PIPP pilot.[113] TURN suggested borrowing an approach from a prior CARE decision, which requires participants that exceed a certain percentage of baseline allowance amounts to participate in ESAP.[114]

Several parties also supported capping PIPP benefits or usage to encourage energy conservation and limit the financial impact of the PIPP on non-participating customers. SCE notes that Illinois' PIPP program includes a

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[110] NRDC comments on February 5, 2021.

[111] NCLC/CforAT comments on February 5, 2021.

[112] CalCCA comments on February 5, 2021.

[113] SCE comments on February 5, 2021.

[114] TURN comments on February 5, 2021.

maximum PIPP benefit cap, and recommends removing customers from the PIPP pilot when they exceed 400 percent of baseline more than three times in a rolling 12-month period.[115] TURN similarly supported an approach from a CARE decision that requires a participant that exceeds 600% of baseline to reduce usage within 90 days or be de-enrolled from the pilot.[116] PG&E proposed that a working group design a PIPP energy usage cap.[117]

NCLC and CforAT, NRDC, and UCAN opposed capping energy usage for PIPP participants due to concerns about the potential for a usage cap to threaten the health and safety of participants.[118]

CalCCA opposed capping energy usage for PIPP participants while recommending a cap on PIPP benefits. CalCCA explained that a cap on PIPP benefits limits program costs and maintains financial incentives for participants to conserve energy, but participants will not be de-enrolled from the pilot for using additional energy.[119] NRDC noted in reply comments that a PIPP benefits cap is consistent with the Pennsylvania PIPP program approach and recommended an annual cap, rather than a monthly cap, to allow participants to receive higher benefits during certain seasons.[120]

Any PIPP benefits caps should be set low enough to encourage energy conservation and participation in energy management programs, but also high enough to reduce disconnections and support the health and safety of

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[115] SCE comments on February 5, 2021.

[116] TURN comments on February 5, 2021.

[117] PG&E comments on February 5, 2021.

[118] Comments of NCLC/CforAT, NRDC, and UCAN on February 5, 2021.

[119] CalCCA comments on February 5, 2021.

[120] NRDC comments on February 19, 2021.

participants. CalCCA proposed to set the cap based on the forthcoming Essential Usage Study, or if the study is delayed, based on current baseline amounts.[121]

In D.18-08-013, the Commission determined that it is necessary to study what an essential amount of electricity is for residential customers, rather than relying on the proxy of baseline quantities.[122] The Commission approved the Essential Usage Study plan and budget in D.20-09-021 on September 24, 2020. The purpose of the Essential Usage Study is to allow the Commission to better evaluate whether PG&E's, SCE's and SDG&E's residential customers are meeting their basic electricity needs at a reasonable cost.[123] In D.20-09-021, the utilities estimated that the study would be completed in the first quarter of 2022.[124]

The 2021 Straw Proposal Ruling requested party comments on the following pilot design elements:

- Utilities will contract with community-based organizations that conduct ESAP and/or LIHEAP outreach to perform concurrent PIPP and ESAP/LIHEAP outreach.
- Adopt annual PIPP benefits caps (per participant) to encourage energy conservation and manage program costs.
- Participants that exceed the annual benefits cap will not be removed from the pilot. After PIPP benefits exceed a PIPP customer's annual PIPP benefits cap, a PIPP customer enrolled in CARE will continue to receive CARE benefits.
- Each utility will propose PIPP Benefits Caps based on 250% of baseline quantities, applied on an annual basis, in their Consolidated Advice Letters. The caps will include two climate zone groups.

[121] CalCCA comments on February 5, 2021.

[122] D.18-08-013 at Conclusion of Law 51.

[123] D.20-09-021 at 3.

[124] D.20-09-021 at 8.

No party opposed the requirement for utilities to contract with community-based organizations that conduct ESAP and/or LIHEAP outreach to perform concurrent PIPP and ESAP/LIHEAP outreach. We conclude that this requirement is reasonable.

NCLC and CforAT opposed the Straw Proposal's benefits cap, arguing that no benefits cap is needed at the pilot stage, and an annual cap would result in surprise bills once the benefits run out.[125]

PG&E strongly supported the concept of a benefits cap but argued that the Straw Proposal's approach is too complex to implement. PG&E proposed a single monthly benefits cap of $150 for all participants regardless of climate zone or utility service territory. PG&E proposed $150 based on its estimate that eligible participants would have received an average PIPP benefit of $55 per month in 2020.[126] SCE supported PG&E's recommendation.[127]

TURN, NCLC and CforAT strongly opposed PG&E's benefits cap proposal, arguing that a monthly benefits cap would result in fluctuating bills. SDG&E also opposed a benefits cap in general, asserting that it would be administratively complex to implement and that it is not needed at the pilot stage.

Party comments did not provide a sufficient basis for establishing a benefits cap for the PIPP pilots that would support the goals of a PIPP program. Further, PIPP participants will be subject to the CARE program's high usage post-enrollment verification provisions. CARE customers who exceed 400% of baseline usage three or more times in a 12-month period must undergo income

[125] *See* comments on July 9, 2021.

[126] PG&E comments on July 9, 2021.

[127] SCE comments on July 16, 2021.

verification and are required to apply for ESAP.[128] Customers who exceed 600% of baseline usage in any monthly billing cycle have 90 days to reduce usage below 600% of baseline in a monthly billing cycle or will be de-enrolled from CARE and barred from the program for 24 months. In addition, to remain in the CARE program, these customers must undergo income verification and are required to apply for ESAP within 45 days of notice.[129]

We conclude that the PIPP pilots should not include additional energy usage caps or benefits caps at this time. However, the evaluation report should address whether and how to set benefits caps to advance our PIPP goals.

## 10. Missed Payments and Arrearages

### 10.1. Missed payments

Several parties proposed to use existing mechanisms to address missed PIPP pilot payments.[130] TURN argued that the PIPP is different from the AMP and should not include on-time payment requirements to remain enrolled in the pilot.

On the other hand, a diverse set of parties proposed to apply AMP on-time payment conditions to the PIPP pilots.[131] AMP participants may miss up to two non-sequential payments if the customer makes up the payment on the next billing due date with an on-time payment of both the current and missed payments.[132]

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[128] D.21-06-015 at 37.

[129] D.12-08-044 at 220-221.

[130] May 2021 comments of SoCalGas, SDG&E, TURN and UCAN.

[131] May 2021 comments of PG&E, NCLC/CforAT, CalCCA, and SCE.

[132] D.20-06-003 at Ordering Paragraph 64.

SCE explained that PIPP payments are so low that the regular processes for missed payments may not apply to PIPP participants for months. For example, SCE's arrearages threshold for disconnections is $100, so a customer could miss 8 months of $13 payments with no consequences absent a PIPP program condition.[133]

The 2021 Straw Proposal requested party comments on a PIPP pilot condition that participants may miss no more than two payments before being removed from the pilot.

TURN argued that PIPP participants should neither be removed from the pilot for missing a payment nor enjoy additional protection from disconnections compared with other customers. TURN pointed out that CARE customers are not removed from the program for missing payments. SDG&E and SoCalGas agreed, arguing that removing participants from the pilot for missed payments would make it impossible to determine whether a PIPP inherently reduces arrearages or the risks of disconnections.[134]

Since this decision approves a significantly higher minimum bill cap than the Straw Proposal contemplated, we are no longer concerned that regular billing collections processes would not apply to PIPP missed payments. We conclude that the PIPP pilots should rely on utilities' existing bill collection processes to address missed payments.

[133] Under the Straw Proposal, a participant with a household income of 0-100% of FPG and a household size of 1-2 people would receive a monthly bill cap of around $13.

[134] *See* July 2021 comments.

### 10.2. Arrearages

In D.20-06-003, the Commission considered a proposal to provide PIPP participants with arrearages prior to entering the program with arrearage forgiveness after twelve on-time payments.

Several parties recommended separating the PIPP from the Arrearages Management Program (AMP) authorized in D.20-06-003. Cal Advocates, PG&E, SCE, TURN, and UCAN each supported allowing PIPP participants to concurrently enroll in the AMP rather than including arrearage forgiveness in the PIPP pilot.[135] UCAN argued that keeping the programs separate will reduce the PIPP's overhead costs. PG&E and Cal Advocates each argued that the PIPP and the AMP were designed to address two different issues and should remain separate.

NCLC and CforAT supported either adding an arrearage forgiveness component to PIPP or allowing PIPP participants to concurrently enroll in the AMP, with a waiver of the $500 arrearages threshold for PIPP participants.[136] CalCCA supported adding an arrearages component to PIPP as well, noting that not all PIPP participants are eligible for AMP, and proposed a lower cap for arrearages that may be forgiven for PIPP participants.[137]

SDG&E and SoCalGas argued that PIPP participants should not have access to either AMP enrollment or arrearage forgiveness, claiming that either approach would skew PIPP data and make customer outreach more confusing.[138]

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[135] Cal Advocates, PG&E, SCE, TURN, and UCAN comments on February 5, 2021.

[136] NCLC/CforAT comments on February 5, 2021 and February 19, 2021.

[137] CalCCA comments on February 5, 2021.

[138] SDG&E and SoCalGas comments on February 5, 2021.

We expect that many eligible customers will have arrearages. PIPP pilots can reduce the risk that low-income customers will fall into arrears and face recurring disconnections because current bills are not affordable in relation to their income levels. As discussed above, one of the eligibility pathways is for customers with a history of chronic disconnections. Barring concurrent enrollment in AMP and PIPP pilots could reduce pilot participation, prevent customers who need a PIPP the most from participating, or result in disconnections of PIPP pilot participants.

The 2021 Straw Proposal Ruling included the following pilot design elements:

- Allow dual enrollment in PIPP and AMP.
- Utilities will track dual enrollment in AMP for PIPP evaluation purposes.
- PIPP evaluation should assess whether PIPP participants accrued fewer arrearages than a control group.

SDG&E urged the Commission to clarify for customers on other payment plans that the PIPP bill cap will only apply to charges for the current billing period. We agree and will make this clarification.

SoCalGas asked for a clarification that customers who wish to enroll in both PIPP and AMP will be evaluated for each program independently and must meet each program's separate eligibility requirements. We agree and clarify that this decision does not modify any of the rules of the AMP program.

We conclude that PIPP bill caps will only apply to current charges and not past-due charges. Utilities shall allow concurrent enrollment in the PIPP pilots and the AMP program. This decision does not modify AMP program rules. The utilities should track dual enrollment in AMP and PIPP for PIPP evaluation purposes. The PIPP evaluation should assess whether PIPP participants accrued fewer arrearages than a control group.

### 11. Outreach and Education

In D.20-06-003, the Commission considered a PIPP pilot proposal with the following outreach and education components:

- The utilities must offer all eligible customers the opportunity to enroll in the program, including by informational letter that directs customers to the designated community-based organization to receive more information.
- In addition, the customer will also receive a call from the community-based organization. Both the letter and the call from the community-based organization should inform the customer of the program rules and requirements, and how the PIPP program could benefit them.
- The communication should be available in English, Spanish, Tagalog, and Chinese languages including Mandarin and Cantonese, as well as Korean and Russian where appropriate.[139] It should also be available in any other appropriate languages for that zip code as identified by the utility, the contracted community-based organizations, and/or the PIPP working group.
- The utilities should be responsible for enrolling participants.[140]

Several parties looked to D.20-06-003 for recommendations on PIPP outreach and education. NCLC, CforAT and UCAN proposed that the utilities conduct direct outreach to CARE customers.[141] NCLC and CforAT also

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[139] These are the languages required for notices of de-energization events pursuant to Commission D.19-05-042.

[140] D.20-06-003 at 103-104.

[141] NCLC/CforAT and UCAN comments on January 8, 2021.

recommended that utilities contract with community-based organizations to conduct outreach.[142]

Cal Advocates recommended that the Commission adopt the same education and outreach rules that the Commission adopted for the AMP in D.20-06-003.[143] TURN commented that D.20-06-003 and Resolution UEB-006 each require the large utilities to offer to enroll eligible customers in all applicable benefit programs administered by the utility before disconnecting a residential customer. For clarity, TURN recommends that the Commission explicitly state that this requirement applies to new programs including the PIPP pilot.[144]

Cal Advocates also recommended that the utilities consolidate their notices and websites for disconnection relief programs.[145] SoCalGas similarly noted its plan to include information about the PIPP pilot in late payment notices along with information about other customer payment programs.[146] NCLC and CforAT supported utilities prioritizing customers with arrearages and frequent disconnections for direct outreach and education.[147]

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142 NCLC/CforAT comments on January 8, 2021.

143 Cal Advocates comments on February 5, 2021. D.20-06-003 requires the large utilities to (a) provide eligible CARE and FERA customers with AMP information, (b) maintain a frequently asked questions section on their websites about participation in AMP, (c) provide customers enrolled in AMP with ongoing support, (d) offer any eligible customer that calls the utility, for whatever reason, an opportunity to enroll in AMP, (e) allow eligible customers the opportunity to enroll in AMP when checking their account online or communicating with a customer service representative, and (f) inform customers of the AMP opportunity in every communication with an eligible customer.

144 TURN comments on February 5, 2021.

145 Cal Advocates comments on February 5, 2021.

146 SoCalGas comments on February 5, 2021.

147 NCLC/CforAT comments on February 5, 2021.

The 2021 Straw Proposal Ruling proposed to direct each large utility to include an education and outreach plan in its Consolidated Advice Letter with the following components:

- Coordination with the utilities' marketing, education and outreach for AMP and arrearage payment plans;
- Coordination with utilities' marketing, education and outreach for CARE and ESAP; and
- Contracting with community-based organizations with experience as outreach contractors for CARE, ESAP and/or LIHEAP in eligible zip codes.

NCLC and CforAT supported the Straw Proposal in opening comments. CalCCA requested that the Commission require utilities to cooperate with CCAs who participate in the pilot on marketing, education and outreach. We will clarify that utilities must cooperate with participating CCAs.

After further consideration about how to encourage participation in energy saving programs, we will refine the outreach component to require contracting with community-based organizations that currently conduct outreach for ESAP and/or LIHEAP, rather than merely having experience with conducting outreach for CARE, ESAP and/or LIHEAP.

We envision that community-based organizations will provide intake and enrollment services for the PIPP pilots, rather than merely conducting outreach. We also refine the roles of the community-based organizations as discussed in Section 5.2 (Income Verification) above.

We conclude that it is reasonable to require each utility to include in its PIPP Advice Letter a marketing, education and outreach plan with the following components:

a. Contract with community-based organizations that serve eligible high recurring disconnection rate zip codes and currently conduct outreach for ESAP and/or LIHEAP to conduct outreach, intake and enrollment for the pilots (and, if they currently conduct income verification for ESAP, to also conduct income verification at enrollment for the pilots);

b. Cooperate with participating CCAs;

c. Inform customers of the PIPP opportunity when conducting outreach for CARE, ESAP, AMP, or other payment plans;

d. Maintain a frequently asked questions section on the utility's website about participation in the PIPP;

e. Provide customers enrolled in PIPP with ongoing support;

f. Offer to enroll eligible customers in the PIPP before disconnecting a customer;

g. Allow eligible customers the opportunity to enroll in PIPP when checking their account online or when communicating with a customer service representative; and

h. Offer all eligible customers the opportunity to enroll in the program, including by an informational communication that directs customers to the designated community-based organization to receive more information. The communication should be available in languages appropriate for eligible high disconnection rate zip codes, as identified by the utility, the contracted community-based organizations, or the PIPP working group.

## 12. Costs Estimates and Cost Recovery

### 12.1. Cost Estimates

Parties filed initial comments on PIPP pilot cost estimates in March 2021. Parties identified to two main categories of pilot costs – bill subsidies and administrative costs.[148] The utilities commented that they needed Commission direction about the PIPP pilot program design to provide realistic administrative cost estimates.[149]

The 2021 Straw Proposal Ruling requested updated cost estimates for the pilots. In their July 9, 2021 comments, each utility provided estimates of their administrative costs, which have been copied into Table 3 below. The administrative cost estimates varied widely, depending on the level of complexity of the adopted program design, especially for billing operations. The administrative cost estimates exclude the costs of the evaluation contractor, which will be subject to a request for proposals. Since this decision adopts a simplified bill cap and income verification approach and declines to adopt a PIPP benefits cap, we expect that the low end of the administrative cost estimates will apply. Overall, we preliminarily estimate total pilot bill subsidy costs of around $23 million and total pilot administrative costs of around $15 million over the four-year pilot period.

[148] *See* March 5, 2021 comments of Cal Advocates, PG&E, SCE, SDG&E, and SoCalGas.

[149] PG&E, SCE, SDG&E, and SoCalGas comments on March 5, 2021.

**Table 3: Preliminary PIPP Pilot Cost Estimates (4 years)**

| **Cost Category** | **PG&E** | **SDG&E** | **SCE/SoCalGas** | **Total** |
|---|---|---|---|---|
| Bill Subsidy Costs[150] | $9,743,250 - $11,151,250 | $1,948,650 - $2,230,250 | $9,743,250 - $11,151,250 | $21,435,150 - $24,532,750 |
| Administration Cost[151] | $3,590,000 - $13,690,000 | $3,650,000 - $7,150,000 | $3,631,000 - $7,647,000 | $10,871,000 - $38,487,000 |
| **Total** | **$13,333,250 - $24,841,250** | **$5,598,650 - $9,380,250** | **$13,374,250 - $18,798,250** | **$32,306,150 - $53,019,750** |
| Participant cap | 5,000 | 1,000 | 4,000 + 5,000 | 15,000 |

The utilities' bill subsidy cost estimates required further interpretation. The bill subsidy cost estimates were based on the Straw Proposal's bill caps, which this decision further simplified and standardized at 4% for all customers. Further, not all utilities provided bill subsidy cost estimates or clarified whether their bill subsidy cost estimates were net of CARE discounts.

PG&E provided the most detailed explanation of its bill subsidy estimates. PG&E analyzed average incremental savings in 2020, above CARE discounts, for CARE customers in its proposed 20 high disconnection rate zip codes with a 4% PIPP bill cap for electricity. PG&E found an average incremental PIPP monthly

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150 Bill subsidy estimates include the following assumptions: (i) average monthly bill subsidy (net of CARE discounts) of $55 per electric and gas customer for PG&E and SDG&E; (ii) average monthly bill subsidy (net of CARE discounts) of $55 per customer for maximum 5,000 shared SoCalGas and SCE customers; and (iii) participation growth modeled based on slow and rapid program enrollment across 48 months. Slow enrollment assumes 50% of participation cap is achieved by Month 7, 75% is achieved by Month 19, and 100% is achieved by Month 43 with participation remaining at 100% of the cap through Month 48. Rapid enrollment assumes 50% of participation cap is achieved by Month 4, 75% is achieved by Month 13, 95% is achieved by Month 19, and 100% is achieved by Month 31 and lasts through Month 48.

151 Administrative cost estimates are based on July 9, 2021 comments of each utility.

savings of $55 per month per customer for electricity.[152] While PIPP bill subsidies will vary by service territory, and PG&E's estimate does not account for gas subsidy costs or changes in energy usage as a result of a PIPP, we find this analysis useful for preliminarily estimating costs of PIPP pilot bill subsidies. Accordingly, Table 3 above includes preliminary bill subsidy estimates based on the estimated average monthly PIPP bill subsidy provided by PG&E.

### 12.2. Cost Recovery

In March 2021 comments, parties agreed that electric costs of PIPP pilots should be recovered from Public Purpose Program Charges (PPPC).[153] Cal Advocates, PG&E and SDG&E each also proposed to recover gas costs through gas transportation rates.[154] PG&E commented that not all gas customers pay the PPPC, and that statutory restrictions make PPPC cost recovery inappropriate for gas cost recovery.[155]

TURN, NCLC and CforAT also commented on the need for cost recovery for lost revenues to reflect reduced uncollectibles in addition to the costs of bill reductions.[156] These party comments referred to D.20-06-003, where the Commission considered a PIPP pilot proposal with a cost recovery approach based on the premise that "revenue will be collected from customers where no payment is currently being received."[157] TURN proposed to track reduced uncollectibles based on a comparison with a control group.

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[152] PG&E comments on July 9, 2021.

[153] March 5, 2021 comments of Cal Advocates, CalCCA, CforAT/NCLC, PG&E, SCE, SDG&E and UCAN.

[154] Cal Advocates, PG&E and SDG&E comments on March 5, 2021.

[155] PG&E comments on March 5, 2021.

[156] TURN, NCLC and CforAT comments on March 5, 2021.

[157] D.20-06-003 at 107.

PG&E and SDG&E strongly opposed adjusting pilot costs based on reduced uncollectibles, noting that the utilities have established Residential Uncollectibles Balancing Accounts in accordance with D.20-06-003 to address uncollectibles.[158] SoCalGas replied to TURN that it supports studying avoided uncollectibles, but this information should not affect PIPP cost recovery.[159]

Several parties also commented on whether to use existing balancing accounts and/or memorandum accounts for PIPP pilot cost recovery. PG&E, SDG&E, SCE and SoCalGas supported recording bill subsidies in the existing Residential Uncollectibles Balancing Accounts (RUBA) and implementation costs in the existing Residential Disconnections Memorandum Accounts (RDMA) ordered in D.20-06-003.[160] Cal Advocates commented that PIPP bill discounts are not uncollectibles and should not be included in the RUBA.[161] PG&E, SCE, and UCAN replied that bill subsidies should be recorded in a balancing account, not a memorandum account subject to a reasonableness review.[162]

The 2021 Straw Proposal Ruling requested comments on the following cost recovery provisions for the PIPP pilots:

- Authorize Public Purpose Programs Charge cost recovery for the pilot, without setting a precedent for potential program expansion.
- Utilities will record PIPP bill discounts in new PIPP Balancing Accounts.
- Utilities will record PIPP pilot implementation costs in new PIPP Memorandum Accounts.

[158] PG&E and SDG&E comments on March 19, 2021.

[159] SoCalGas comments on March 19, 2021.

[160] PG&E, SDG&E, SCE and SoCalGas comments on March 5, 2021.

[161] Cal Advocates comments on March 5, 2021.

[162] PG&E, SCE, and UCAN comments on March 19, 2021.

PG&E requested clarification that utilities may recover gas costs from all customers in transportation rates on an equal cents per therm basis. No party opposed this recommendation. We also note that this approach is consistent with the AMP Resolution.

SDG&E requested that the Commission clarify whether CARE customers will be exempted from pay for the PIPP pilots through the Public Purpose Programs Charge. SDG&E argued that if CARE customers are exempted from paying PIPP costs, then this exemption will be considered a discount for CARE calculation purposes and SDG&E will have to decrease the CARE discount for all CARE customers to maintain an average effective discount of 35% mandated by statute.[163] We clarify that CARE customers will not be exempted from paying for the PIPP pilots through the Public Purpose Programs Charge.

Most parties agreed that PIPP pilot administrative costs should be subject to Commission review for reasonableness. TURN recommended that the Commission authorize an administrative cost amount in this decision and direct utilities to record any excess costs in a memorandum account subject to a reasonableness review prior to recovery. TURN asserted that this approach would allow the utilities to launch pilots quickly.[164] PG&E replied in support of TURN's recommendation. SDGE and SCE supported Commission review of administrative costs through a memorandum account.

We expect that the administrative cost estimates provided by the utilities are significantly higher than what is necessary to implement these pilots. This decision streamlined the pilot program design in ways that we expect to

[163] SDG&E comments on July 9, 2021.

[164] TURN comments on July 9, 2021.

dramatically reduce administrative costs, including simplifying the bill caps and declining to adopt benefits caps. The simplified pilot designs will leverage CARE program processes, including income verification processes. Accordingly, we will not authorize specific administrative cost budgets in this decision. Instead, utilities will record all incremental administrative costs of the PIPP pilots in a PIPP memorandum account, subject to a reasonableness review by the Commission. Incremental administrative costs of the PIPP pilots are those costs that are incurred solely for the purpose of implementing the PIPP pilots and do not include costs that would have been incurred in the course of administering the CARE program or other existing responsibilities of the utilities or CCAs.

PG&E requested clarification that the new PIPP balancing accounts will be two-way balancing accounts, consistent with the recovery of CARE bill subsidies. No party objected. We will clarify that these accounts will be two-way balancing accounts.

In comments on the proposed decision, SCE requested clarification about utility co-funding of administrative costs for the third-party facilitator and evaluation contractor. We clarify that we expect each utility to pay its proportional share of the costs of the third-party facilitator and the evaluation contractor, based on its proportional share of the pilot participation cap. These costs will be considered recoverable administrative costs.

We conclude that it is reasonable to adopt the following cost recovery provisions for the PIPP pilots:

i. Utilities may recover electric costs through the Public Purpose Programs Charge, without setting a precedent for potential program expansion;

ii. Utilities will recover gas costs from all gas customers in transportation rates on an equal-cents-per-therm basis;

iii. Utilities will record bill discounts in new two-way PIPP Balancing Accounts;

iv. Utilities will record all incremental administrative costs in new PIPP Memorandum Accounts;

v. Utilities will establish the new PIPP Memorandum Accounts and PIPP Balancing Accounts in their PIPP Advice Letters; and

vi. CARE customers will not be exempted from paying the costs of the PIPP pilots.

## 13. Working Group

In D.20-06-003, the Commission considered establishing a PIPP working group to advise customer outreach and ongoing implementation matters.[165]

Throughout the PIPP Phase, parties recommended that the Commission delegate to a PIPP working group additional tasks, including advising on pilot design details and the pilot evaluation plan.[166] SCE noted that the AMP working group streamlined the implementation process by providing parties the opportunity to discuss and agree upon parameters prior to filing of implementation advice letters.[167] PG&E proposed hiring a third-party facilitator to coordinate the working group.[168]

The 2021 Straw Proposal Ruling requested party comments on the following working group proposal:

- The PIPP working group will advise on outreach and implementation issues, the evaluation plan, and the long-term program design, including funding sources for the program.

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[165] D.20-06-003 Working Group at 105-106.

[166] *See* January 2021 comments of CalCCA, CforAT/NCLC, PG&E, TURN and UCAN; February 2021 comments of PG&E and NRDC; and March 2021 comments of CforAT/NCLC, SDG&E, and UCAN.

[167] SCE comments on January 8, 2021.

[168] PG&E comments on January 22, 2021.

- The PIPP working group will include the utilities, CCAs, consumer advocates, and community-based organizations that conduct PIPP outreach.
- The utilities shall hire a third-party facilitator to coordinate the working group.
- The working group shall begin to convene within 60 days of the final decision.

In July 2021 comments, UCAN strongly supported the use of the working group to advise on the Evaluation Plan, and NCLC and CforAT strongly supported the use of a third-party facilitator to coordinate the working group.

PG&E proposed to convene the working group after the PIPP Advice Letters are due, arguing that there would not be any program design details to discuss before the advice letters since the decision will adopt the program design. However, we expect the working group to be helpful for discussing CCA implementation details and the eligible high disconnection rate zip codes prior to the filing of the PIPP Advice Letters. To expedite this process, we clarify that we do not expect the utility hiring the third-party facilitator to conduct a request for proposals to hire the third-party facilitator.

Therefore, we conclude that it is reasonable to adopt the following working group provisions for the PIPP pilots:

i. The PIPP working group will advise on CCA implementation, identification of eligible high disconnection rate zip codes, outreach, pilot implementation, the evaluation plan, and the long-term program design, including funding sources for the program;

ii. The PIPP working group will include the utilities administering the pilots, participating CCAs, consumer advocates, and community-based organizations contracted to conduct PIPP outreach;

iii. SCE shall hire a third-party facilitator to coordinate the working group; and

iv. The working group shall begin to convene within 60 days of the final decision.

## 14. Evaluation

### 14.1. Evaluation Questions

As discussed in Section 3 above, the goal of the PIPP pilot programs is to test whether a PIPP program can (i) reduce the number of low-income households at risk of disconnection, (ii) encourage participation in energy saving and energy management programs, (iii) increase access to essential levels of energy service, and (iv) control program costs.

In D.20-06-003, the Commission considered ordering utilities to submit PIPP annual reports with the following information:[169]

- Number of customers enrolled in the PIPP;
- Number of participants in each zip code;
- Number of customers entering the program with arrears;
- Average amount of arrears per customer with arrears;
- Number and percentage of customers that receive arrearage forgiveness; and
- Number and percentage of customers that reach three months, six months, nine months, and 12 months of consecutive on-time payments.

In January 2021 comments, parties proposed additional metrics for reporting and evaluation, including:

- Number of interested customers who were deemed ineligible;[170]

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[169] D.20-06-003 at 106.

[170] Cal Advocates comments on January 8, 2021.

- Number of participants concurrently enrolled in CARE;[171]
- Energy usage of participants compared with the previous year or a control group; [172]
- Number of participants eligible for disconnection compared with a control group;[173]
- Program costs;[174]
- Reduction of energy burdens of participants;[175]
- Amounts of arrearages and uncollectibles incurred during participation in the pilot compared with a control group; and [176]
- Participant responses to reverification.[177]

SCE also proposed that the evaluation assess the effectiveness of the pilot's bill cap levels and whether any subset of customers is more likely to succeed on a PIPP or benefit from a PIPP depending on its characteristics, such as income, climate zones, historical bill payments, past amount of outstanding arrears, energy usage and household size.

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171 Cal Advocates comments on January 8, 2021.

172 CalCCA, NCLC/CforAT and TURN comments on January 8, 2021.

173 CalCCA and TURN comments on January 8, 2021.

174 CalCCA and City and County of San Francisco comments on January 8, 2021.

175 NCLC/CforAT comments on January 8, 2021. (*See* also UCAN comments on January 4, 2021, which recommended a broader review of whether a PIPP is more effective as a means of ensuring that all Californians are ensured the basic level of utility service that is necessary to protect public health and safety as an alternative to existing programs.)

176 CalCCA and NCLC/CforAT comments on January 8, 2021. See also TURN comments on January 8, 2021, which recommended evaluating whether participants paid a higher or lower percentage of their bills.

177 SCE comments on January 8, 2021.

After review of additional party comments, the assigned ALJ requested party comments on the following questions to be addressed in the PIPP evaluation report:

- Did the pilot achieve its goals?
- How much did the pilot cost compared with estimates?
- How much did the pilot subsidies cost compared with CARE subsidies?
- What is the "net benefit" to a CARE customer of enrolling the PIPP vs. what they would have received under CARE alone?
- Did pilot participants avoid uncollectibles or arrearages compared with a control group?
- Was the marketing, education and outreach for the pilot effective?
- How did the pilot affect participant's energy usage behavior?
- How did the pilot affect enrollment in ESAP or LIHEAP?
- Was the program design easy to administer and to explain to participants?

Parties commented on this straw proposal in July 2021 comments. SoCalGas proposed asking whether the PIPP has prevented customers from forgoing necessary utility services because of financial hardship. NCLC and CforAT supported this recommendation. We will adopt this recommendation, which is consistent with the goals for the PIPP pilots.

UCAN recommended that the evaluation contractor create quantifiable metrics for success. We clarify that we expect the evaluation contractor to create quantifiable metrics for utilities' and CCAs' reports on the pilots, based on the evaluation questions we adopt in this decision. The timing of utility and CCA reports on pilot metrics is addressed in Section 7 above.

We conclude that it is reasonable to adopt the following questions for the PIPP evaluation report to address:

i. How much did pilot administration cost, compared with estimates?

ii. How much did the pilot subsidies cost, net of CARE subsidies?

iii. What is the "net benefit" to a CARE customer of enrolling in the PIPP vs. what they would have received under CARE alone?

iv. Did pilot participants avoid uncollectibles or arrearages compared with a control group?

v. Was the marketing, education and outreach for the pilot effective?

vi. How did the pilot affect participants' energy usage behavior?[178]

vii. How did the pilot affect enrollment in ESAP, LIHEAP, or other utility energy saving or energy management programs?

viii. Would including benefits caps advance the goals of the pilots? If so, how should these benefits caps be set?

ix. Did concurrent enrollment in AMP or other payment plan programs affect pilot participants' payment behavior?

x. Was the program design easy to administer and to explain to participants?

xi. Did the pilot increase access of participants to essential levels of utility services?

xii. Should the pilots be modified to achieve the goals established in this decision?

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[178] The evaluation report should include data on the number of PIPP participants who exceeded 400% of baseline usage and how many were removed from CARE and/or PIPP as a result.

xiii. Did the pilots achieve the goals established in this decision or show significant potential to achieve these goals with modifications?[179]

xiv. If so, how should the long-term program design be modified to best achieve the goals established in this decision?

In comments on the proposed decision, CalCCA expressed concerns about the ability of CCAs to timely file pilot reports, noting that the CCA may be dependent on receiving information from utilities prior to filing reports. However, we do not expect each CCA to be responsible for reporting information from the utility. We clarify that we expect the evaluation plan to include a division of responsibilities between utilities and CCAs for reporting on the PIPP pilot metrics.

### 14.2. Evaluation Process

We addressed the timing of the evaluation report and frequency of interim reports in Section 7 above. This section addresses the process for hiring and supervising an evaluation contractor.

Parties supported a robust evaluation process for the PIPP pilots. PG&E and NCLC/CforAT each proposed a third-party evaluation contractor for the pilots.[180] CalCCA and City and County of San Francisco each recommended stakeholder review as part of the evaluation process.[181]

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[179] In Section 7 above, we concluded that if the independent evaluation report finds that the pilots achieved the goals established in this decision or showed significant potential to achieve these goals with modifications, the utilities will file a joint application for a long-term PIPP program within 7 months of the completion of the PIPP evaluation report. The questions above directly address the individual goals we adopted for the pilots. This question is intended to address the broader question, and the outcome will determine whether utilities must file a joint application.

[180] January 2021 comments of PG&E and CforAT/NCLC.

[181] January 2021 comments of CalCCA and City and County of San Francisco.

Based on party comments, the 2021 Straw Proposal Ruling contemplated that (i) one utility shall conduct a Request for Proposals to hire an independent evaluator based on direction from the Energy Division, and (ii) the Energy Division will select and supervise the independent evaluator.

SCE objected to the straw proposal's approach to hiring and supervising the evaluation contractor, arguing that it raises legal concerns for the Commission to have control over an evaluator hired by a utility.[182] TURN replied in support of the straw proposal approach, asserting that it is common practice for the Commission to direct a utility to hire a contractor selected and supervised by the Energy Division to speed up the hiring process. TURN expressed suspicion about SCE's recommendation for the Commission to either contract with the evaluator itself or allow SCE to manage the evaluator.

We have directed utilities to manage solicitations for third-party contractors on behalf of the Commission to expedite the hiring process in previous decisions. For example, in D.17-12-022, the Commission (i) directed SCE to conduct a Request for Proposals process on behalf of the Commission to hire a statewide program administrator selected by the Commission's staff, and (ii) directed SDG&E to manage a Request for Proposals process for hiring an independent evaluation contractor selected by the Commission's staff.

While we did not adopt PG&E's recommendation in Section 7 (Pilot Duration and Timeline) above to onboard the evaluation contractor six months prior to the launch of the pilots, we agree that it is important to expedite the hiring of an evaluation contractor. Section 7 provides that the evaluation

[182] SCE comments on July 9, 2021.

contractor will be responsible for developing metrics for semi-annual utility reports. The first report is due seven months after the pilots launch.

PG&E also proposed that the Commission hire from the pool of energy efficiency evaluation contractors. NCLC and CforAT replied that the Commission should consider a larger pool of evaluation contractors, and to look for those with experience with low-income programs.[183] We agree that the pilot evaluation contractor should have experience with low-income programs.

We conclude that it is reasonable (i) to direct PG&E to conduct a Request for Proposals and enter into a contract with an evaluation contractor with experience evaluating low-income energy programs, based on direction from the Commission's Energy Division, within six months of this decision, and (ii) to authorize the Commission's Energy Division to select the evaluation contractor and approve key deliverables of the evaluation contractor, including the scope of work, the evaluation plan, the reporting metrics, and the evaluation report.

## 15. Need for Evidentiary Hearings

The PIPP Phase scoping memo requested briefs on whether any issues require an evidentiary hearing.

PG&E, SCE, SDG&E and SoCalGas filed opening briefs on December 4, 2020. Each of the utilities raised the potential for factual issues to arise that would warrant hearings but were unable to identify any specific issue requiring a hearing at the time of opening briefs.

CforAT, NCLC and TURN filed a joint reply brief on December 18, 2020. The joint parties replied that the utilities had multiple opportunities to identify disputed material facts that would warrant evidentiary hearings but did identify

[183] *See* July 2021 comments.

a single disputed fact. The joint parties argued that PG&E's and SCE's examples of potential disputed facts are policy issues, not factual issues.

PG&E and SCE filed surreply briefs on December 22, 2020. In these briefs, PG&E and SCE each clarified that their intention was to reserve the opportunity to request hearings in the future.

No party has requested evidentiary hearings since briefs were filed in December 2020. We conclude that no evidentiary hearings are needed for the PIPP Phase of this proceeding.

## 16. Comments on Proposed Decision

The proposed decision of ALJ Stephanie S. Wang in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code. Comments allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure were filed on September 22, 2021 byPG&E, SCE, SDG&E, SoCalGas, CforAT/NCLC, CalCCA and UCAN and reply comments were filed on September 27, 2021 by UCAN, CforAT/NCLC, SoCalGas, SDG&E, PG&E, TURN and CalCCA.

## 17. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Stephanie S. Wang is the assigned Administrative Law Judge in this proceeding.

## Findings of Fact

1. The overarching purpose of this proceeding is to adopt rules and policies that will reduce disconnections and improve reconnection processes and outcomes for disconnected customers.

2. Public Utilities Code Section 382(b) provides that the Commission shall ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures.

3. A PIPP program allows a participant to pay a predetermined affordable percentage of their monthly income toward their utility bill.

4. A PIPP program has the potential to reduce residential disconnections and energy burdens of low-income customers in California.

5. A PIPP program has the potential to advance the Commission's Environmental and Social Justice Action Plan.

6. A PIPP can make timely bill payments more achievable for customers who cannot afford their monthly bills with the support of existing assistance programs.

7. A PIPP can reduce the risk that low-income customers will fall into arrears and face recurring disconnections because current bills are not affordable in relation to their income levels.

8. Pilot participation caps should balance the need for sufficient data and controlling pilot program costs.

9. PIPP payments are scaled to a customer's income, so a PIPP is generally less advantageous to customers with higher incomes.

10. Limiting PIPP pilot eligibility to customers enrolled in CARE will expedite the launch of the pilots, allow utilities to leverage existing income verification processes, reduce administrative costs, and simplify customer education and outreach.

11. Leveraging the existing CARE income verification and reverification process for PIPP pilots will reduce administrative costs and avoid customer confusion.

12. Limiting PIPP pilot eligibility to the top 10 zip codes for recurring disconnections in each utility's service territory will likely result in an insufficient

number of eligible customers to support robust participation in the PIPP pilot programs.

13. The following eligibility criteria may be good indicators that a customer is likely to be at risk of recurring disconnections: (a) residing in one of the zip codes with the highest rate of recurring disconnections in a utility's service territory, or (b) having experienced two or more disconnections during the 12 months prior to the disconnections moratorium.

14. A utility can only provide a PIPP to a customer who is directly billed by the utility.

15. Including direct access customers in the utilities' PIPP pilots would add administrative complexity and is not necessary at this time.

16. Excluding the following categories of customers from the pilot would reduce administrative costs without significant impacts on pilot participation: customers who (i) do not have a SmartMeter, (ii) are currently billed through PG&E's Advanced Billing System, or (iii) are enrolled in any other pilot.

17. The benefits of CCA participation in the pilots outweigh the additional administrative costs.

18. Leveraging AMP implementation determinations and limiting pilot participation to CCAs that have experience participating in the AMP program will reduce the administrative complexity of allowing CCAs to participate in the PIPP pilots.

19. Twelve months of pilot data will be sufficient to capture seasonal differences in energy usage and bills.

20. The pilot should continue during the evaluation process and while the Commission considers a long-term program.

21. Establishing a standard set of monthly bill caps based on income tier and one household size category will make administration and enrollment easier while retaining the purpose of a PIPP.

22. As a result of aligning income eligibility requirements, a large portion of customers eligible for PIPP pilots are currently enrolled in the CARE program.

23. Some eligible participants may be currently enrolled in Medical Baseline, demand side management, solar or electric vehicle rates.

24. Implementing the bill cap as a line-item bill credit will simplify administration while protecting CARE participants from higher bills than they would have received without a PIPP.

25. Allowing PIPP pilot participants to remain on Net Energy Metering rates is administratively complex.

26. It would be administratively complex and expensive for PG&E to include in the pilot additional rates beyond the most commonly enrolled rates due to its need to implement the pilot with manual billing while upgrading its billing system.

27. When customers are served by two utilities for gas and electric service, their relative reliance on gas or electric service will vary by climate zone.

28. Barring concurrent enrollment in AMP and PIPP pilots could reduce pilot participation, prevent customers who need a PIPP the most from participating, or result in disconnections of PIPP pilot participants.

29. PG&E analyzed average incremental electric savings in 2020, above CARE discounts, for CARE customers in its proposed 20 high disconnection rate zip codes if a 4% PIPP bill cap applied, and found an average incremental PIPP monthly savings of $55 per month per customer.

## Conclusions of Law

1. It is reasonable to authorize and evaluate PIPP pilots before considering whether to authorize long-term PIPP programs.

2. It is reasonable to authorize pilot programs to test whether a PIPP program can (i) reduce the number of low-income households at risk of disconnection, (ii) encourage participation in energy saving and energy management programs, (iii) increase access to essential levels of energy service, and (iv) control program costs.

3. It is reasonable to adopt the following pilot participant caps that total 15,000 customers: PG&E 5,000; SoCalGas 5,000; SCE 4,000; and SDG&E 1,000.

4. It is reasonable to adopt the following target enrollment levels for each utility's pilot effective six months after pilot enrollment begins: PG&E 2,500; SoCalGas 2,500; SCE 2,000; and SDG&E 500.

5. It is reasonable to limit PIPP pilot eligibility to customers who are enrolled in the CARE program.

6. It is reasonable to adopt the following pilot income verification and reverification provisions:

   a. PIPP pilot participants must comply with CARE income verification and reverification rules;

   b. Any participant that is removed from the CARE program shall also be removed from the PIPP pilot;

   c. Participants who request a bill cap for 0-100% of Federal Poverty Guidelines must prove their income within 90 days or they will be moved to a bill cap for participants at 101-200% of Federal Poverty Guidelines;

   d. Participants who request a bill cap for 101-200% of Federal Poverty Guidelines will be subject to the CARE post-enrollment verification processes;

e. Participants will not be required to verify their income if they have verified their income for CARE within the past two years;

f. Utilities will contract with community-based organizations to provide upfront income verification services for PIPP pilots during pilot intake and enrollment if such community-based organizations currently provide upfront income verification services for CARE and/or ESAP; and

g. The PIPP pilots will rely on the CARE income reverification processes and will not have separate income reverification requirements.

7. It is reasonable to limit PIPP pilot eligibility to customers who either (i) are located in one of the zip codes with the highest rates of recurring disconnections prior to the disconnections moratorium, or (ii) have been disconnected 2 or more times during the 12 months prior to the disconnections moratorium.

8. Each utility should propose in its consolidated PIPP Advice Letter eligible zip codes with the highest rates of recurring disconnections based on utility data, with a sufficient number of CARE-eligible customers for utilities to meet target enrollment levels within 6 months after pilot enrollment begins.

9. It is reasonable to exclude from pilot participation (i) master-metered operators and their sub-metered tenants, (ii) direct access customers, (iii) customers who do not have a SmartMeter, (iv) customers are currently billed through PG&E's Advanced Billing System, and (v) customers who are enrolled in any other pilot.

10. If a customer moves within the same utility service territory (and establishes service at the new location within 30 days of terminating service at the previous location), they should remain enrolled in the pilot. Otherwise, the customer should be removed and should receive notice of how to apply to participate in the PIPP pilot in other service territories or their current service

territory if service is established at a new location more than 30 days from terminating service at the previous location.

11. The following provisions should apply to CCA participation.

    a. A CCA may participate in a utility's PIPP pilot if it is participating in AMP or has served notice of its intent to participate in AMP in accordance with AMP Resolution E-5114 as of the effective date of this decision.

    b. If a CCA in its service territory opts to participate, the utility will propose a CCA cost recovery proposal consistent with the AMP Resolution E-5114 in its PIPP Advice Letter.

    c. If a CCA in its service territory opts to participate, the utility will administer pilot enrollment, income verification, and billing. The utility will provide sufficient data to each participating CCA in weekly reports to facilitate CCA billing of pilot participants.

    d. CCAs who opt to participate in a utility's PIPP pilot must (i) notify the utility (with a copy to the service list of this proceeding) within 30 days of the effective date of this decision, (ii) participate in the PIPP working group, and (iii) jointly file with the applicable utility a Tier 3 advice letter within 120 days of the final decision to propose a target enrollment level, eligible high disconnection zip codes, a marketing, education and outreach plan, and a proposed budget.

    e. The CCA pilot participation target shall be proportional to the utility's participation cap (based on the CCA's projected share of customers in the utility's service territory) and shall count toward the utility's participation cap.

    f. CCAs may propose eligible high recurring disconnection rate zip codes within the CCA's service territory regardless of whether the utility proposes the same high disconnection rate zip codes.

12. It is reasonable to apply the PIPP bill cap to a customer's bill prior to calculating any third-party taxes, charges and fees.

13. It is reasonable to authorize a 48-month pilot period and the following pilot timeline:

    a. CCAs who opt to participate must notify the utility with a copy to the service list within 30 days of the final decision.

    b. Each utility will file a consolidated Tier 3 advice letter to implement its PIPP pilot within 120 days of the final decision.

    c. Each participating CCA will jointly file with the applicable utility a Tier 3 advice letter to participate in a utility's PIPP pilot within 120 days of the final decision.

    d. PG&E, SCE and SoCalGas will each commence PIPP pilot marketing, education, outreach and enrollment within 45 days of the approval of its PIPP implementation advice letter. SDG&E shall commence pilot marketing, education, outreach and enrollment on the later of July 1, 2022 or 45 days after the approval of its PIPP implementation advice letter.

    e. Each utility will enroll its target number of participants during first 6 months of its pilot.

    f. Each utility and participating CCA will file and serve a report with evaluation metrics covering the previous 6 months of pilot data within 7 months after the launch of the pilot and every 6 months thereafter. If there is any significant shortfall in enrollments below target enrollment levels, the utility or CCA will explain the shortfall and the plan to remedy the shortfall.

    g. The evaluation contractor will complete the PIPP evaluation report within 25 months after all PIPP implementation advice letters have been approved, based on at least the first 18 months of pilot data.

    h. If the PIPP evaluation report recommends modifications to the pilots to meet the goals established in this decision, the utilities will file Tier 2 advice letters to implement the modifications recommended by the PIPP evaluation report within 60 days of the completion of the report.

i. The PIPP working group will file and serve recommendations for the long-term program design within 4 months after the PIPP evaluation report is filed and served.

j. If the independent evaluation report finds that the pilots achieved the goals established in this decision or showed significant potential to achieve these goals with modifications, the utilities will file a joint application for a long-term Percentage of Income Payment Plan within 7 months after the PIPP evaluation report is filed and served.

14. It is reasonable to adopt monthly bill caps set at four percent of household income for both electricity and gas with the following standard assumptions: (i) household size of 3 people; (ii) reference income of 50% of Federal Poverty Guidelines for households with incomes between 0-100% of Federal Poverty Guidelines; and (iii) reference income of 150% of Federal Poverty Guidelines for households with incomes between 101-200% of Federal Poverty Guidelines.

15. It is reasonable to direct utilities to update bill caps annually to reflect current income guidelines, concurrently with CARE program income guideline updates, provided that bill caps will not be adjusted during the first six months after the pilots are launched.

16. Section 739.1(c)(1) does not prohibit CARE customers from concurrently participating in the PIPP pilot or require a reduction of the CARE discount.

17. The PIPP bill caps should be implemented as a line-item bill credit, and the bill credits should be either (a) the difference between the bill cap and the actual bill, or b) zero if the actual bill is lower than the bill cap.

18. It is reasonable to allow, but not require, utilities to limit pilot participation to customers enrolled in the most commonly enrolled residential rates.

19. It is reasonable to exclude customers on Net Energy Metering rates from participating in the pilots.

20. The bill caps should be split into separate bill caps for electric and gas service. Where customers are served by two utilities for electricity and gas, the utilities should include a joint proposal for splitting each bill cap between electric and gas for two different groups of climate zones in their PIPP Advice Letters. The split will be based on the average annualized CARE customer bill for electricity and gas in two categories of climate zones. Where a utility provides both electric and gas service, the utility will propose how to split each bill cap between electric and gas for two different groups of climate zones in its PIPP Advice Letter based on the average annualized CARE customer bill for electricity and gas in two categories of climate zones.

21. It is reasonable to require utilities to contract with community-based organizations that conduct ESAP and/or LIHEAP outreach to perform concurrent PIPP and ESAP/LIHEAP outreach.

22. The PIPP pilots should not include additional energy usage caps or benefits caps.

23. The PIPP evaluation report should address whether and how to set benefits caps to advance our PIPP goals.

24. It is reasonable to adopt the following missed payments and arrearages provisions for the pilots:

a. The PIPP pilots should rely on utilities' existing bill collection processes to address missed payments;

b. The PIPP bill caps should only apply to current charges and not past-due charges;

c. Utilities should allow concurrent enrollment in the PIPP pilots and the AMP program;

d. The utilities should track dual enrollment in AMP and PIPP for PIPP evaluation purposes; and

e. The PIPP evaluation should assess whether PIPP participants accrued fewer arrearages than a control group.

25. This decision does not modify AMP program rules.

26. It is reasonable to require each utility to include in its PIPP Advice Letter a marketing, education and outreach plan with the following components:

a. Contract with community-based organizations that serve eligible high disconnection rate zip codes and currently conduct outreach for ESAP and/or LIHEAP to conduct outreach, intake and enrollment for the pilots (and, if they currently conduct income verification for ESAP, to also conduct income verification at enrollment for the pilots);

b. Cooperate with participating CCAs;

c. Inform customers of the PIPP opportunity when conducting outreach for CARE, ESAP, AMP, or other payment plans;

d. Maintain a frequently asked questions section on the utility's website about participation in the utility's PIPP pilot;

e. Provide customers enrolled in a PIPP pilot with ongoing support;

f. Offer to enroll eligible customers in their PIPP pilot before disconnecting a customer;

g. Allow eligible customers the opportunity to enroll in the PIPP pilot when checking their account online or when communicating with a customer service representative; and

h. Offer all eligible customers the opportunity to enroll in the pilot program, including by an informational communication that directs customers to the designated community-based organization to receive more information. The communication should be available in languages appropriate for eligible high disconnection rate zip codes, as identified by the utility, the contracted community-based organizations, or the PIPP working group.

27. It is reasonable to expect that the actual administrative costs for the pilots will be closer to the low end of utilities' administrative cost estimates since this decision adopts several pilot design approaches to streamline administration.

28. It is reasonable to adopt the following cost recovery provisions for the PIPP pilots:

a. Utilities may recover electric costs through the Public Purpose Programs Charge, without setting a precedent for potential program expansion;

b. Utilities will recover gas costs from all gas customers in transportation rates on an equal-cents-per-therm basis;

c. Utilities will record bill discounts in new two-way PIPP Balancing Accounts;

d. Utilities will record all incremental administrative costs in new PIPP Memorandum Accounts;

e. Utilities will establish the new PIPP Memorandum Accounts and PIPP Balancing Accounts in their PIPP Advice Letters; and

f. CARE customers will not be exempted from paying the costs of the PIPP pilots.

29. It is reasonable to adopt the following working group provisions for the PIPP pilots:

a. The PIPP working group will advise on CCA implementation, identification of eligible high recurring disconnection rate zip codes, outreach, pilot implementation, the evaluation plan, and the long-term program design, including funding sources for the program;

b. The PIPP working group will include the utilities administering the pilots, participating CCAs, consumer advocates, and community-based organizations contracted to conduct PIPP outreach;

c. SCE shall hire a third-party facilitator to coordinate the working group; and

d. The working group shall begin to convene within 60 days of the effective date of this decision.

30. It is reasonable to adopt the following questions for the PIPP evaluation report to address:

a. How much did pilot administration cost, compared with estimates?

b. How much did the pilot subsidies cost, net of CARE subsidies?

c. What is the "net benefit" to a CARE customer of enrolling in the PIPP pilot vs. what they would have received under CARE alone?

d. Did pilot participants avoid uncollectibles or arrearages compared with a control group?

e. Was the marketing, education and outreach for the pilot effective?

f. How did the pilot affect participants' energy usage behavior?

g. How did the pilot affect enrollment in ESAP, LIHEAP, or other utility energy saving or energy management programs?

h. Would including benefits caps advance the goals of the pilots? If so, how should these benefits caps be set?

i. Did concurrent enrollment in AMP or other payment plan programs affect pilot participants' payment behavior?

j. Was the program design easy to administer and to explain to participants?

k. Did the pilot increase access of participants to essential levels of utility services?

l. Should the pilots be modified to achieve the goals established in this decision?

m. Did the pilots achieve the goals established in this decision or show significant potential to achieve these goals with modifications?

n. If so, how should the long-term program design be modified to best achieve the goals established in this decision?

31. It is reasonable (i) to direct PG&E to conduct a Request for Proposals and enter into a contract with an evaluation contractor with experience evaluating low-income energy programs, based on direction from the Commission's Energy Division, within six months of this decision, and (ii) to authorize the Commission's Energy Division to select the evaluation contractor and approve key deliverables of the evaluation contractor, including the scope of work, the evaluation plan, the reporting metrics, and the evaluation report.

32. No evidentiary hearings are needed for the PIPP Phase of this proceeding.

## O R D E R

**IT IS ORDERED** that:

1. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company are authorized to implement a Percentage of Income Payment Plan pilot program in accordance with Attachment A to this decision.

2. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall each file a Tier 3 Advice Letter within 120 days of the effective date of this decision to implement a Percentage of Income Payment Plan pilot program and establish the Percentage of Income Payment Plan memorandum account and balancing account.

3. An eligible Community Choice Aggregator who opts to participate in a utility's Percentage of Income Payment Plan (PIPP) pilot program shall (a) notify the applicable utility with a copy to the service list within 30 days of the effective date of this decision, (b) jointly file with the applicable utility a Tier 3 advice letter to participate in a utility's PIPP pilot program within 120 days of the effective date of this decision.

4. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall each commence marketing, education, outreach and enrollment for its Percentage of Income Payment Plan pilot within 45 days of the approval of its pilot implementation advice letter.

5. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, and each participating Community Choice Aggregator shall file and serve to the service list of this proceeding a report with evaluation metrics covering the previous six months of pilot data within seven months after the launch of the pilot and every six months thereafter. If there is any significant shortfall in enrollments below target enrollment levels, the utility or CCA shall explain the shortfall and the plan to remedy the shortfall.

6. The evaluation report for the pilot programs shall be completed and served on the service list of this proceeding within 25 months of the approval of the Percentage of Income Payment Plan pilot program advice letters.

7. If the evaluation report recommends modifications to the pilot programs, Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall each file a Tier 2 Advice Letter within 60 days of the service of the evaluation report to

implement the modifications recommended by the Percentage of Income Payment Plan pilot evaluation report.

8. If the pilot evaluation report finds that the pilots achieved the goals established in this decision or showed significant potential to achieve these goals with modifications, then (i) the pilot working group will file and serve recommendations for the long-term Percentage of Income Payment Plan (PIPP) program design within 4 months after the evaluation report is served, and (ii) Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall file a joint application for a long-term PIPP program within 7 months after the evaluation report is served, and shall serve a courtesy copy of the joint application to the service list of this proceeding.

9. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall each recover electric pilot costs through the Public Purpose Programs Charge and shall recover gas pilot costs from all gas customers in transportation rates on an equal-cents-per-therm basis.

10. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall each record pilot bill subsidies in its two-way Percentage of Income Payment Plan balancing account.

11. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall each record pilot all administrative costs in its Percentage of Income Payment Plan pilot memorandum account.

12. Southern California Edison Company shall hire a third-party facilitator to coordinate the pilot working group, which shall convene within 60 days of the effective date of this decision.

13. Pacific Gas and Electric Company (PG&E) shall conduct a Request for Proposals to hire an evaluation contractor for the pilots, based on direction by the California Public Utilities Commission's Energy Division, and shall contract with the evaluation contractor selected by Energy Division staff. PG&E shall record these costs in its Percentage of Income Payment Plan memorandum account. PG&E shall conclude the Request for Proposals process and shall enter into a contract with the chosen evaluation contractor within six months of the date of this decision.

14. Rulemaking 18-07-005 remains open.

This order is effective today.

Dated October 7, 2021, at San Francisco, California.

MARYBEL BATJER
President
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
DARCIE L. HOUCK
Commissioners

# Attachment A

Adopted Percentage of Income Payment Plan (PIPP) Pilot Programs

1. **Goal**. Test whether a PIPP program can (i) reduce the number of low-income households at risk of disconnection, (ii) encourage participation in energy saving and energy management programs, (iii) increase access to essential levels of energy service, and (iv) control program costs.
2. **Pilot Size**. Up to 15,000 customers may participate in the pilots. The following pilot participation caps will apply by utility: Pacific Gas and Electric Company (PG&E) 5,000; Southern California Gas Company (SoCalGas) 5,000; Southern California Edison Company (SCE) 4,000; and San Diego Gas & Electric Company (SDG&E) 1,000. Target enrollment levels for each utility's pilot effective six months after pilot enrollment begins: PG&E 2,500; SoCalGas 2,500; SCE 2,000; and SDG&E 500.
3. **Eligibility**.
   a. Limit to customers who are enrolled in the California Alternate Rates for Energy (CARE) program and who either (i) are located in one of the zip codes with the highest rates of recurring disconnections prior to the disconnections moratorium, or (ii) have been disconnected 2 or more times during the 12 months prior to the disconnections moratorium.
   b. Each utility should propose in its consolidated PIPP Advice Letter eligible zip codes with the highest rates of recurring disconnections based on utility data, with a sufficient number of CARE-eligible customers for utilities to meet target enrollment levels within 6 months after pilot enrollment begins.
   c. Exclude from pilot participation (i) master-metered operators and its sub-metered tenants, (ii) direct access customers, (iii) customers who do not have a SmartMeter, (iv) customers are currently billed through PG&E's Advanced Billing System, (v) customers who are enrolled in any other pilot, and (vi) customers enrolled in net energy metering rates.

d. If a customer moves within the same utility service territory (and establishes service at the new location within 30 days of terminating service at the previous location), they should remain enrolled in pilot. Otherwise, the customer should be removed and should receive notice of how to apply to participate in the PIPP pilot in other service territories or their current service territory if service is established at a new location more than 30 days from terminating service at the previous location.

e. Utilities may limit pilot participation to customers enrolled in the most commonly enrolled residential rates.

4. **Income eligibility verification.** (i) PIPP pilot participants must comply with CARE income verification and reverification rules; (ii) Any participant that is removed from the CARE program shall also be removed from the PIPP pilot; (iii) Participants who request a bill cap for 0-100% of Federal Poverty Guidelines must prove their income within 90 days or they will be moved to a bill cap for participants at 101-200% of Federal Poverty Guidelines; (iv) Participants who request a bill cap for 101-200% of Federal Poverty Guidelines will be subject to the CARE post-enrollment verification processes; (v) Participants will not be required to verify their income if they have verified their income for CARE within the past two years; (vi) Utilities will contract with community-based organizations to provide upfront income verification services for PIPP pilots during pilot intake and enrollment if such community-based organizations currently provide upfront income verification services for CARE and/or Energy Savings Assistance Program (ESAP); and (vii) The PIPP pilots will rely on the CARE income reverification processes and will not have separate income reverification requirements.

5. **Community Choice Aggregators (CCAs)**. The following provisions should apply to CCA participation:

a. A CCA may participate in a utility's PIPP pilot if it is participating in the Arrearages Management Plan (AMP) program or has served notice of its intent to participate in AMP in accordance with AMP Resolution E-5114 as of the effective date of this decision.

b. If a CCA in its service territory opts to participate, the utility will propose a CCA cost recovery proposal consistent with the AMP Resolution E-5114 in its PIPP Advice Letter.

c. If a CCA in its service territory opts to participate, the utility will administer pilot enrollment, income verification, and billing. The utility will provide sufficient data to each participating CCA in weekly reports to facilitate CCA billing of pilot participants.

d. CCAs who opt to participate in a utility's PIPP pilot must (i) notify the utility (with a copy to the service list of this proceeding) within 30 days of the effective date of this decision, (ii) participate in the PIPP working group, and (iii) jointly file with the applicable utility a Tier 3 advice letter within 120 days of the final decision to propose a target enrollment level, eligible high recurring disconnection rate zip codes, a marketing, education and outreach plan, and a proposed budget.

e. The CCA pilot participation target shall be proportional to the utility's participation cap (based on the CCA's projected share of customers in the utility's service territory) and shall count toward the utility's participation cap.

f. CCAs may propose eligible high recurring disconnection rate zip codes within the CCA's service territory regardless of whether the utility proposes the same high recurring disconnection rate zip codes.

6. **Taxes and fees**. Utilities will apply the PIPP bill cap to a customer’s bill prior to calculating any third-party taxes, charges and fees.

7. **Duration and timeline**. The pilot period will be 48 months.

    a. CCAs who opt to participate must notify the utility with a copy to the service list within 30 days of the final decision.

b. Each utility will file a consolidated Tier 3 advice letter to implement its PIPP pilot within 120 days of the final decision.
c. Each participating CCA will jointly file with the applicable utility a Tier 3 advice letter to participate in a utility's PIPP pilot within 120 days of the final decision.
d. PG&E, SCE and SoCalGas will commence PIPP pilot marketing, education, outreach and enrollment within 45 days of the approval of its pilot implementation advice letter. SDG&E shall commence pilot marketing, education, outreach and enrollment on the later of July 1, 2022 or 45 days after the approval of its PIPP implementation advice letter.
e. Each utility will enroll its target number of participants during first 6 months of pilot.
f. Each utility and participating CCA will file and serve a report with evaluation metrics covering the previous 6 months of pilot data within 7 months after the launch of the pilot and every 6 months thereafter. If there is any significant shortfall in enrollments below target enrollment levels, the utility or CCA will explain the shortfall and the plan to remedy the shortfall.
g. The evaluation contractor will complete the PIPP evaluation report within 25 months after all PIPP implementation advice letters have been approved, based on at least the first 18 months of pilot data.
h. If the PIPP evaluation report recommends modifications to the pilots to meet the goals established in this decision, the utilities will file Tier 2 advice letters to implement the modifications recommended by the PIPP evaluation report within 60 days of the completion of the report.
i. The PIPP working group will file and serve recommendations for the long-term program design within 4 months after the PIPP evaluation report is filed and served.

j. If the independent evaluation report finds that the pilots achieved the goals established in this decision or showed significant potential to achieve these goals with modifications, the utilities will file a joint application within 7 months after the PIPP evaluation report is filed and served.

8. **Bill caps**. Utilities will apply monthly bill caps set at 4% of household income for both electricity and gas with the following standard assumptions: household size of 3 people; reference income of 50% of Federal Poverty Guidelines for households with incomes between 0-100% of Federal Poverty Guidelines; and reference income of 150% of Federal Poverty Guidelines for households with incomes between 101-200% of Federal Poverty Guidelines.
   a. Utilities will update bill caps annually to reflect current income guidelines, concurrently with CARE program income guideline updates, provided that bill caps will not be adjusted during the first six months after the pilots are launched.
   b. The PIPP bill caps shall be implemented as a line-item bill credit, and the bill credits should be either (a) the difference between the bill cap and the actual bill, or b) zero if the actual bill is lower than the bill cap.
   c. The bill caps shall be split into separate bill caps for electric and gas service. Where customers are served by two utilities for electricity and gas, the utilities should include a joint proposal for splitting each bill cap between electric and gas for two different groups of climate zones in their PIPP Advice Letters. The split will be based on the average annualized CARE customer bill for electricity and gas in two categories of climate zones.
   d. Where a utility provides both electric and gas service, the utility will propose how to split each bill cap between electric and gas for two different groups of climate zones in its PIPP Advice Letter based on the average annualized CARE customer bill for electricity and gas in two categories of climate zones.

9. **Energy usage**. Utilities will contract with community-based organizations that conduct ESAP and/or Low-Income Home Energy Assistance Program (LIHEAP) outreach to perform concurrent PIPP and ESAP/LIHEAP outreach. The high usage rules of the CARE program will apply to PIPP participants.
10. **Missed payments and arrearages**. The PIPP pilots will rely on utilities' existing bill collection processes to address missed payments. The PIPP bill caps should only apply to current charges and not past-due charges. Utilities should allow concurrent enrollment in the PIPP pilots and the AMP program. This decision does not modify AMP program rules.
11. **Marketing, education and outreach**. Each utility will include in its PIPP Advice Letter a marketing, education and outreach plan with the following components:
    a. Contract with community-based organizations that serve eligible high recurring disconnection rate zip codes and currently conduct outreach for ESAP and/or LIHEAP to conduct outreach, intake and enrollment for the pilots (and, if they currently conduct income verification for ESAP, to also conduct income verification at enrollment for the pilots);
    b. Cooperate with participating CCAs;
    c. Inform customers of the PIPP opportunity when conducting outreach for CARE, ESAP, AMP, or other payment plans;
    d. Maintain a frequently asked questions section on the utility's website about participation in the PIPP;
    e. Provide customers enrolled in PIPP with ongoing support;
    f. Offer to enroll eligible customers in the PIPP before disconnecting a customer;
    g. Allow eligible customers the opportunity to enroll in PIPP when checking their account online or when communicating with a customer service representative; and
    h. Offer all eligible customers the opportunity to enroll in the program, including by an informational communication that directs customers to the

designated community-based organization to receive more information. The communication should be available in languages appropriate for eligible high recurring disconnection rate zip codes, as identified by the utility, the contracted community-based organizations, or the PIPP working group.

12. **Cost recovery**. Utilities may recover electric costs through the Public Purpose Programs Charge. Utilities will recover gas costs from all gas customers in transportation rates on an equal-cents-per-therm basis. Utilities will record bill discounts in new two-way PIPP Balancing Accounts and record administrative costs in new PIPP Memorandum Accounts. Utilities will establish the new PIPP Memorandum Accounts and PIPP Balancing Accounts in their PIPP Advice Letters. CARE customers will not be exempted from paying the costs of the PIPP pilots.
13. **Working group**. The PIPP working group will advise on CCA implementation, identification of eligible high recurring disconnection rate zip codes, outreach, pilot implementation, the evaluation plan, and the long-term program design, including funding sources for the program. The PIPP working group will include the utilities administering the pilots, participating CCAs, consumer advocates, and community-based organizations contracted to conduct PIPP outreach. SCE shall hire a third-party facilitator to coordinate the working group. The working group shall begin to convene within 60 days of the effective date of this decision.
14. **Evaluation report**. The evaluation report will address the following questions.
    a. How much did pilot administration cost, compared with estimates?
    b. How much did the pilot subsidies cost, net of CARE subsidies?
    c. What is the "net benefit" to a CARE customer of enrolling the PIPP vs. what they would have received under CARE alone?
    d. Did pilot participants avoid uncollectibles or arrearages compared with a control group?
    e. Was the marketing, education and outreach for the pilot effective?
    f. How did the pilot affect participants' energy usage behavior?

g. How did the pilot affect enrollment in ESAP, LIHEAP, or other utility energy saving or energy management programs?

h. Would including benefits caps advance the goals of the pilots? If so, how should these benefits caps be set?

i. Did concurrent enrollment in AMP or other payment plan programs affect pilot participants' payment behavior?

j. Was the program design easy to administer and to explain to participants?

k. Did the pilot increase access of participants to essential levels of utility services?

l. Should the pilots be modified to achieve the goals established in this decision?

m. Did the pilots achieve the goals established in this decision or show significant potential to achieve these goals with modifications?

n. If so, how should the long-term program design be modified to best achieve the goals established in this decision?

15. **Evaluation contractor**. PG&E will conduct a Request for Proposals and enter into a contract with an evaluation contractor with experience evaluating low-income energy programs, based on direction from the Commission's Energy Division, within six months of this decision. The Commission's Energy Division will select the evaluation contractor and approve key deliverables of the evaluation contractor, including the scope of work, the evaluation plan, the reporting metrics, and the evaluation report.

**(END OF ATTACHMENT A)**