

Decision 22-08-037 August 25, 2022

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

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

Rulemaking 18-07-005

**PHASE 1-A DECISION ESTABLISHING RESIDENTIAL  
DISCONNECTION PROTECTIONS FOR SMALL AND  
MULTI-JURISDICTIONAL UTILITIES**

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### **Attachment A – SMJU Quarterly Reporting on Disconnections and Arrearages**

**PHASE 1-A DECISION ESTABLISHING RESIDENTIAL  
DISCONNECTION PROTECTIONS FOR SMALL AND  
MULTI-JURISDICTIONAL UTILITIES**

**Summary**

On June 11, 2020, the Commission issued Decision (D.) 20-06-003, which adopted near-term reforms to reduce residential customer disconnections and improve reconnection processes for disconnected customers served by the large investor-owned utilities.

In Phase 1-A of this proceeding, the Commission considered whether to apply the Phase 1 requirements to the small and multi-jurisdictional utilities (SMJUs). SMJUs provided data that showed substantial increases in total arrearages and customers in arrears for the California customers of Southwest Gas Company, Liberty Utilities LLC, Bear Valley Electric Service, PacifiCorp, and West Coast Gas Company, Inc.

This decision orders Southwest Gas Company, Liberty 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. to implement the following residential customer protections and reporting requirements to reduce disconnections and ease reconnections of residential service:

- (a) Establishes a residential disconnections rate cap for each small and multi-jurisdictional utility based on its average disconnection rate between 2017 through 2019.
- (b) Adopts residential customer protections arising from D.18-12-013 and Ordering Paragraph 1 of D.20-06-003, including severe weather safety provisions.
- (c) Prohibits establishment of credit deposits for new residential service and reestablishment of residential service deposits.

- (d) Prohibits residential reconnection fees.
- (e) Adopts policies for investigations into whether a customer was previously benefiting from a utility service.
- (f) Allows physician assistants and nurse practitioners to certify that a customer qualifies for medical baseline, and allows qualified medical professionals to e-sign applications for the medical baseline program.
- (g) Requires these utilities to provide quarterly reports on residential arrears and disconnections data for two years following this decision.

This decision also allows the small and multi-jurisdictional utilities to establish a two-way balancing account for recovery of uncollectible charges and a memorandum account to track the administrative costs of this decision. The memorandum account will be subject to review for reasonableness of the administrative costs in the SMJUs' next General Rate Case cycle or other appropriate ratesetting venue.

This decision concludes Phase 1-A of this proceeding. This rulemaking remains open for Phase 2, which will consider additional residential disconnection reforms and preventative approaches.

## **1. Background**

### **1.1. Phase 1-A Procedural Background**

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

On July 12, 2018, the Commission opened this rulemaking to address the 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.

Phase 1 of this proceeding addressed immediate or near-term reforms to reduce residential customer disconnections and improve reconnection processes for disconnected customers of large investor-owned utilities. A prehearing conference for Phase 1 was held on August 15, 2018, and a Scoping Memo was issued on September 13, 2018. On December 13, 2018, the Commission issued Decision (D.) 18-12-013 (Interim Decision), which established among other things, immediate interim rules to reduce residential disconnections for 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) (collectively, the Large Utilities).

On June 11, 2020, the Commission issued D.20-06-003, which adopted immediate reforms to reduce residential customer disconnections and improve reconnection processes for disconnected customers served by the Large Utilities and completed Phase 1 of this proceeding. D.20-06-003 created the Arrearages Management Plan program, which provides bill debt forgiveness for residential customers that make on-time bill payments, and created a new phase of the proceeding to consider Percentage of Income Payment Plan (PIPP) pilots.

On October 7, the Commission adopted D.21-10-012, which ordered the Large Utilities to implement 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.

In D.18-12-013, D.20-06-003, and D.21-10-012, the Commission exempted small and multijurisdictional utilities (SMJUs)<sup>1</sup> from the near-term reforms and programs to reduce residential disconnections and improve reconnection processes for disconnected customers that had been mandated for the Large Utilities. This Phase 1-A decision will address near-term reforms and programs for SMJUs.

The Commission held a prehearing conference for Phase 1-A on March 8, 2019 and issued a scoping memo for Phase 1-A on April 5, 2019. The Assigned Commissioner issued an amended scoping memo for Phase 1-A on March 15, 2021.

The assigned Administrative Law Judge (ALJ) issued a ruling on November 10, 2021 to request comments on Phase 1-A issues (2021 Ruling). Parties filed comments on December 13, 2021 and reply comments on January 14, 2022. The assigned ALJ issued a ruling on March 4, 2022, to direct Southwest Gas Company (Southwest Gas), Liberty Utilities LLC (Liberty Utilities), Bear Valley Electric Service (Bear Valley), PacifiCorp, Alpine Natural Gas Operating Company (Alpine Gas), and West Coast Gas Company, Inc. (West Coast Gas) to provide additional information (2022 Ruling). Comments were due on April 8, 2022<sup>2</sup> and replies were due on April 22, 2022.

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<sup>1</sup> 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.

<sup>2</sup> West Coast Gas late filed its 2022 Ruling comments on May 6, 2022. Alpine Gas late filed its 2022 Ruling comments on May 19, 2022.

This proceeding will remain open for Phase 2, which will consider additional reforms and preventative measures for reducing the disconnection rate for residential gas and electric disconnections.

## **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 which ordered immediate protections for residential and small commercial customers. On March 19, 2020, Governor Newsom issued 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,

including SMJUs, to automatically provide all residential customers long-term payment plans to pay off their energy bill debt. SMJUs may provide customers a minimum of eight months to pay off their debt. In D.22-04-037, the Commission established a process for developing a Community Based Organization Case Management Pilot Program to reduce arrearages associated with the COVID-19 pandemic and closed R.21-02-014.

## **2. Issues Before the Commission**

In accordance with the amended Phase 1-A scoping memo, the issues before the Commission are as follows:

- i. Should the rules, consumer protections, and AMP program set forth in D.20-06-003 be applicable to the SMJUs?
- ii. If it is determined that the rules, consumer protections, and AMP program set forth in D.20-06-003 is applicable, should the rules, consumer protections and the AMP program be modified to account for any unique circumstances that the SMJUs may encounter in their service territories?
- iii. Should the Commission establish separate or different PIPP pilots for the SMJUs?
- iv. Are there any safety issues which the Commission should consider in Phase 1-A?

## **3. Rules and Consumer Protections from D.20-06-003**

The 2021 Ruling requested party comments on whether to apply each of the consumer protections and rules from D.20-06-003 to the SMJUs.

Generally, in comments on the 2021 Ruling, the SMJUs asserted that they serve only a small fraction of the customers in California that the Large Utilities serve. Southwest Gas agreed that some of the rules and consumer protections from D.20-06-003 are appropriate for SMJUs, but argued that other requirements from D.20-06-003 are prohibitively expensive to implement in light of its small



California ratepayer base, including the AMP and the prohibition on deposits and reconnection fees. In contrast, the California Association of Small and Multi-jurisdictional Utilities (CASMU)<sup>3</sup> opposed every requirement of D.20-06-003, arguing that SB 598 does not apply to SMJUs, and that each of the requirements of D.20-06-003 are duplicative of the utilities' existing processes, are prohibitively costly or time-consuming to implement in light of its members' small California ratepayer bases and few staff dedicated to California customers, or should be considered in other proceedings.

Utility Consumers' Action Network (UCAN) responded that each of the SMJUs can afford to implement disconnection consumer protections since each utility is either a large multi-jurisdictional company, or in the case of Bear Valley, has a large holding company. UCAN asserted that all Californians with low incomes need disconnections protections regardless of their location.

The Commission's Public Advocates Office (Cal Advocates) similarly urged the Commission to apply all of the customer protections adopted in D.20-06-003. Cal Advocates argued that the size of arrearages many SMJU customers currently face emphasizes the importance of the D.20-06-003 customer protections in limiting disconnections. Cal Advocates asserts that from March 2020 to February 2021, residential arrears for Liberty Utilities increased from \$177,931 to \$978,204 (a 450% increase) and PacifiCorp arrears increased from \$1,481,413 to \$2,677,704 (an 81% increase). Cal Advocates also urged the Commission to require detailed monthly reports in light of the impacts of the COVID-19 pandemic and disconnections moratorium on arrearages.

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<sup>3</sup> CASMU filed comments on behalf of Bear Valley Electric Service, Liberty Utilities (CalPeco Utilities) LLC, and PacifiCorp.

National Consumer Law Center and the Center for Accessible Technology (NCLC/CforAT) jointly replied to 2021 Ruling comments with a guiding principle for balancing concerns for customers at risk of disconnection with the potential costs of disconnection protections for other ratepayers in the SMJU territories. NCLC/CforAT generally supported adoption of the Phase 1 consumer protections that do not require extensive or expensive up-front work by SMJUs to implement, specifically capping disconnections at pre-pandemic rates, adopting the other Ordering Paragraph (OP) 1 requirements, and eliminating deposits and reconnection fees.

Similarly, TURN strongly recommended adopting disconnection caps for SMJUs and the prohibition on deposits and reconnection fees in its reply to 2021 Ruling comments.

When determining whether to apply each of the policies and rules the Commission adopted in D.20-06-003, the Commission must balance the expected benefits to residential customers at risk of disconnection in SMJU territories with the expected rate impacts for all customers in SMJU territories. Further, the Commission should prioritize applying to SMJUs the Phase 1 disconnection protections with reasonable implementation costs compared with benefits to customers at risk of disconnection.

The 2022 Ruling requested additional information from SMJUs about customer arrearages and estimated costs and rate impacts for implementing the requirements of D.20-06-003. The subsections below address each of the policies and programs the Commission adopted in D.20-06-003, including safety issues where applicable.

### 3.1. Cap Residential Disconnections

Ordering Paragraph (OP) 1 of D.20-06-003 established residential disconnection caps for each of the Large Utilities based on the recorded percentages of disconnections in 2017 for each respective utility. The adopted disconnection caps for SCE decline from 8% in 2020 to 4% in 2024.

**Table 1: Large Utilities' Residential Disconnection Caps**

Target Date	PG&E	SDG&E	SCE	SoCalGas
07/01/2020	4%	3%	8%	2%
01/01/2021	4%	3%	7%	2%
01/01/2022	4%	3%	6%	2%
01/01/2023	3.5%	3%	5%	2%
01/01/2024	3.5%	3%	4%	2%

The Commission explained its rationale for designing the Large Utilities' disconnection caps as individual caps at or below 4% reflecting a 2017 baseline.

Until recently, disconnections have been rising. We believe that action needs to be taken to ensure that disconnection rates do not increase again in the future. SB 598 has tasked the Commission with reducing the disconnection rate no later than January 1, 2024. Since SB 598 was signed into law in 2017, it makes practical sense to use that year as the baseline, additionally, 2017 is the year used in the interim decision. We decline the suggestion that the caps be a statewide goal rather than each individual IOU. We also reject any suggestion that the 2024 target rates be above 3.5 percent to 4 percent. Ideally, the Commission would like to strive for a disconnection rate of zero. However, setting the disconnection rates below 4 percent in 2024 is a good first start at curbing the increasing disconnection rates.<sup>4</sup>

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<sup>4</sup> D.20-06-003 at 30.

The 2022 Ruling requested data from the SMJUs regarding current and past residential arrearages and disconnection rates. The charts and tables below summarize key data from the SMJUs' opening comments on the 2022 Ruling.

**Table 2: Total Dollar Amount of SMJU Residential Customer Arrears**

	Southwest Gas	PacifiCorp	Bear Valley	Liberty	West Coast Gas	Alpine Gas
2018	\$2,384,173	Unavailable	\$135,048	Unavailable	\$159	\$31,883
2019	\$2,727,945	Unavailable	\$126,496	\$26,530	\$134	\$37,506
2020	\$4,147,489	\$2,080,698	\$431,322	\$561,446	\$7,685	\$34,590
2021	\$11,950,742	\$3,682,249	\$911,240	\$1,611,464	\$11,220	\$36,615

**Table 3: Number of Unique SMJU Residential Customer in Arrears**

	Southwest Gas	PacifiCorp	Bear Valley	Liberty	West Coast Gas	Alpine Gas
December 31, 2018	25,039	Unavailable	1,765	Unavailable	6	247
December 31, 2019	25,813	Unavailable	1,642	455	6	319
December 31, 2020	29,669	5,608	2,199	1,637	51	203
December 31, 2021	50,315	6,092	2,425	2,335	62	171

**Table 4: Average Arrearage per Residential Customer in Arrears  
(Divided Table 2 by Table 3)**

	Southwest Gas	PacifiCorp	Bear Valley	Liberty	West Coast Gas	Alpine Gas
2018	\$95	Unavailable	\$77	Unavailable	\$26	\$129
2019	\$106	Unavailable	\$77	\$58	\$22	\$118
2020	\$140	\$371	\$196	\$343	\$151	\$170
2021	\$238	\$604	\$376	\$690	\$181	\$214

**Table 5: Residential Disconnection Rates<sup>5</sup>**

	Southwest Gas	PacifiCorp	Bear Valley	Liberty	West Coast Gas	Alpine Gas
2017	4.27%	1.72%	2.26%	2.10%*	3.15%	0.19%
2018	3.72%	1.90%*	1.74%	2.00%*	3.46%	0.00%

<sup>5</sup> Table 4 includes SMJU disconnection rates that were reported in CASMU's opening comments on the 2022 Ruling and in the 2020 Senate Bill 598 Report.

2019	3.13%	3.60%*	3.60%	1.90%*	2.60%	0.24%
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The data shows that total arrearage amounts and the number of customers in arrears has risen substantially for Southwest Gas, PacifiCorp, Bear Valley, Liberty Utilities, and West Coast Gas during the disconnections moratorium. Neither total arrearage amounts nor the number of customers in arrears rose significantly for Alpine Gas in 2020 or 2021.

All parties, other than CASMU and West Coast Gas, supported residential disconnection caps for SMJUs. Cal Advocates and TURN each argued that the Commission must establish caps to prevent unreasonable increases in SMJU disconnection rates since the SMJU responses to the 2022 Ruling indicate that disconnection rates could increase dramatically in certain SMJU territories absent caps.<sup>6</sup>

CforAT/NCLC and Southwest Gas also supported disconnection caps for SMJUs. Southwest Gas provided an estimate for implementing a disconnections cap that did not include administrative costs.<sup>7</sup> CforAT/NCLC argued that disconnection caps will reduce disconnection rates without extensive or expensive up-front work to put in place.<sup>8</sup> No party contradicted this argument. We agree that residential disconnection rate caps are likely to reduce residential disconnection rates without significant administrative costs.

Southwest Gas expressed its willingness to keep residential disconnections at or below its 2018 rate (3.72%). Southwest Gas estimated that the cost of implementing its proposed disconnections cap for one year, based on data for the

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<sup>6</sup> Cal Advocates reply 2022 ruling and TURN reply 2022 ruling.

<sup>7</sup> Southwest Gas opening comments on 2022 ruling.

<sup>8</sup> CforAT/NCLC reply comments 2021 ruling.

12-month period ending October 31, 2021, would be \$775,567. Southwest Gas estimated that the rate impact of its proposed disconnections cap would be \$0.00737, \$0.00200, and \$0.00119 per therm for Southern California, Northern California, and South Lake Tahoe, respectively.<sup>9</sup> No party asserted that Southwest Gas' estimated costs or rate impacts for its proposed cap are unreasonably high.

Similarly, Alpine Gas expressed its willingness to cap its disconnections rate for non-payment at the 2018 level of 0%.<sup>10</sup>

CASMU opposed applying disconnection caps to SMJUs, arguing that the CASMU utilities have historically had low disconnection rates, and the rate impact of imposing a cap based on a baseline year such as 2017 or 2018 would be too high. CASMU further argued that if the Commission decides to impose caps, the caps should decline over a five-year period in accordance with the caps imposed on the Large Utilities in D.20-06-003. TURN opposed CASMU's argument, asserting that due to the disconnections moratorium, the disconnections rate for SMJUs has been zero and therefore it is not necessary to establish caps that start from a higher disconnection rate. West Coast Gas also opposed disconnection caps.<sup>11</sup>

None of the CASMU utilities nor West Coast Gas provided cost estimates or rate impact estimates for applying disconnection caps. However, we recognize that applying a disconnection cap could result in significant burdens on other ratepayers, since the costs of a cap will be borne by ratepayers through utility

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<sup>9</sup> Southwest Gas opening comments on 2022 ruling.

<sup>10</sup> Alpine Gas opening comments on 2022 ruling.

<sup>11</sup> West Coast Gas opening comments on 2022 Ruling.

recovery of increased uncollectibles, except to the extent that state or federal funding is available to cover these costs.

The Commission finds that establishing a disconnections rate cap for each SMJU is an efficient way to prevent an unreasonable rate of disconnections without significant administrative costs. Southwest Gas' estimates of costs and rate impacts for its proposed cap indicate that establishing a disconnections rate cap at an appropriate level can sufficiently mitigate the impact of the cap on SMJU ratepayers.

Further, on June 30, 2022, Governor Newsom signed into law Assembly Bill 205, which includes nearly \$1.2 billion in additional funding for the California Arrearages Payment Program (CAPP). The CAPP was established in the 2021-22 state budget and previously awarded \$1 billion to California energy utilities prior to January 31, 2022, to address California customer bill arrearages accrued between March 4, 2020 and June 15, 2021.

**Table 6: Impact of CAPP on energy arrearages  
accrued before June 15, 2021<sup>12</sup>**

	Southwest Gas	PacifiCorp	Bear Valley	Liberty
Arrears before CAPP Award (A)	\$10,271,607	\$3,610,572	\$709,455	\$1,748,28
CAPP Award (B)	\$4,645,762	\$1,633,140	\$321,068	\$790,857
Remaining Arrears after CAPP Award (C)=(A)-(B)	\$5,625,845	\$1,977,432	\$388,387	\$957,430

In D.20-06-003, the Commission established disconnection caps with the premise that disconnection rates of 3.5% to 4% are reasonable although not ideal.

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<sup>12</sup> Data source: <https://www.csd.ca.gov/Pages/CAPP-Dashboard.aspx>

The rate caps for the Large Utilities vary by utility and decline over time for two of these utilities.

The purpose of establishing a disconnections rate cap for each of the SMJUs is different than the original purpose of the Large Utilities' disconnection caps. In D.20-06-003, the Commission sought to reverse a trend of rising disconnections for two of the Large Utilities. The current situation is quite different. While several parties argued that caps are needed to address the growth of SMJU arrearages during the moratorium, no party asserted that SMJU caps are needed to address a trend of rising disconnections prior to the moratorium.

The SMJU disconnection rate caps should be designed to prevent an unreasonable increase in disconnections compared with the period prior to the moratorium. The SMJU caps should be based on the 3-year average of disconnection rates for each SMJU between 2017 and 2019 to account for normal fluctuations in disconnections prior to the moratorium. It is reasonable for the Commission to adopt the SMJU disconnection rate caps in Table 6 below.

**Table 7: SMJU Adopted Disconnection Rate Caps  
Based on 2017-2019 Rates**

	Southwest Gas	PacifiCorp	Bear Valley	Liberty	West Coast Gas	Alpine Gas
3-yr average of disconnection rates (2017-2019)	3.71%	2.41%	2.53%	2.00%	3.07%	0.14%
Adopted disconnection rate caps (rounded 3-yr average)	3.5%	2.5%	2.5%	2.0%	3.0%	0.5%



The 2022 Ruling also requested comments on whether to apply to SMJUs the “rolling cap” methodology for applying the Large Utilities’ residential disconnection caps.<sup>13</sup>

Southwest Gas proposed the following alternate methodology. At the end of a given year, each SMJU will determine the total number of its California customers and then apply the disconnections cap amount. For example, if at the end of 2022, Southwest Gas had 200,000 customers and a cap rate of 3.72%, then Southwest Gas could disconnect no more than 7,440 customers for 2023. Southwest Gas asserted that this annualized method would provide SMJUs with the necessary flexibility to account for seasonal fluctuations, work force constraints, and other variables.<sup>14</sup> No party opposed this proposal.

Southwest Gas’ proposed methodology for applying the disconnections cap is reasonable for SMJUs, which have fewer staff that serve California customers than the Large Utilities and require a simple method for applying the cap. The Commission concludes that each SMJU should apply its disconnections rate cap by filing a Tier 1 Advice Letter with the following information within 30 days of the effective date of this decision and by February 1<sup>st</sup> each calendar year thereafter: (i) the total number of its California customers during the previous calendar year, (ii) the number of California customers it may disconnect during the current calendar year, calculated as the product of its disconnections rate cap and the total number of its California customers during the previous calendar year, and (iii) the number of California customers it disconnected

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<sup>13</sup> D.20-06-003 at Appendix 1.

<sup>14</sup> Southwest Gas opening comments on 2022 ruling.

during the previous year, compared with the number of California customers it was permitted to disconnect during the previous year.

### **3.2. Rules Based on D.18-12-013 Interim Rules**

In addition to capping disconnections for Large Utilities, OP 1 of D.20-06-003 adopted the following long-term rules for addressing disconnections based on the interim rules adopted in D.18-12-013:

- (a) Residential customers shall not be disconnected for nonpayment if they qualify for medical baseline and the customer agrees to a 12-month payment plan.
- (b) Residential customers shall not be disconnected for nonpayment until the utility offers to enroll eligible customers in all applicable benefit programs administered by the utility. The utility is not required to make affirmative inquiry of every residential household as to whether they are enrolled in all applicable benefit programs. If the utility has discussions with a residential customer prior to disconnection, however, that utility shall have a duty to inquire if the customer is interested in hearing about the applicable benefit programs. Residential customers must enroll in the applicable benefit program within two billing cycles of being made aware of the applicable benefit programs.
- (c) Prior to disconnecting any residential customer, the utility shall offer the residential customer a 12-month payment plan. The utility shall not disconnect any residential customer who is on a 12-month payment plan and is current on both monthly bills and the 12-month payment plan.
- (d) Residential customers shall not be disconnected if they currently have a Low-Income Home Energy Assistance Program pledge pending.
- (e) Residential customers shall not be disconnected when temperatures above 100 degrees or below 32 degrees are forecasted based on a 72-hour look-ahead period. Each

utility may continue to use its own internal weather monitoring systems for meeting this requirement.

Most parties supported the application of these OP 1 rules to the SMJUs.<sup>15</sup> Southwest Gas commented that it would need sufficient time to adopt these rules.<sup>16</sup>

CASMU generally argued that it is not necessary for the Commission to apply these rules to SMJUs since its member utilities have already adopted policies similar to these requirements.<sup>17</sup>

NCLC/CforAT replied that it is important to ensure that these consumer protections are adopted and cannot be discontinued at the sole discretion of a utility. NCLC/CforAT assert that these protections are critical to protect customer safety.<sup>18</sup> We agree that basic customer protections must be requirements, not optional, and that the severe weather provisions and medical customer protections of OP 1 are essential for protecting customer safety.

The Commission should require each of the SMJUs to apply each of the rules arising from D.18-12-013 in OP 1 of D.20-06-003 within 90 days of this decision.

In comments on the proposed decision, Southwest Gas and CASMU raised concerns about the prohibition against disconnecting residential customers with a Low-Income Home Energy Assistance Program pledge pending where a customer would have a remaining balance. Southwest Gas proposed that these residential customers should not be disconnected if they agree to be placed on a

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<sup>15</sup> Opening comments on the 2021 Ruling by Cal Advocates and Southwest Gas, and reply comments on the 2021 Ruling by TURN, NCLC/CforAT, and UCAN.

<sup>16</sup> Southwest Gas' opening comments on the 2021 Ruling.

<sup>17</sup> CASMU's opening comments on the 2021 Ruling.

<sup>18</sup> NCLC/CforAT reply comments on the 2021 Ruling.

payment plan for any remaining balance. This approach is reasonable.

Residential customers should not be disconnected if they currently have a Low-Income Home Energy Assistance Program pledge pending and if they agree to be placed on a 12-month payment plan for any remaining balance.

### **3.3. Deposits and Fees**

In OP 8 and 9 of D.20-06-003, the Commission prohibited the Large Utilities from requiring any residential customers to pay establishment of credit deposits for new service or reestablishment of service deposits for any reestablishment of service. In OP 16, the Commission prohibited Large Utilities from charging fees for reconnecting service.

In comments on the 2021 ruling, TURN, NCLC/CforAT, and UCAN each strongly supported prohibiting SMJUs from charging residential customers deposits or reconnection fees.

NCLC/CforAT asserted that deposits and reconnection fees are “punitive charges” that “compound the difficulty facing customers who are at greatest risk.”<sup>19</sup> TURN agreed, arguing that NCLC presented evidence throughout the proceeding to show that the most economically and medically vulnerable households are the least able to afford fees and deposits.<sup>20</sup>

CASMU and Southwest Gas opposed these prohibitions, arguing that the prohibitions would result in higher costs for other ratepayers.<sup>21</sup> In response to the 2022 ruling, Southwest Gas estimated eliminating residential deposit

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<sup>19</sup> NCLC/CforAT reply comments on the 2021 Ruling.

<sup>20</sup> TURN reply comments on the 2021 Ruling.

<sup>21</sup> CASMU and Southwest Gas opening comments on the 2021 Ruling.

requirements would have cost \$473,131 and eliminating residential reconnection fees would have cost \$149,338 in 2021.<sup>22</sup>

West Coast Gas responded that it does not require deposits and that the estimated annual costs of eliminating reconnection fees is \$1,492.<sup>23</sup> Alpine Gas commented that it does not currently collect deposits from customers and has only charged \$100 in reconnection fees over the last four years.<sup>24</sup>

The CASMU utilities did not provide cost estimates for eliminating residential deposits and reconnection fees in response to the 2022 Ruling. The cost estimates provided by Southwest Gas for eliminating deposits and reconnection fees did not include administrative costs.<sup>25</sup> No party asserted that implementing these prohibitions would involve significant administrative costs.

TURN and Cal Advocates asserted that Southwest Gas' estimated costs for eliminating deposits and reconnection fees are not high enough to justify the potential adverse effect to vulnerable customers of not applying this requirement on SMJUs.<sup>26</sup>

The Commission finds that the estimated costs of eliminating residential deposits and reconnection fees are not high enough to outweigh the potential harm to customers who have been disconnected if the Commission does not apply this requirement to SMJUs.

It is reasonable to prohibit the SMJUs from (a) requiring any residential customer to pay an establishment of credit deposit for new service or a

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<sup>22</sup> Southwest Gas opening comments on the 2022 Ruling.

<sup>23</sup> West Coast Gas opening comments on the 2022 Ruling.

<sup>24</sup> Alpine Gas opening comments on the 2022 Ruling.

<sup>25</sup> Southwest Gas opening comments on the 2022 Ruling.

<sup>26</sup> TURN and Cal Advocates reply comments on the 2022 Ruling.

reestablishment of service deposit for any reestablishment of service or  
(b) charging a residential customer a fee for reconnecting service.

### **3.4. Arrearage Management Plan**

In OPs 52 through 88 of D.20-06-003, the Commission ordered the Large Utilities to offer an Arrearage Management Plan (AMP) to eligible low-income customers. The AMP program forgives up to \$8,000 of arrearages of a participating customer in 1/12 increments with on-time payments of current monthly bills.

Cal Advocates asserts that SMJUs should establish AMP programs because the SMJUs reported sharp increases in customer arrearages.

Most parties do not support requiring SMJUs to offer the AMP program to customers at this time. TURN and NCLC/CforAT assert that the Commission should review AMP effectiveness prior to requiring SMJUs to implement AMP programs.

The CASMU utilities assert that AMP programs are not necessary because the SMJUs are currently automatically enrolling customers in long-term payment plans in accordance with D.21-06-036.

Southwest Gas argued that its estimated planning and implementation costs for an AMP program are too high (\$1,036,000) compared with the estimated costs of forgiving customer arrearages (\$1,404,702).

While Southwest Gas did not provide details to support its high estimated costs for planning and implementing an AMP program, we are persuaded that the administrative costs for an SMJU to establish an AMP program are likely to be high compared with the estimated direct benefits to SMJU customers at risk of disconnection. It is reasonable to not require SMJUs to implement AMP

programs at this time. However, we may revisit this issue when reviewing the Large Utilities' AMP programs.

### **3.5. Additional Residential Disconnection Policies**

In D.20-06-003, the Commission ordered the Large Utilities to implement the following policies and processes to reduce residential disconnections.<sup>27</sup>

- Modify disconnection notices and call scripts (OPs 10-15).
- Implement policies for investigations into whether a customer was previously benefiting from a utility service (OPs 18-23).
- Implement policies relating to the Low-Income Home Energy Assistance Program (OPs 24-33).
- Revisions to the medical baseline program to expand certification options and additional medical baseline coordination and outreach (OP 34-41).
- Implement outreach requirements relating to California Alternate Rates for Energy and Family Electric Rate Assistance (OPs 45-47).
- Allow gas field payments to avoid immediate disconnection (OPs 46-51).

Cal Advocates was the only party that strongly supported application of all of the requirements above to the SMJUs.<sup>28</sup> UCAN asserted that all low-income Californians need disconnection protections regardless of location but did not specifically support the individual requirements above.<sup>29</sup>

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<sup>27</sup> This decision does not address D.20-06-003 requirements for coordination with community choice aggregators because no community choice aggregators operate in the California service territories of the SMJUs.

<sup>28</sup> Cal Advocates opening comments on the 2021 Ruling.

<sup>29</sup> UCAN reply comments on the 2021 ruling.

Southwest Gas expressed willingness to adopt modified versions of some of these policies but argued that full application of these policies would be too administratively burdensome.<sup>30</sup> CASMU strongly opposed application of all of these policies, arguing that it would not be feasible for the small staff of its member SMJUs to implement these requirements.<sup>31</sup>

TURN and Cal Advocates did not specifically address these requirements in their Phase 1-A comments. NCLC/CforAT supported application of the benefit of service and CARE outreach requirements.<sup>32</sup> However, NCLC/CforAT also commented that the Commission should adopt only Phase 1 consumer protections that do not require extensive or expensive upfront work for implementation, asserting that “other rules may not be appropriate to apply to SMJUs at this time because the cost of implementation may not be reasonable relative to the benefit provided to the smaller customer bases of these utilities.”<sup>33</sup>

In light of the smaller ratepayer bases of SMJUs and limited staff resources dedicated to California operations, we are concerned that the administrative costs and burdens of these requirements may outweigh the direct benefits to customers at risk of disconnection. The disconnection rate caps and customer protections we adopted above will efficiently prevent disconnection rates from rising to unreasonable levels and will support customer safety.

In comments to the proposed decision, NCLC/CforAT, UCAN, and Cal Advocates strongly supported application of the benefit of service investigation requirements from D.20-06-003 to the SMJUs. NCLC/CforAT asserted that these

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<sup>30</sup> Southwest Gas opening comments on the 2021 Ruling.

<sup>31</sup> CASMU opening comments on the 2021 Ruling.

<sup>32</sup> NCLC/CforAT opening comments on 2022 Ruling.

<sup>33</sup> NCLC/CforAT reply comments on 2021 Ruling.



requirements would not generate unreasonable costs for other ratepayers. Previous comments by Southwest Gas indicated that Southwest Gas already applies these requirements.<sup>34</sup> The other SMJUs did not offer a specific justification for not adopting these benefit of service investigation requirements. It is reasonable to apply the benefit of service requirements to the SMJUs.

In comments to the proposed decision, Cal Advocates strongly supported applying the medical baseline expansion of certification options from D.20-06-003 to SMJUs. Cal Advocates argued that these requirements would not create a significant financial or administrative burden. NCLC/CforAT supported this argument in reply comments. In previous comments, Southwest Gas supported adopting additional certification options but raised concerns about applying specific medical baseline outreach requirements, enrollment goals, and reporting requirements from D.20-06-003.<sup>35</sup> CASMU similarly expressed in previous comments that it is amenable to allowing additional certification options, provided such changes are easy to implement and unlikely to increase costs for customers, but opposed the additional outreach requirements as overly burdensome.<sup>36</sup>

We do not have a sufficient record to assess the financial or administrative burden of each of the medical baseline outreach, enrollment, and reporting requirements in D.20-06-003. Some of these requirements may create a significant administrative or financial burden. However, it is reasonable to require SMJUs to allow physician assistants and nurse practitioners to certify to the utilities that a

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<sup>34</sup> Southwest Gas opening comments on the 2021 Ruling.

<sup>35</sup> Southwest Gas opening comments on the 2021 Ruling.

<sup>36</sup> CASMU opening comments on the 2021 Ruling.

customer qualifies for medical baseline and allow qualified medical professionals to e-sign applications for the medical baseline program.

We do not have a sufficient record to determine whether to apply the other customer protections from D.20-06-003 to the SMJUs. It is reasonable to not require the SMJUs to implement additional customer protections from D.20-06-003 at this time.

### **3.6. Enforcement and Reporting**

The Commission established a new enforcement program to ensure that the Large Utilities comply with D.20-06-003.<sup>37</sup> TURN and NCLC/CforAT asserted that a new enforcement program is necessary to ensure SMJU compliance with this decision. TURN conceded that the penalty amounts adopted for the Large Utilities' enforcement program may not be appropriate for SMJUs since penalty amounts should consider the resources of the utility in accordance with Resolution UEB-006.

CASMU argued that the Commission should rely on its existing enforcement options under Public Utilities Code Sections 2107 and 2108.<sup>38</sup> and the Commission's Rules of Practice and Procedure.<sup>39</sup>

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<sup>37</sup> OPs 93-95 of D.20-06-003.

<sup>38</sup> Public Utilities Code Section 2107 provides, "Any public utility that violates or fails to comply with any provision of the Constitution of this state or of this part, or that fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the commission, in a case in which a penalty has not otherwise been provided, is subject to a penalty of not less than five hundred dollars (\$500), nor more than one hundred thousand dollars (\$100,000), for each offense." Section 2108 provides, "Every violation of the provisions of this part or of any part of any order, decision, decree, rule, direction, demand, or requirement of the commission, by any corporation or person is a separate and distinct offense, and in case of a continuing violation each day's continuance thereof shall be a separate and distinct offense."

<sup>39</sup> Section 5.1 of the Rules of Practice and Procedure provide that the Commission may institute an order instituting investigation at any time on its own motion.

The Commission decided to establish an enforcement program for the Large Utilities based on a record that included a trend of rising disconnection rates in the years before to the disconnections moratorium for some of the utilities. As discussed in Section 3.1 above, no party argued that SMJU disconnection rates showed a trend of rising in the years prior to the moratorium. Further, the Commission has sufficient existing enforcement options to ensure that SMJUs comply with this decision.

Therefore, it is reasonable to rely on the Commission's existing enforcement options to ensure that SMJUs comply with this decision. However, additional reporting may be needed to enable effective oversight and enforcement of compliance with this decision.

Cal Advocates, TURN, and NCLC/CforAT urged the Commission to require monthly reporting by the SMJUs. These consumer advocates asserted that the currently high levels of SMJU arrearages and potential for more disconnections justify greater transparency.<sup>40</sup> We agree that the currently high levels of customer arrearages and customers at risk of disconnection for all SMJUs warrant greater transparency and monitoring.

Southwest Gas and CASMU opposed increasing the frequency of disconnections reporting, currently once per year, asserting that the administrative burden would be too high.<sup>41</sup> We recognize that monthly reporting may be more burdensome than necessary for SMJUs, and frequent reporting provides greater administrative burdens that may not be warranted in the long term.

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<sup>40</sup> Opening comments on the 2021 Ruling of Cal Advocates and reply comments on the 2021 Ruling of TURN and NCLC/CforAT.

<sup>41</sup> Reply comments on the 2021 Ruling of Southwest Gas and CASMU.

It is reasonable to require all SMJUs to provide quarterly reports on residential arrearages and disconnections data for two years following the effective date of this decision. The assigned Commissioner or assigned ALJ of this proceeding or any successor proceeding may extend or reestablish the requirement for quarterly reporting through a ruling.

#### **4. Percentage of Income Payment Plan Pilots**

The Commission established Percentage of Income Payment Plan (PIPP) pilot programs for the Large Utilities in D.21-10-012.

No party supported requiring SMJUs to implement PIPP pilot programs at this time. CASMU opposed the requirement. Several parties supported revisiting the issue after the evaluation of the Large Utilities' pilot programs.<sup>42</sup>

We anticipate that implementing a PIPP pilot program may have high administrative costs and administrative staff burdens.

The Commission should consider whether to require SMJUs to offer PIPP programs after the evaluation of the Large Utilities' pilot programs.

#### **5. Cost Recovery**

In D.20-06-003, the Commission ordered Large Utilities to create two-way balancing accounts to recover residential uncollectibles. The decision found that the accounting practice for Large Utilities' uncollectibles incentivized those utilities to keep uncollectibles low by disconnecting customers quickly.

Southwest Gas, Cal Advocates, and TURN each supported applying the requirement of a two-way balancing account to recover residential uncollectibles

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<sup>42</sup> See opening comments on the 2021 Ruling of Southwest Gas and CASMU and the reply comments on the 2021 Ruling of TURN, UCAN, and NCLC/CforAT.

to SMJUs.<sup>43</sup> CASMU argued that there is no need to change the treatment of residential uncollectibles for SMJUs since no party has alleged that SMJUs have disconnected customers quickly to keep uncollectibles low.

It is reasonable to allow, but not require, each SMJU to establish a two-way balancing account to recover residential uncollectibles, provided that such utility affirms its intention to apply for available CAPP funding.

Southwest Gas additionally commented that if the Commission applied the prohibition of deposits and reconnection fees to SMJUs, then the Commission should also allow recovery of these costs through these residential uncollectibles balancing accounts.<sup>44</sup> However, this proposal is inconsistent with D.20-06-003, which declined to allow recovery of these costs through a memorandum account or balancing account. D.20-06-003 allowed Large Utilities to raise fee-based revenue for reconnection fees through the utilities' General Rate Cases.

It is reasonable to allow each SMJU to raise lost revenue from reconnection fees through its General Rate Case, subject to reasonableness review of the amounts recorded.

In D.20-06-003, the Commission also allowed the Large Utilities to create memorandum accounts to track the implementation costs associated with implementing the requirements of that decision. Cal Advocates asserted that SMJUs should track implementation costs associated with this decision, such as the costs of reporting, to a memorandum account.<sup>45</sup> CASMU similarly commented that if the Commission required the SMJUs to apply new customer protections to SMJUs, then the Commission should allow recovery of these costs

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<sup>43</sup> Opening comments of Southwest Gas, Cal Advocates, and TURN on the 2021 Ruling.

<sup>44</sup> Opening comments of Southwest Gas on the 2022 Ruling.

<sup>45</sup> Opening comments of Cal Advocates on the 2021 Ruling.

through memorandum accounts.<sup>46</sup> No party objected to this recommendation. It is reasonable to allow SMJUs to create a memorandum account to recover implementation costs of this decision, subject to reasonableness review.

## **6. Comments on Proposed Decision**

The proposed decision of assigned ALJ Stephanie S. Wang 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 August 8, 2022 by Cal Advocates, CASMU, CforAT/NCLC, Southwest Gas, and UCAN and reply comments were filed on August 15, 2022 by Cal Advocates, CASMU, CforAT/NCLC, Southwest Gas, TURN, and UCAN.

## **7. Assignment of Proceeding**

Darcie L. Houck is the assigned Commissioner and Stephanie S. Wang is the assigned ALJ in this proceeding.

## **Findings of Fact**

1. Residential disconnection rate caps are likely to reduce residential disconnection rates without significant administrative costs.
2. Establishing a residential disconnections rate cap at an appropriate level can sufficiently mitigate the impact of the cap on SMJU ratepayers.
3. On June 30, 2022, Governor Newsom signed into law Assembly Bill 205, which includes nearly \$1.2 billion in additional funding for the CAPP.
4. SMJUs did not have rising disconnection rates in the years directly prior to the disconnections moratorium.
5. Total residential arrearage amounts and the number of residential customers in arrears have risen substantially during the disconnections

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<sup>46</sup> Opening comments of CASMU on the 2021 Ruling.

moratorium for Southwest Gas, PacifiCorp, Bear Valley, Liberty Utilities, and West Coast Gas.

6. SMJUs have fewer California ratepayers and fewer staff that serve California customers than the Large Utilities.

7. Basic residential customer protections should be requirements, not optional.

8. The severe weather provisions and medical customer protections of OP 1 in D.20-06-003 are essential for protecting customer safety.

9. The estimated costs of eliminating deposits and reconnection fees are not high enough to outweigh the potential harm to SMJU residential customers who have been disconnected if the Commission does not prohibit deposits and reconnection fees.

10. The administrative costs for an SMJU to establish an AMP program are likely to be high compared with the estimated direct benefits to SMJU customers at risk of disconnection.

11. The administrative costs and burdens of additional customer protections from D.20-06-003 may outweigh the direct benefits to customers at risk of disconnection.

12. The Commission has sufficient existing enforcement options to ensure that SMJUs comply with this decision.

13. Implementing a PIPP pilot program may have high administrative costs and administrative staff burdens.

14. There is no evidence on the record that SMJUs have disconnected customers quickly to keep uncollectibles low.

## Conclusions of Law

1. When determining whether to apply each of the policies and rules the Commission adopted in D.20-06-003, the Commission should balance the expected benefits to residential customers at risk of disconnection in SMJU territories with the expected rate impacts for all customers in SMJU territories.

2. The Commission should prioritize applying to SMJUs the Phase 1 disconnection protections with reasonable implementation costs compared with benefits to customers at risk of disconnection.

3. The Commission should adopt the following disconnection rate caps.

	Southwest Gas	PacifiCorp	Bear Valley	Liberty	West Coast Gas	Alpine Gas
Disconnection rate cap	3.5%	2.5%	2.5%	2.0%	3.0%	0.5%

4. Each SMJU should apply its disconnections rate cap by filing a Tier 1 Advice Letter with the following information within 30 days of the effective date of this decision and by February 1<sup>st</sup> each calendar year thereafter: (i) the total number of its California residential customers during the previous calendar year, (ii) the number of California residential customers it may disconnect during the current calendar year, calculated as the product of its disconnections rate cap and the total number of its California residential customers during the previous calendar year, and (iii) the number of California residential customers it disconnected during the previous year, compared with the number of California residential customers it was permitted to disconnect during the previous year.

5. The Commission should require each of the SMJUs to apply each of the rules arising from D.18-12-013 in OP 1 of D.20-06-003 within 90 days of this decision.



6. Residential customers of SMJUs should not be disconnected if they currently have a Low-Income Home Energy Assistance Program pledge pending and if they agree to be placed on a 12-month payment plan for any remaining balance.

7. It is reasonable to prohibit the SMJUs from requiring any residential customer to pay an establishment of credit deposit for new service or a reestablishment of service deposit for any reestablishment of service.

8. It is reasonable to prohibit the SMJUs from charging a residential customer a fee for reconnecting service.

9. It is reasonable to not require SMJUs to implement AMP programs.

10. It is reasonable to require the SMJUs to implement benefit of service investigation requirements from D.20-06-003.

11. It is reasonable to require the SMJUs to allow physician assistants and nurse practitioners to certify to the utilities that a customer qualifies for medical baseline and to allow qualified medical professionals to e-sign applications for the medical baseline program.

12. It is reasonable to not require the SMJUs to implement additional customer protections from D.20-06-003 at this time.

13. It is reasonable to rely on the Commission's existing enforcement options to ensure that SMJUs comply with this decision.

14. It is reasonable to require all SMJUs to provide quarterly reports on arrears and disconnections data for two years following the effective date of this decision.

15. It is reasonable to allow the assigned Commissioner or assigned ALJ of this proceeding or any successor proceeding may extend or reestablish the requirement for quarterly reporting through a ruling.

16. The Commission should consider whether to require SMJUs to offer PIPP programs after the evaluation of the Large Utilities' pilot programs.

17. It is reasonable to allow, but not require, each SMJU to establish a two-way balancing account to recover residential uncollectibles, provided that such SMJU affirms its intention to apply for available CAPP funding.

18. It is reasonable to allow each SMJU to raise lost revenue from residential reconnection fees through its General Rate Case, subject to reasonableness review of the amounts recorded.

19. It is reasonable to allow SMJUs to create a memorandum account to recover the administrative costs associated with implementing this decision, subject to a reasonableness review.

## **O R D E R**

### **IT IS ORDERED** that:

1. Southwest Gas Company, Liberty 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. shall cap disconnections of residential customers at the following rates.

	Southwest Gas	PacifiCorp	Bear Valley	Liberty	West Coast Gas	Alpine Gas
Disconnection rate cap	3.5%	2.5%	2.5%	2.0%	3.0%	0.5%

2. Southwest Gas Company, Liberty 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. shall each file a Tier 1 Advice Letter with the following information within 30 days of the effective date of this decision and by February 1<sup>st</sup> each calendar year thereafter:

(i) the total number of its California residential customers during the previous

calendar year, (ii) the number of California residential customers it may disconnect during the current calendar year, calculated as the product of its disconnections rate cap and the total number of its California residential customers during the previous calendar year, and (iii) the number of California residential customers it disconnected during the previous year, compared with the number of California residential customers it was permitted to disconnect during the previous year.

3. Southwest Gas Company, Liberty 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. shall each serve upon the service list of this proceeding a notice that the utility has implemented the following customer protections within 90 days of this decision.

- (a) Residential customers shall not be disconnected for nonpayment if they qualify for medical baseline and the customer agrees to a 12-month payment plan.
- (b) Residential customers shall not be disconnected for nonpayment until the utility offers to enroll eligible customers in all applicable benefit programs administered by the utility. The utility is not required to make affirmative inquiry of every residential household as to whether they are enrolled in all applicable benefit programs. If the utility has discussions with a residential customer prior to disconnection, however, that utility shall have a duty to inquire if the customer is interested in hearing about the applicable benefit programs. Residential customers must enroll in the applicable benefit program within two billing cycles of being made aware of the applicable benefit programs.
- (c) Prior to disconnecting any residential customer, the utility shall offer the residential customer a 12-month payment plan. The utility shall not disconnect any residential customer who is on a 12-month payment plan and is

current on both monthly bills and the 12-month payment plan.

- (d) Residential customers shall not be disconnected if they currently have a Low-Income Home Energy Assistance Program pledge pending and if they agree to be placed on a 12-month payment plan for any remaining balance.
- (e) Residential customers shall not be disconnected when temperatures above 100 degrees or below 32 degrees are forecasted based on a 72-hour look-ahead period. Each utility may continue to use its own internal weather monitoring systems for meeting this requirement.

4. Southwest Gas Company, Liberty 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. are prohibited from requiring any residential customers to pay establishment of credit deposits for new service as of the effective date of this decision.

5. Southwest Gas Company, Liberty 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. are prohibited from requiring reestablishment of service deposits for any residential reestablishment of service as of the effective date of this decision.

6. Southwest Gas Company, Liberty 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. are prohibited from charging residential customers reconnection fees as of the effective date of this decision. Each utility may raise lost revenue from residential reconnection fees through its General Rate Case.

7. Southwest Gas Company, Liberty 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. shall each serve upon the service list of this proceeding a notice that the utility has implemented the following benefit of service policies for residential customers within 90 days of this decision.

- (a) In order to trigger an investigation that would require the residential customer to verify that they were not previously benefiting from the utility service, the utility must identify any of the following: address returned from Experian Identity Validation tool, matching telephone number; landlord or homeowner confirms that the occupant is not new or has been residing at the address; the account is transferred to the name of a spouse or roommate; the account is transferred to someone with the same email address as the previous customer; or the account is transferred to someone with the same banking information as the previous customer.
- (b) If the utility determines that the residential customer benefited from the previous service, the utility must provide the customer with 30 days to submit additional evidence to dispute the determination.
- (c) After the residential customer submits any additional documentation, the utility shall within 30 days provide both verbal and written notice to the customers of the outcome and what documentation was used in making the determination.
- (d) The utility shall document all reasonable efforts to contact the residential customer either by telephone or in writing.
- (e) The utility must provide verbal and written notification on the outcome of the residential benefit of service investigation which must include the contact information for the Commission's Consumer

Affairs Branch and any internal appeal process that may be available to dispute the determination.

- (f) No residential customer who was under the age of 18 shall be required to absorb a benefit of service charge.

8. Southwest Gas Company, Liberty 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. shall each modify their medical baseline program policies to allow physician assistants and nurse practitioners to certify that a customer qualifies for medical baseline and to allow qualified medical professionals to e-sign applications for the medical baseline program. Each utility shall serve upon the service list of this proceeding a notice that the utility has implemented this policy for residential customers within 90 days of this decision.

9. If any of the rules adopted herein require changes to a tariff of Southwest Gas Company, Liberty Utilities LLC, Bear Valley Electric Service, a division of Golden State Water Company, PacifiCorp, Alpine Natural Gas Operating Company, or West Coast Gas Company, Inc., then that utility shall file an advice letter to implement such changes within 30 days of the issuance date of this decision. Provided that the changes are of a ministerial nature, a Tier 1 advice letter is acceptable for this purpose.

10. Southwest Gas Company, Liberty 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. shall each serve upon the service list of this proceeding and any successor proceeding a report on residential arrears and disconnections within 30 days of the last day of each calendar quarter for two years after the effective date of this decision. This report

shall include the information in Attachment A for the previous calendar quarter. The assigned Commissioner or assigned Administrative Law Judge of this proceeding or any successor proceeding may extend or reestablish this requirement through a ruling.

11. Southwest Gas Company, Liberty 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. may each establish a two-way balancing account for recovery of residential uncollectible charges in rates through a Tier 2 Advice Letter. The advice letter must affirm the utility's intention to apply for available California Arrearage Payment Program funding.

12. Southwest Gas Company, Liberty 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. may each establish a memorandum account to track the administrative costs associated with implementing the requirements of this decision through a Tier 2 Advice Letter.

13. Rulemaking 18-07-005 remains open for Phase 2 of this proceeding.

This order is effective today.

Dated August 25, 2022, at San Francisco, California.

ALICE REYNOLDS  
President  
CLIFFORD RECHTSCHAFFEN  
GENEVIEVE SHIROMA  
DARCIE L. HOUCK  
JOHN REYNOLDS  
Commissioners

**ATTACHMENT A**  
**SMJU Quarterly Reporting on**  
**Disconnections and Arrearages**



Attachment A  
SMJU Quarterly Reporting on Disconnections and Arrearages

Table 1: Dollar Amount of Residential Customers in Arrears			
	(A) = (B) + (C)	(B)	(C)
	Total Dollar Amount of Residential Customer Arrears	Total Dollar Amount of Non-CARE Customers in Arrears	Total Dollar Amount of CARE Customers in Arrears
[Last day of previous quarter]			

Table 2: Number of Unique Residential Customers in Arrears – [Last date of previous calendar quarter]				
	(A)	(B) = (C) + (D)	(C)	(D)
	Total Residential Customers	Total Residential Customers in Arrears	Total Non-CARE Customers in Arrears	Total CARE Customers in Arrears
31 - 60 Days Late				
61 – 180 Days Late				
181+ Days Late				
Total				

Table 3: Number of Unique Residential Customers in Arrears – [Last date of previous calendar quarter]				
	(A)	(B) = (C) + (D)	(C)	(D)
	Total Residential Customers	Total Residential Customers in Arrears	Total Non-CARE Customers in Arrears	Total CARE Customers in Arrears
Less Than \$250				
\$250 - \$499				
\$500+				
Total				

Table 4: Dollar Amount of Residential Customers in Arrears – [Last date of previous calendar quarter]			
	(A) = (B) + (C)	(B)	(C)
	Total Dollar Amount of Residential Customer Arrears	Total Dollar Amount of Non-CARE Customers in Arrears	Total Dollar Amount of CARE Customers in Arrears
31 - 60 Days Late			
61 - 180 Days Late			
181+ Days Late			
Total			

Table 5: Dollar Amount of Residential Customers in Arrears – [Last date of previous calendar quarter]			
	(A) = (B) + (C)	(B)	(C)
	Total Dollar Amount of Residential Customer Arrears	Total Dollar Amount of Non-CARE Customers in Arrears	Total Dollar Amount of CARE Customers in Arrears
Less Than \$250			
\$250 - \$499			
\$500+			
Total			

Table 6: Number of Residential Disconnections due to Non-Payment – [Each quarter in this calendar year]				
	(A)	(B) = (C) + (D)	(C)	(D)
	Number of Disconnections Permitted pursuant to the Disconnection Cap in [year]	Total Number of Residential Disconnections	Total Number of Residential Disconnections for Non-CARE Customers	Total Number of Residential Disconnections for CARE Customers
January 1 – March 30, [year]				
April 1 – June 30, [year]				
July 1 – September 30, [year]				
October 1 – December 31, [year]				
Total				

Table 7: Number of Unique Customers with Payment Plans – [Last date of previous calendar quarter]			
	(A) = (B) + (C)	(B)	(C)
	Total Number of Customers with Payment Plans	Total Number for Non-CARE Customers	Total Number for CARE Customers
Payment plans of shorter than 3 months			
Payment plans of 3 to 6 months			
Payment plans of 7 to 11 months			
Payment plans of 12 months			
Payment plans of longer than 12 months			
Total			

Table 8: Dollar Amount of Residential Customer Arrears Subject to Payment Plans – [Last date of previous calendar quarter]			
	(A) = (B) + (C)	(B)	(C)
	Total Dollar Amount	Total Dollar Amount for Non-CARE Customers	Total Dollar Amount for CARE Customers
Payment plans of shorter than 3 months			
Payment plans of 3 to 6 months			
Payment plans of 7 to 11 months			
Payment plans of 12 months			
Payment plans of longer than 12 months			
Total			

(END OF ATTACHMENT A)