California Energy Commission
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California Public Utilities Commission
505 Van Ness Avenue
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May 15, 2026

Addendum to Comments of the Disadvantaged Communities Advisory Group regarding Disconnections and Arrearages Proceeding (Rulemaking (R.) 18-07-005)

We urge the Commission to adopt the most protective measures for California Ratepayers by requiring the immediate adoption of the Office of Environmental Health Hazard Assessment's Cal Heat Score CHS 2. The California Heat Score (CHS) data interface (API) is now available, and the implementation timeline should be as expedient as possible. During the interim period, the Commission should adopt an interim level of 90 degrees. In order to maintain compliance with D.25-06-012, the protections need to be stronger than those in place today, 100 degrees. According to the Office of Health Hazard Assessment, the average CHS temperature thresholds near Fresno and Bakersfield are 95 degrees for level 2 and 101 degrees for level 3. Therefore, CHS level 2 must be adopted as the trigger for greater protections in order to comply with D.25-06-012.

Respectfully submitted,
Disadvantaged Communities Advisory Group (DACAG)

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April 18, 2026

Re: Comments of the Disadvantaged Communities Advisory Group regarding Disconnections and Arrearages Proceeding (Rulemaking (R.) 18-07-005)

The Disadvantaged Communities Advisory Group (DACAG) appreciates the opportunity to provide comments in Rulemaking (R.) 18-07-005 addressing energy utility customer disconnections and arrearages.

The undersigned members of the DACAG envision a California in which all residents have access to affordable, clean, and reliable energy. California has many of the necessary tools to achieve this vision; however, they must be strengthened, better aligned, and implemented to more equitably serve ratepayers who live in California's in Disadvantaged Communities.

Data presented to the DACAG from IOUs via the CPUC demonstrate that disconnections and arrearages are high and persistent, accounting for moratoria. California's IOUs made over 460,000 disconnections of residential electric service due to arrearages over the 2025 calendar year. According to the DACAG's simple math based on the data presented, CARE and FERA households accounted for nearly 184,000 disconnections, or 40% of all disconnections in 2025.

Statewide, residential arrearages total to approximately $2 billion, reflecting a steady-state level of ratepayer indebtedness due to unaffordable energy in CA.

Given that disconnections surged back up to and in some months surpassed pre-COVID-moratorium levels after it was lifted, these trends indicate that existing rates, programs, and policies are not adequately aligned to address systemic unaffordability enough to ensure continuous access to essential electric service. The DACAG offers the following recommendations intended to reduce disconnections in CA.

1. Deny Utility Proposals to Increase Disconnection Rate Caps, Set Goals to Reduce Disconnections, and Report Data Publicly and More Prominently

The DACAG envisions a California that leads the nation in designing and implementing complimentary regulations, policies, and programs that together work to address the root causes

of energy unaffordability, and puts the end of utility disconnections due to high cost within reach, particularly in California's disadvantaged communities. As utilities continue to report appropriate levels of collection despite arrearages, or even overcollection in some instances, but record or near-record profits all around, the DACAG recommends that the Commission maintain existing disconnection rate caps and not authorize increases at this time. The DACAG asks the Commission to also consider whether utility performance in relation to reducing disconnections ought to be a performance measure tied to other utility requests, such as within the Cost of Capital Proceeding.

Of concern to the DACAG is that the same California households who live in pollution-burdened census tracts that are being disconnected already shoulder an unfair share of the externalities of our energy and transportation system through negative health, environmental, socioeconomic and other impacts, as measured by the CalEnviroScreen and other empirical frameworks. As disconnections continue at an unsustainable pace, and the climate continues to warm and exacerbate extreme heat, disconnections are already and will increasingly become a health and safety concern with life-and-death implications, such as for medically vulnerable Californians, seniors, and children.

Arrearages and disconnections near or at current cap levels demonstrate that existing affordability strategies must be evaluated, improved, and aligned to complement one another. Increasing the cap on disconnections would further shift the burden of system design failings onto the households least able to absorb it, rather than holding agencies and utilities accountable for designing a system that works for California's most disadvantaged and vulnerable communities.

Because the DACAG believes that solving for disconnections should be a priority policy objective, we also do not support strategies such as allowing disconnection caps to increase, only to be moderated or throttled by utilities' own operational ability to scale to do more disconnections. Utilities are likely to figure out how to be more nimble in increasing disconnection capacity than the CPUC can be at re-adjusting caps.

In addition to maintaining or even decreasing current caps, the DACAG recommends that the Commission establish a formal monitoring and accountability frameworks, including considering:

- Setting clear goals related to disconnections reduction
- Weighting the need to act on arrearages against an IOU's overall level of collections
- Allocating any over-collected funds to programs benefitting ratepayers in DACs with multiple disconnections, such as funding relevant customer generation, electrification, or decarbonization programs; CARE, FERA, or ESA enhancements; direct bill credits; or disconnection assistance pilot programs discussed in more detail in subsequent sections
- Limiting disconnections when extreme heat events may reasonably present public health and safety risks, including lowering the current temperature threshold for disconnection protections and including humidity within the threshold metric.

- Providing a public, online dashboard on all available, similar, and appropriate metrics below in an easily downloadable format:
    - Disconnections by month and IOU
    - Number of homes with repeat disconnections
    - Average and range of duration of disconnection
    - By location: in DACs, on tribal lands, by city and county, and by Census tract
    - Across CARE, FERA, ESA, customer generation, and other relevant program participants
    - Key performance indicators related to the Arrearage Management Plan (AMP) and the Percentage of Income Payment Plan (PIPP)

2. Strengthen and Iterate AMP, PIPP, and the CBO Pilot

Extend the Arrearage Management Plan (AMP) with Substantial Modifications

The Arrearage Management Plan (AMP), authorized in Decision (D.) 20-06-003 and implemented pursuant to Resolution E-5114, should be extended with substantial modifications. AMP has produced some measurable benefits, including reductions in arrearages and collections actions. However, evaluation findings indicate high attrition rates and declining effectiveness over time, with a majority of participants unable to complete the program and receive full arrearage forgiveness. Current program rules, particularly removal after multiple missed payments, disproportionately excludes customers with persistent affordability challenges.

The DACAG recommends that the Commission consider piloting enhancements such as:

- Ending program removal for late or partial payments. Because late and partial payments add to the ratepayer's account balance each month, the program naturally becomes harder for the ratepayer to continue participating in without the need for additional, punitive removal mechanisms.
- Tiering and accelerating arrearage forgiveness, e.g., to 1/8 or 1/6 of the account balance rather than 1/12 forgiven per month, for the lowest-income ratepayer participants, or lowest-income participants most in arrears.
- Adjusting maximum forgiveness levels by climate zone. Whereas the state sets an overall cap at $8,000 of arrearage forgiveness, the lowest-income, highest use households in the hotter parts of the state, particularly those with larger household sizes, may stand to benefit most from a higher forgiveness cap.
- Considering waiving additional fees, such as late, disconnection, reconnection and other additional fees from participants' balances. Compounding fees atop normal charges further harms low-income and financially vulnerable households' ability to pay.

- Piloting enhanced bill discount incentives for sustained on-time payment. Once an AMP participant has successfully completed the program, a sustained discount above and beyond CARE and FERA rates may both help them to continue to afford paying their bill on time and positively incentivize them to do so.

Allow the Percentage of Income Payment Plan (PIPP) Pilot to Run to Completion

The Percentage of Income Payment Plan (PIPP) Pilot should be allowed to continue through its full 48-month evaluation period, consistent with third-party evaluator recommendations. The DACAG's primary recommendation on PIPP is to incorporate actual household size rather than assume households of 3 people in making eligibility determinations.

While this recommendation may raise the cost of completing the pilot, the program currently disadvantages larger low-income households, which are likely to have higher use and arrearages. Recommendations regarding pegging bill caps to 6% vs 4% of income are moot since the program is currently ignoring the household's real percentage of median income to begin with by assuming a household size. The DACAG agrees with the evaluator's recommendation to further strengthen the integration with Energy Savings Assistance (ESA) programs, and recommends that the Commission consider piloting co-enrollment of higher usage ratepaying households to understand the effectiveness of the measures offered in helping households to avoid disconnections.

Redesign and Relaunch the Community-Based Organization (CBO) Pilot

To achieve the equity objectives of California Senate Bill 360, the Commission should redesign and relaunch rather than sunset the CBO Pilot. While early results show strong customer engagement and satisfaction, the pilot also surfaces structural challenges, including limited scale, uneven CBO capacity, and misalignment between program eligibility and customer expectations.

Without a more effective enrollment plan, such as auto-enrollment, CBOs are essential to effective program delivery in disadvantaged communities (DACs), where utilities often face a trust deficit rooted in lived experience, ranging from pollution burdens and infrastructure inequities to persistent disconnections. As trusted, community-embedded institutions, CBOs can improve program uptake by providing culturally and linguistically appropriate engagement, facilitating enrollment, and ensuring services are responsive to household needs. However, CBOs should complement, not replace, utility and Commission responsibilities. Utilities must remain accountable for fixing core customer-facing issues, including billing clarity, call center accessibility, enrollment friction, and the expansion of tools like auto-enrollment.

To operationalize this model, the Commission should treat CBOs as core implementation partners and resource them accordingly, including through the use of intermediaries where needed to provide administrative, compliance, and financial support. Clearer program design, aligned incentives, and defined roles will prevent overburdening CBOs while improving overall program performance.

DACAG recommends:

- Align funding with the true cost of outreach, case management, and sustained customer engagement
- Incorporate utility-led pre-screening to improve targeting and reduce friction for customers
- Invest in CBO capacity building, including technical assistance models that support smaller organizations in meeting administrative and compliance requirements
- Evaluate and define appropriate case management service tiers based on customer need
- Improve data collection and performance metrics to assess cost-effectiveness and outcomes relative to other delivery models, including uptake, persistence, and reductions in customer vulnerability

Program Alignment & Consolidation

Following the conclusion of the PIPP Pilot, the Commission should transition from a fragmented set of programs to a more integrated affordability framework. Currently, customers must navigate overlapping utility programs including AMP, CARE, FERA, PIPP, and ESA with distinct rules and administrative requirements. This fragmentation increases administrative costs, creates barriers to access, and reduces overall effectiveness. The Commission should evaluate opportunities to consolidate these efforts into a unified framework that:

- Prioritizes sustained access to electric service as the overriding consideration and goal
- Addresses both arrearage relief and ongoing bill affordability
- Simplifies the ratepayer experience
- Improves targeting and delivery

For example, how do the costs of AMP, PIPP, and the CBO Pilot compare to proposals to increase CARE and FERA discount percentages on a per household basis? How do these compare to the costs and benefits of household participation in ESA (inclusive of grid-level benefits)?

The CPUC's existing Concurrent Application System work, which originated with the hitherto elusive vision of a one-stop-shop, is also relevant here. Ultimately, the state must ensure that all programs oriented toward supporting low-income ratepayers are discoverable, easy to access, and actually designed primarily to help them. Whereas prioritizing arrearages over disconnections is intended to de-risk the system so that utilities can afford to effectively provide their services to ratepayers, utilities are already failing to serve the nearly half-million households being disconnected every year. The DACAG asks the Commission to continue to

3. Succession Planning for Disconnections Policy

The DACAG recommends extending R.18-07-005 unless the Commission initiates a new proceeding with a clearer mandate and framework for reducing disconnections and arrearages over time.

This proceeding should ideally establish:

- Defined metrics and transparent, regular and accessible data reporting requirements, including for disconnections and arrearages disaggregated by utility, income status, census tract, climate zone, and disadvantaged community status
- Performance expectations, including year-over-year reductions in disconnections
- Enforceable accountability mechanisms and/or triggers where outcomes do not adequately improve over time

Importantly, this proceeding should be explicitly linked to other Commission processes, including:

- Cost of Capital proceedings (e.g., Application (A.) 25-03-010 et al.), to ensure utility return on equity decisions consider affordability impacts
- General Rate Cases (GRCs) and rate design proceedings
- Integrated Resource Planning (IRP) processes
- Customer program proceedings, including ESA, DER, and electrification initiatives

Disconnection outcomes should both inform and be influenced by decisions across these areas. DACAG further recommends formalizing roles for existing advisory bodies, including DACAG and the Low-Income Oversight Board (LIOB), in reviewing data and informing corrective actions, rather than establishing new advisory groups.

Conclusion

Disconnections at current levels are not inevitable; they are the result of policy, program, operational, and rate design choices intersecting with a macro-environment in which Californians are struggling to navigate high prices, continued inflation, wage stagnation, and rising inequality. The DACAG is optimistic, however, that California has the tools to significantly reduce disconnections, but they must be well-resourced, better aligned, more accessible, and more focused on sustained affordability for low-income rate payers as the overriding priority; not reducing utility arrearages without parallel consideration of collections, or profits.

The DACAG urges the Commission to consider disconnections as a customer protection matter, particularly as it relates to DACs where residents are “paying” twice via their bills and via the externalities they shoulder simply by residing in their census tract. The DACAG also calls on the Commission to continue its work to strengthen and integrate affordability programs and ensure they serve households most vulnerable to disconnection.

We thank the Commission for its consideration of these comments.

Respectfully submitted,
Disadvantaged Communities Advisory Group (DACAG)