STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

October 16, 2026 **Agenda ID #24595**

Quasi-Legislative

TO PARTIES OF RECORD IN RULEMAKING 18-07-005:

This is the proposed decision of Commissioner Darcie L. Houck. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's November 19, 2026, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ MICHELLE COOKE

Michelle Cooke

Chief Administrative Law Judge

MLC: cg7

Attachment

COM/DH7/cg7 **PROPOSED DECISION** **Agenda ID #24595**
Quasi-Legislative
11/19/2026 Item #36

Decision ~~**PROPOSED DECISION OF COMMISSIONER DARCIE L. HOUCK**~~
~~(Mailed 10/16/2026)~~

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

DECISION ADDRESSING DISCONNECTION CAPS, DISCONNECTION PILOTS, AND IDENTIFYING REMAINING ISSUES

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DECISION ADDRESSING DISCONNECTION CAPS, DISCONNECTION PILOTS, AND IDENTIFYING REMAINING ISSUES

Summary

This decision addresses Phase 2 issues on disconnection caps and pilot programs and considers solutions for reducing disconnection rates.

This decision conditionally lifts the disconnection cap established in Decision (D.) 20-06-003 for Southern California Gas Company (SoCalGas) and updates the disconnection caps for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). This decision authorizes limited, conditional increases in annual disconnection caps for PG&E, SCE and SDG&E in 2027 and 2028, subject to a compliance filing and ongoing monitoring.

This decision also orders PG&E, SCE, SDG&E and SoCalGas to establish Arrearage Management Plan (AMP) programs as permanent offerings and modifies the programs to contain costs and improve participant success based on lessons learned from the AMP pilot. The Commission finds costs of the current Percentage of Income Payment Plan (PIPP) pilot are too high to support making PIPP permanent as currently configured. Instead, it orders a new, targeted PIPP pilot within the AMP program to test whether it can be implemented cost-effectively for low-income, high-usage customers.

Finally, this decision requires additional examination of mechanisms to reduce disconnections by incorporating lessons learned from the Community Based Organizations (CBO) pilot. The decision directs a Disconnections and Arrearages Working Group (D&A Working Group) comprised of utilities, customer advocates, State agencies, local government representatives, Tribal government representatives, and community-based organizations. The D&A Working Group will monitor trends in disconnections and arrearages, share best

practices to support vulnerable customers and avoid disconnections, and coordinate stakeholder actions to inform and advance the goals of this proceeding and any successor proceeding.

This proceeding remains open.

1. Background

1.1. Procedural Background

On July 12, 2018, the Commission initiated this Order Instituting Rulemaking (OIR) pursuant to Senate Bill (SB) 598 (Hueso), Stats. 2017, ch. 362 to address residential electric and gas disconnections and improve reconnection processes across California's investor-owned utilities.

Phase 1 of this proceeding established immediate and near-term reductions in disconnections and improved the reconnection process for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) (jointly, the Large Utilities).

On December 13, 2018, the Commission issued Decision (D.) 18-12-013, which established immediate interim rules to reduce residential disconnections by the Large Utilities, including a goal to limit annual disconnection rates to 2017 levels, protections against disconnecting customers during extreme weather conditions, and restrictions on disconnections of specific customer classes. On June 11, 2020, the Commission issued D.20-06-003, which adopted ongoing rules to reduce residential disconnections by the Large Utilities, created the Arrearage Management Program (AMP), and concluded Phase 1 of this proceeding. D.20-06-003 set residential disconnection rate caps for the Large Utilities: 3.5 percent for PG&E, 3 percent for SDG&E, 4 percent for SCE, and 2 percent for

SoCalGas. The small and multi-jurisdictional energy utilities were exempted from the requirements of the Phase 1 decisions.

Phase 2 of this proceeding considers additional solutions for reducing disconnection rates. On July 15, 2022, the assigned Commissioner issued a Phase 2 scoping memo and ruling to establish the scope and schedule for this proceeding and requested party comments on Phase 2 issues. On March 22, 2024, the assigned Administrative Law Judge (ALJ) issued a ruling seeking party comment on Phase 2 issues including whether to extend and/or modify the Large Utilities' disconnection caps. On April 19, 2024, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the California Community Choice Association (CalCCA), PG&E, SCE, SoCalGas, SDG&E, The Utility Reform Network (TURN), the Center for Accessible Technology (CforAT), and the National Consumer Law Center (jointly, the Joint Consumers), and the Utility Consumer Action Network (UCAN) submitted Opening Comments on Cap Adjustments. On May 3, 2024, Cal Advocates, CalCCA, The Greenlining Institute (Greenlining), PG&E, SCE, SoCalGas, SDG&E, and UCAN submitted Reply Comments on Cap Adjustments. On August 21, 2024, the assigned ALJ issued a ruling ordering the Large Utilities to produce certain data about the impacts of disconnection rate caps on uncollectibles and residential customer bills as well as analyses of customer arrearages by geographic location and the impact of rate increases on customer arrearages. The Large Utilities submitted responses to the ALJ Ruling Ordering Additional Information on September 20, 2024, and Cal Advocates, TURN, CforAT, and NCLC, and UCAN submitted reply comments on October 4, 2024.

On August 14, 2024, TURN filed an *Emergency Motion to Modify Weather-Related Disconnection Protections to Better Address "Extreme Heat" Health*

and Safety Risks in which TURN proposed modifications to current disconnections rules. On August 28, 2024, CforAT and NCLC filed a joint response in support of TURN's motion. On August 29, 2024, Cal Advocates and the Large Utilities (individually) filed responses.

On November 11, 2024, the Commission issued D.24-11-005 directing the Large Utilities to extend the residential disconnection rate caps in place at the time of issuance until the Commission provides further direction. In that decision, the Commission expressed its intent to provide such direction by July 1, 2025.

On November 15, 2024, the assigned ALJ issued a *Ruling Setting Workshop on Amended Phase 2 Scoping Memo Issues*, which scheduled a workshop for December 12, 2024. On November 22, 2024, the following parties filed Opening Comments to Questions from the Scoping Memo: Cal Advocates, California Community Choice Association (CalCCA), the California Association of Small and Multijurisdictional Utilities (CASMU), PG&E, SCE, SDG&E, SoCalGas, the Utility Consumer Action Network (UCAN), and TURN, CforAT, and NCLC. On December 12, 2024, the workshop took place as scheduled. On December 23, 2024, Central Coast Energy Services (CCES) emailed the service list, but did not file comments on the Scoping Memo.[1]

On January 5, 2025, the assigned ALJ issued an email ruling setting the following deadlines for party comment: January 10, 2025, for the opening comments on the December 12, 2024, workshop and January 17, 2025, for reply comments on the December 12, 2024, workshop; and January 17, 2025, for reply

[1] CCES neither acknowledged that their document was late filed nor requested leave to late file. The Commission does not accept their comments and they are not part of the proceeding record.

comments to questions from the Amended Phase 2 Scoping Memo. On January 8, 2025, pursuant to Rule 11.6 of the Commission's Rules of Practice and Procedure, SDG&E requested an extension of time to submit the opening comments on the workshop, reply comments on the workshop, and reply comments on the Scoping Memo. On January 9, 2025, the assigned ALJ issued an email ruling granting SDG&E's request and extending the deadline for party comment. On January 24, the following parties filed opening comments on the workshop: SDG&E, TURN, and UCAN. On January 31, 2025, the following parties filed reply comments on the workshop: SoCalGas, SCE, and SDG&E. Also on January 31, 2025, the following parties filed reply comments on the Scoping Memo: CASMU, PG&E, SCE, SDG&E, Southwest Gas Company (Southwest Gas), UCAN, and TURN, CforAT, and NCLC.

On June 17, 2025, the Commission issued D.25-06-012 that, in relevant part, ordered the Large Utilities to develop a proposal to adjust the temperature thresholds that trigger disconnections suspensions in regions experiencing localized heat risks identified in TURN's motion.

On October 13, 2025, the assigned ALJ issued an *ALJ Ruling on Arrearage-Related Assistance Programs* seeking party comments on the procedural paths forward for the Percentage of Income Payment Plan pilot program (PIPP), AMP, and the Community Based Organization Pilot program (CBO Pilot). On October 21, 2025, the assigned ALJ issued a ruling modifying certain questions from the ruling and extending the comment deadline.

On November 14, 2025, opening comments on the *ALJ Ruling on Arrearage-Related Assistance Programs* were filed and served by Cal Advocates, CalCCA, the Joint Consumers, PG&E, SCE, SDG&E and SoCalGas (jointly, the Sempra Utilities), and UCAN. On December 5, 2025, reply comments were filed

and served by Cal Advocates, CalCCA, the Joint Consumers, PG&E, SCE, the Sempra Utilities, and UCAN.

On February 26, 2026, the Assigned Commissioner issued an *Assigned Commissioner's Ruling Setting Workshop and Ordering Comments* (Assigned Commissioner's Ruling) that contained questions related to disconnection caps, the arrearage-related assistance programs, and other strategies to support customers at risk of disconnection. The Assigned Commissioner's Ruling scheduled a workshop for March 11, 2026, to discuss those topics and invited parties to provide comments on the workshop and the Ruling's questions.

On March 11, 2026, the workshop was held as scheduled. On March 25, 2026, opening comments were filed and served by Cal Advocates, CalCCA, the Center for Biological Diversity (CBD), the Joint Consumers, PG&E, SCE, SDG&E. SoCalGas, and UCAN. On April 1, 2206, reply comments were filed and served by Cal Advocates, CalCCA, the Center for Biological Diversity (CBD), the Joint Consumers, PG&E, SCE, SDG&E, SoCalGas, and UCAN.

On May 28, 2026, the Joint Consumers and UCAN filed and served a motion requesting the Commission lower the temperature threshold for suspending disconnections from its current level of 100 degrees Fahrenheit to 90 degrees Fahrenheit; on the same day, the Joint Consumers and UCAN filed a motion requesting a shortened comment period on the motion. On June 4, 2026, the assigned ALJ partially granted the request for a shortened comment period and on June 10, 2026, responses were filed by Cal Advocates individually and the four large IOUs jointly. On June 22, 2026, the Commission's Energy Division issued – and on July 16, 2026, the Commission approved – Resolution E-5468 directing the utilities to, among other things, lower the disconnections threshold to 90 degrees Fahrenheit on an interim basis.

On June 4, 2026, the assigned ALJ issued a ruling scheduling two Public Participation Hearings (PPHs) for August 8, 2026. The two PPHs were held as scheduled and on August 11, 2026, the Commission posted the PPH transcripts on the R.18-07-005 docket card.

On August 13, 2026, the Commission approved D.26-08-027 which extended the AMP sunset date to February 1, 2027.

1.2. Submission Date

This matter was submitted on September 21, 2026 upon the filing and serving of the Monthly Disconnection Reports for August 2026.[2].

1.3. Disconnections and the Affordability Crisis

When this proceeding was initiated, the Commission observed "the ramifications of disconnection for customers can be far-reaching and compounding" and indicated that the goal of the OIR would be both to "implement specific requirements in SB 598 while also seeking to broadly analyze the current disconnection paradigm to determine if more effective policies can be adopted to reduce disconnections, reduce costs, and improve the reconnection process."[3] The Commission undertook this rulemaking in the context of rising disconnections despite improving economic conditions following the Great Recession. SB 598 noted that disconnections increased from 547,000 in 2010 to 816,000 in 2015.

[2] Monthly Disconnection Reports have been filed and served in R.18-07-005 by PG&E, SCE, SDG&E, and SoCalGas on the 20th of each month (or the next business day) pursuant to Ordering Paragraph (OP) 6 of D.18-12-013. Additional orders related to the format and content of the Monthly Disconnection Reports include the 2014 Disconnection Settlement Agreement authorized in D.14-06-036, OP 2 of D.25-06-012, and OP 5 of Resolution E-5169.

[3] OIR at 3.

The OIR indicated that SB 598 required the Commission to develop "rules, policies or regulations with a goal of reducing the statewide disconnection rate by January 1, 2024," citing a December 2017 report by the Commission's Policy and Planning Division indicating that disconnection rates across the Large Utilities continued to increase in 2016.[4] Accordingly, the Commission established an initial goal in D.18-12-013 for each Large Utility to cap disconnections at 2017 levels,[5] which the Commission subsequently modified in D.20-06-003 to establish utility-specific annual disconnection rate targets that would result in a statewide disconnection rate of approximately 3.5 to 4 percent by 2024.[6]

Despite the efforts in response to SB 598, the number of customer accounts at risk of disconnection, but for the current caps, has continued to increase., The Large Utilities reported an average of approximately 3,100,000 customer accounts in arrears per month in 2025, or 17.7 percent of accounts across all four Large Utilities. However, the Large Utilities only reported conducting a total of 450,598 disconnections in 2025, compared to 816,000 in 2015,[7] translating to a

[4] OIR at 4 and 7, citing "A Review of Residential Customer Disconnection Influences & Trends," by CPUC Policy and Planning Division, December 28, 2017, p. 4, Attachment 1 of the OIR.

[5] D.18-12-013, OP 1, with additional explanation in D.18-12-013 p. 11-18.

[6] D.20-06-003, OP 1, with additional explanation in D.20-06-003 p. 30-35. The numbers for each utility-specific cap originate in TURN's Comments dated June 14, 2019 at 6-11, which provide additional explanation of the purpose and methodology.

[7] This number is based on the number of customers in arrears according to monthly reports filed in R.18-07-005 by Large Utilities in response to D.18-12-013, OP 6. While this number fluctuates throughout the year, 3,093,332 is reflective of the average number of customer accounts in arrears across the 12 months of 2025: 1,115,623 for PG&E, 821,903 for SCE, 225,903 for SDG&E, and 929,903 for SoCalGas. The percentage of accounts in arrears was calculated by taking the average number of total accounts for all four Large Utilities (5,650,694 for PG&E, 4,657,668 for SCE, 1,373,958 for SDG&E, and 5,786,694 for SoCalGas) in the same reports and dividing the average monthly number of customer accounts in arrears by the average monthly number of customer accounts. The equivalent percentage for each individual Large Utility is as follows: PG&E 19.7 percent, SCE 17.6 percent, SDG&E 16.4 percent, SoCalGas 16.0 percent.

disconnection rate between the four Large Utilities of approximately 2.6 percent. The large gap between the share of customers in arrears and the share of customers experiencing disconnections indicates that the tools established in this proceeding succeeded in limiting disconnection rates while arrearages have increased. The large share of customers in arrears creates a new set of challenges that the Commission must prudently manage while achieving its goal to limit disconnections.

This proceeding seeks to balance the need for development of alternatives to disconnection for nonpayment and other protections for customers with the utilities' interest in having customers pay their monthly bills for services. The Commission recognizes the potentially devastating impacts of disconnection on customers' health and financial well-being, particularly customers who experience multiple or cyclical disconnections.[8] At the same time, the Commission acknowledges the importance of ensuring that utilities recover the costs of providing service.

The customers of greatest concern are those who face disconnection because of their economic circumstances, for whom disconnection is not an effective means of collecting an unaffordable bill. Accordingly, the proceeding began by identifying customers most vulnerable to disconnection, who tend to have significantly lower income and higher energy needs than the average California customer. The Commission then developed protections and pilot programs to assist these customers with managing their bills and reduce the risk of disconnection.

[8] D. 20-06-003, Findings of Fact 2-5.

During Phase 1 of this proceeding, disconnections and arrearages affected a lower number of Californians. Beginning in 2020, however, the circumstances changed as the COVID-19 pandemic and rising energy costs increased financial pressures on households. The pandemic caused significant economic disruption and affected many Californians' ability to meet household expenses, including utility bills. At the same time, California energy costs increased due to other factors such as wildfire-related costs, system energization costs, and natural gas price spikes. These pressures contributed to a substantial increase in customer arrearages.

The Large Utilities' Monthly Disconnection Reports show that aggregate arrearages remained below $500 million in 2018 and 2019, then increased sharply beginning in 2020 and exceeded $2 billion in 2023. Aggregate arrearages have since declined but remained between $1.5 billion and $2.2 billion from mid-2023 through 2026, as shown in Table 1. Unpaid customer balances that are determined to be uncollectible increase the costs borne by the broader ratepayer base and are reflected in an increased revenue requirement request through the utilities' general rate case.[9]

Table 1, Dollar Amount of Arrearages, All Customers, 2019-2026[10]

[9] The utilities may track their incremental debt from nonpayment through balancing accounts (i.e., the Residential Uncollectible Balancing Account or RUBA) as approved through their General Rate Case. The RUBA tracks the difference between actual residential uncollectible expenses and the amounts authorized for recovery in utility revenue requirements.

[10] Data derived from monthly reports filed in R.18-07-005 by Large Utilities in response to D.18-12-013, OP 6. The Large Utilities filed the most recent Monthly Reports as of the date of

	Total	PG&E	SCE	SDG&E	SoCalGas
Jan. 2019	$ 428,506,744.55	$ 230,428,351.65	$ 80,513,666.32	$ 60,953,165.42	$ 56,611,561.16
Jan. 2020	$ 433,843,256.84	$ 228,066,772.00	$ 89,630,131.30	$ 61,828,681.14	$ 54,317,672.40
Jan. 2021	$ 1,250,751,067.51	$ 605,631,338.62	$ 338,063,288.59	$ 145,319,986.60	$ 161,736,453.70
Jan. 2022	$ 1,997,720,358.45	$ 921,407,094.08	$ 624,771,442.37	$ 222,672,224.00	$ 228,869,598.00
Jan. 2023	$ 2,175,515,486.76	$ 920,447,123.05	$ 735,765,005.32	$ 205,498,686.00	$ 248,563,270.50
Jan. 2024	$ 2,097,393,034.23	$ 648,732,020.68	$ 846,797,169.29	$ 255,800,903.00	$ 346,062,941.26
Jan. 2025	$ 2,060,980,394.60	$ 748,617,978.97	$ 839,909,900.75	$ 157,043,494.05	$ 315,409,020.83
Jan. 2026	$ 1,885,528,089.05	$ 777,743,025.00	$ 698,150,966.00	$ 130,831,580.05	$ 278,802,518.00

Ultimately, the root cause of disconnection is nonpayment. This proceeding has compiled a voluminous record demonstrating that, in most cases, customer nonpayment is driven by underlying financial hardship rather than a conscious intent to avoid payment for service. The compounding affordability crisis in recent years has increased the number of customers facing such hardship, as shown by the dramatic increase in arrearages documented in Table 1 above. Reducing disconnections benefits not only customers who might otherwise lose service, but broader ratepayers by reducing the costs associated with unpaid balances that are collected by all customers. This decision is

D.18-12-013, OP 6. The Large Utilities filed the most recent Monthly Reports as of the date of this decision on September 21, 2026, which indicate that total arrearages were $1,736,141,387. PG&E reported $740,513,286, SCE reported $621,431,060, SDG&E reported $121,806,471, and SoCalGas reported $252,390,569.

intended to provide as many safeguards as possible to prevent disconnection for customers facing financial hardship.

We also recognize that nonpayment, particularly of the magnitude observed today, creates significant risks to the operational and financial sustainability of utilities. Costs not recovered from some customers must inevitably be recovered from others. In this way, the high level of arrearages is not only a danger for the individual customers who are unable to pay their bills now, but also for other ratepayers who must absorb those unpaid costs through their own bills. This in turn increases the risk of disconnection for more customers.

While disconnections should remain a last resort for collection of unpaid bills, it would not be prudent to deny utilities the ability to utilize this tool consistent with applying customer protections such as those set out in this decision. However, having this tool does not alleviate the Large Utilities from their responsibility to work with customers to find alternatives to disconnections. As such, this decision sets out additional requirements of the Large Utilities to provide support for participation in the programs ordered by this Commission. This supports the dual goals of reducing both disconnections and arrearages. Further, there is essential ongoing work needed to further reduce arrearages and reduce risk of disconnection beyond this decision.

2. Disconnection Rate Caps

The main goal of this proceeding is to adopt policies and rules that reduce disconnections in accordance with the specific requirement of SB 598. In D.18-12-013, the Commission initially intended to achieve this by setting a disconnection reduction goal for each Large IOU. The goal limited each Large IOU's annual disconnection rate to its 2017 disconnection rate until annual

targets for reduced residential disconnections were adopted.[11] The 2017 Disconnection Rate for each Large IOU as calculated in D.18-12-013, Attachment A is shown below.

Table 2: 2017 Disconnection Rates of Large IOUs[12]

PG&E	SDG&E	SCE	SoCalGas
5.4%	3.3%	9.8%	2.1%

The Commission replaced the goals established in D.18-12-013 with a formal cap on disconnections in D.20-06-003. Specifically, the Commission established annual declining maximum disconnection rates for each Large IOU, resulting in a statewide disconnection rate no higher than 3.5 percent to 4 percent by January 1, 2024.[13] The Commission adopted the following annual target disconnection rates for the Large IOUs

Table 3: Annual Disconnection Rate Targets Adopted in D.20-06-003

Date	PG&E	SDG&E	SCE	SoCalGas
July 1, 2020	4%	3%	8%	2%
January 1, 2021	4%	3%	7%	2%
January 1, 2022	3.5%	3%	6%	2%
January 1, 2023	3.5%	3%	5%	2%
January 1, 2024	3.5%	3%	4%	2%

[11] D.18-12-013, Ordering Paragraph 1(a)

[12] D.18-12-013, Attachment A.

[13] The specific annual targets were proposed in TURN's Comments dated June 14, 2019 at 6-11, as cited in Footnote 44 of D. 20-06-003.

The Commission specified the number of disconnections allowed by each Large IOU would be calculated on a monthly basis using the following steps in the "rolling cap" methodology:[14]

1. Multiply the annual target rate in the above table by the number of accounts on the last day of the prior month to create a disconnection cap number.
2. Sum the total number of disconnections performed in the prior 11 months.
3. Subtract the total number of disconnections (calculated in Step 2) performed in the past 11 months from the total number of disconnections allowed in a 12-month period (calculated in Step 1) to generate the total number of disconnections that may be performed in the upcoming month.

Under the current disconnection caps, the maximum number of disconnections any Large IOU may perform in a month is the result from Step 3. For example, if SCE reported having 1 million total accounts, its current 4% disconnection rate target would allow it to perform no more than 40,000 disconnections in any 12-month period. This means that if SCE had performed 35,000 disconnections in the prior 11 months, it would be allowed to perform no more than 5,000 disconnections in the current month.

The caps established in D.20-06-003 reduced the statewide residential disconnection rate by January 1, 2024, pursuant to SB 598. In this phase of the proceeding, the Commission considers whether to extend, modify, or eliminate

[14] D.20-06-003, OP 1(a), and Appendix 1: Rolling Methodology for the Disconnection Cap.

those caps.[15] The Commission extended the caps on an interim basis in D.24-11-005 pending a final decision on the matter.[16]

2.1. Party Comments on Modifying Disconnection Caps

The Large Utilities argue that the Commission should either eliminate or raise the disconnections caps. Cal Advocates, CalCCA, CBD, Greenlining, the Joint Consumers, and UCAN argue that the Commission should maintain or lower the caps.

Parties advocating to maintain or lower the disconnections rate caps assert that the caps are necessary customer protections that address an acute and growing affordability crisis.[17] They further argue that caps protect particularly vulnerable customers, such as, low-income customers, disabled customers, customers residing in disadvantaged communities, and renters.[18] Cal Advocates argues the Large Utilities have not sufficiently demonstrated that disconnections caps are the primary factor driving arrearages and therefore the caps should not be modified at this time. Cal Advocates ~~notes~~and UCAN note that rising arrearages may be driven by Large Utilities' rate increases that have outpaced inflation.[19] Cal Advocates, CBD, and the Joint Consumers argue that Public Utilities Code Section 718(a) restricts the Commission's ability to take actions that

[15] D.23-08-049, Conclusion of Law 20; Assigned Commissioner's Ruling on the Community-Based Organization Pilot Payment Structure and Disconnection Rate Caps, August 24, 2023, at 3.

[16] D.24-11-005, Ordering Paragraphs 1 and 2.

[17] Cal Advocates Opening Comments at 4, Greenlining Reply Comments at 1-2, TURN, CforAT, and NCLC Opening(?) Comments at 4.

[18] Cal Advocates Opening Comments at 4, Greenlining Reply Comments at 2.

[19] Cal Advocates Opening Comments on ACR at 3; UCAN Opening Comments on ACR at 4-7, UCAN Reply Comments on ACR at 5.

could increase disconnections.[20] CBD argues for a permanent moratorium on disconnections for nonpayment and providing every customer with a minimum amount of energy sufficient to cover basic needs.[21]

The Large Utilities support removing the disconnection rate caps and argue that the caps increase arrearages and drive up rates for customers current on their bills.[22] The Large Utilities also argue that caps reduce customers' incentive to pay their bills, create inequity between customers that have arrears but are disconnected, and those with arrears who are not disconnected. The Large Utilities assert that these factors complicate evaluations of the Commission's various policies and programs designed to mitigate disconnections.[23] SCE notes that it has seen a 50 percent drop in the arrearage collection rate since the implementation of SB 1142, which allowed disconnected customers to reconnect without any payment if they join a payment plan. [24]

SCE estimates that the current level of arrearages costs non-CARE customers $2 per month and CARE customers $1 per month.[25] SCE estimates that each 1 percent increase in the cap would decrease SCE arrearages by $27 million per year, and PG&E estimates that each 1 percent increase would decrease PG&E

[20] Cal Advocates Opening Comments on ACR at 3; CBD Opening Comments on ACR at 2-4; Joint Consumers Opening Comments on ACR, Attachment 1 at 2.

[21] CBD Opening Comments on ACR at 7 to 8.

[22] SCE Opening Comments at 3, SDG&E Opening Comments at 2-3, SoCalGas Opening Comments at 6, PG&E Opening Comments at 4.

[23] PG&E Reply Comments at 4, 6-7, SCE Opening Comments at 3, 10, SoCalGas Opening Comments at 2-3.

[24] SCE Opening Comments on ACR at 8.

[25] SCE Opening Comments on ACR at A2.

arrearages by $88 million per year.[26] SCE further notes that approximately one percent of their customers represent around 35 percent of SCE's total arrearages.[27]

PG&E proposes immediately removing the disconnections cap for customers non-CARE/FERA customers and gradually raising the cap for CARE/FERA customers to a maximum of 5 percent.[28] SDG&E suggests that if the Commission does not remove disconnection caps entirely, that it should remove the cap for non-CARE/FERA customers and set a three-year glidepath to remove the cap for CARE/FERA customers.[29] SCE recommends the Commission raise SCE's current disconnection rate cap from 4 percent to 6 percent and allow utilities to request further cap increases via Tier 2 Advice Letter.[30] SoCalGas does not propose a gradual raise and proposes total removal of the caps.[31] SCE indicates that they prioritize disconnecting customers that have high arrearage balances that have not trended down despite outreach and engagement and allowing incremental disconnections would decrease the rate of arrearage accrual.[32] UCAN supports raising the caps no more than 1 percent per year and no higher than 5 percent for any utility.[33]

[26] PG&E Opening Comments on ACR, Attachment 1 at 3; SCE Opening Comments on ACR at A2.

[27] SCE Opening Comments on ACR at 2.

[28] PG&E Opening Comments on ACR at 3.

[29] SDG&E Opening Comments on ACR at 5.

[30] SCE Opening Comments on ACR at 8 to 9.

[31] SoCalGas Opening Comments on ACR at 3.

[32] SCE Opening Comments on ACR at 8.

[33] UCAN Opening Comments on ACR at 9.

2.2. Discussion

We agree with the Large Utilities that disconnection caps create upward pressure on arrearages. Disconnection caps limit the circumstances in which the Large Utilities may use disconnection to compel payment of an outstanding bill from a customer. Increasing levels of arrearages observed on an ongoing basis has led to a higher level of uncollectible dollars. These uncollectible dollars are subsequently collected from other ratepayers through rates. In order to control rising costs for all ratepayers and ensure fair allocation of such costs, we agree that an adjustment to the disconnection caps may enable the Large Utilities to reduce arrearages, which will also reduce, uncollectible amounts paid for by other ratepayers.

This decision acknowledges that both ratepayer costs and customer arrearages have fundamentally changed since the original disconnection caps were established. These changes have occurred as a result of the COVID-19 pandemic, and the significant increases in customer bills over the last several years, among other factors. Since 2016, average residential rate increases were between 2-3 times the rate of inflation, depending on the utility. Systemwide average rate increases for all customer classes began outpacing inflation in 2021 even as inflation increased to its highest level in decades. Residential rates have also grown sharply since 2021.[34] Furthermore, while the Large Utilities' average rates had already ranked above national peers, from 2019 to 2023, average

[34] Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases Pursuant to Public Utilities Code Section 913.1, September 2025. Pages 18-24. https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2025/2025-sb-695-report_093025.pdf

monthly bills also increased relative to national peers.[35] Rate increases are also anticipated to continue outpacing inflation through at least 2028.[36]

While the record demonstrates customer arrearages increased following imposition of the current disconnection caps, we cannot ignore the fact that during this same time ratepayers also experienced a significant increase in the costs for essential utility service. The combined increase in energy costs as well as other essential costs such as housing, food, and transportation (gas) necessarily informs our analysis of the relationship between disconnections and mitigation of uncollectibles. The relationship suggests that the increase in arrearages reflects a heightened inability of customers to afford essential service rather than a deliberate, strategic choice to avoid paying for service. To the extent that customers accumulate arrearages due to an inability to pay, disconnection for nonpayment is not likely to resolve the issues that have led to non-payment.

However, we do find that the arguments presented by PG&E and SCE support consideration of increasing the disconnection caps with certain safeguards in place. These arguments assert that a higher level of allowable disconnections could result in a reduction in customer arrearages by compelling some level of payment from a larger number of customers. We also find SCE's argument that a small share of customers is responsible for a disproportionate share of arrearages compelling. It is reasonable to allow a small increase in the allowable number of disconnections where such an increase could result in a significant decrease in arrearages. Therefore, we authorize a limited, conditional increase in disconnection caps.

[35] Ibid., pages 24-25.

[36] Ibid., page 59.

Cal Advocates, Joint Consumers, and CBD cite Pub. Util. Code Section 718(a) as prohibiting the Commission from increasing disconnections and, therefore, increasing disconnection caps.[37] This argument contradicts the statute, which requires the Commission to develop "policies, rules, or regulations with a goal of reducing by January 1, 2024, the statewide level of gas and electric customer service disconnections for nonpayment by residential customers."[38] In response to the statutory requirement, the Commission adopted rules, including the disconnection caps, to achieve a statewide reduction in disconnections by January 1, 2024. As previously cited in Section 1.3, data submitted by Large Utilities in this proceeding for the Monthly Disconnection Reports demonstrates that the statewide level of disconnections was reduced by January 1, 2024, and remains lower than 2017, the year in which Pub. Util. Code Section 718(a) was enacted. However, the statute does not specify a mechanism by which the Commission must achieve this goal, such as the disconnection caps, nor does it prohibit the Commission from taking any action whatsoever that could increase disconnections above the current levels, which as noted are below the 2017 level.

In achieving the disconnection goal established by statute, the Commission has an obligation to uphold other critical responsibilities, including ensuring rates are just and reasonable by prudently limiting costs borne by ratepayers. The significant increase in arrearages since 2020, while not solely the result of the disconnection caps~~, s~~ merits a policy response to balance the Commission's obligation to ensure that rates remain just and reasonable against the Commission's ongoing goal to limit unreasonable disconnections. Accordingly,

[37] Cal Advocates Opening Comments on ACR at 3; CBD Opening Comments on ACR at 2-4; Joint Consumers Opening Comments on ACR, Attachment 1 at 2.

[38] Pub. Util. Code 718(a).

this decision authorizes a limited, conditional increase in disconnection caps to reduce costs associated with the growth in arrearages while maintaining meaningful restrictions on the number of disconnections that Large Utilities may perform.

In authorizing this limited, conditional increase, the Large Utilities are required to first maximize tools other than disconnections to address customer arrearages. We also require the Large Utilities to target disconnections authorized by this decision to those customers who have the highest expected ability to pay. The increases authorized in this decision are intended to lower costs for all ratepayers. To do this, the Large Utilities must implement a strategy to address arrearages that prioritize alternatives to disconnections. The strategy implemented should center on support for vulnerable customers and mechanisms that achieve some level of payment from customers in arrears without targeting customers who do not have a reasonable ability to pay an outstanding bill. The Commission will monitor the outcomes and may reexamine this authorization, including potentially reimposing the caps created in D.20-06-003 or increasing the cap, as necessary to ensure compliance with SB 598 and to limit a cost shift to other customers that are paying their bills.

Below, we discuss our determination on modification of the disconnection caps, as well as required safeguards for at risk ratepayers, and reporting requirements for the Large Utilities. These safeguards and reporting requirements will ensure appropriate monitoring of the implementation and results of an increase to the disconnection caps. Furthermore, the record shows that SoCalGas has disconnected significantly fewer customers than authorized under its existing cap, compared to other Large Utilities.[39] Given the low

[39] The other Large Utilities have generally reached disconnections amounts close to the maximum number of disconnections allowed under the current caps. See data summarized in

numbers of disconnections in SoCalGas territory, we see no reason to continue a disconnection cap for SoCalGas, at this time. Therefore, we remove the disconnection cap on a conditional basis for SoCalGas.

For PG&E, SCE, and SDG&E, we find that continued disconnection caps remain appropriate, while recognizing that the current caps may need to be adjusted. The record supports allowing limited increases in the caps for PG&E, SCE, and SDG&E. These adjustments are intended to provide the Large Utilities with a measured means of increasing collections from customers who have a reasonable ability to pay while maintaining protections for customers who are unable to do so.

2.3. Disconnections Rate Caps

2.2.2 Large Utilities' Implementation of Caps

Data on each Large IOU's use of its current disconnection cap suggests that the SoCalGas cap may not be necessary to limit disconnections while mitigating arrearages. While the caps for the other IOUs may be preventing a substantially larger number of disconnections. Table 4 below shows the average amount of each IOU's disconnection cap or "headroom" that the IOU did not utilize from July 2025 through July 2026.

Table 4: Disconnection Cap Headroom by IOU, Prior 12 Months[40]

maximum number of disconnections allowed under the current caps. See data summarized in Table 4 and reported in monthly reports filed in R.18-07-005 by Large Utilities pursuant to D.18-12-013, OP 6.

[40] Monthly reports filed in R.18-07-005 by Large Utilities pursuant to D.18-12-013, OP 6.

IOU	Disconnection Cap	Disconnection Cap Headroom (Avg)	Disconnection Cap Headroom as Share of Cap (Avg)
SCE	4.0%	0.34%	8.6%
PG&E	3.5%	0.48%	13.6%
SDG&E	3.0%	0.46%	15.4%
SoCalGas	2.0%	1.52%	75.9%

Table 4 shows that PG&E, SCE, and SDG&E disconnected close to the maximum number of customers allowable under the existing caps during this most recent period. Additionally, these reports show that a minimal amount of "headroom" has been a longstanding trend. SCE, PG&E and SDG&E are all disconnecting customers at rates within 0.5 percent of their allowable cap.

In contrast, SoCalGas has disconnected significantly fewer customers than allowed under its existing cap even since restarting disconnections after the COVID-19 pandemic. This lower utilization of its allowable disconnection headroom persists despite having a lower disconnection cap than the other three Large Utilities. SoCalGas has never dropped below 50 percent of its available cap headroom since the disconnection caps were established in D.20-06-003. SoCalGas' arrearages are also notably lower than other IOUs, suggesting there is a lessened risk of significant spikes in disconnections resulting from any change to the cap. This evidence suggests that SoCalGas' disconnection cap is not necessary to protect vulnerable customers from overreliance on disconnections as a means to compel customer payments.

For SCE, SDG&E, and PG&E, we remain concerned that without the current disconnection caps, a significant number of customers could face

disconnections. There is little dispute in the record that the disconnection caps have significantly reduced the number of customer disconnections, consistent with the goals of this OIR and SB 598. Illustrating this point, the Large Utilities Monthly Reports continue to show that they are disconnecting customers at or close to the maximum level for each respective disconnection caps.

2.2.3 Process to Adjust SoCalGas' Disconnection Rate Cap

As stated above, SoCalGas's disconnection cap may not be necessary to appropriately limit disconnections. Its cap may be limiting the degree to which SoCalGas is able to minimize arrearage offsets collected from other ratepayers. We provisionally lift the disconnection cap for SoCalGas contingent upon SoCalGas submitting a Disconnection Cap Management Strategy as described in Section 2.4.11below. This filing must include all the same information as other Large Utilities will submit, including safeguards that will be in place to prevent disconnections and resources in place to support customers.

To ensure the conditions currently observed for SoCalGas' customers do not significantly change we require SoCalGas to participate in the ongoing reporting and workshop process discussed in Section 2.4 below (Process for Ongoing Monitoring of Disconnection Cap Impacts).

We also direct SoCalGas to file and serve to this proceeding a compliance report within one year of the effective date of this decision (SoCalGas Compliance Report). In addition, SoCalGas will continue to file the disconnection reports originally ordered in D.18-12-013, which this decision authorizes to be filed on a quarterly basis going forward. The Compliance Report shall include information on how customer disconnections and arrearages have evolved since lifting of the disconnection caps. Information shall include the rate

of disconnections and arrearages, and data demonstrating whether SoCalGas customers are successfully managing arrearages and accessing assistance programs including AMP.

SoCalGas shall provide justification for why the Commission should not reimpose the disconnection cap of 2 percent if there is an increase in disconnections and arrearage amounts. If the data demonstrates that customer well-being as measured by disconnections, reconnections, arrearages, and effectiveness of assistance programs has not materially worsened over the year, the Commission may not need to take any additional actions. If the data ~~demonstrate~~demonstrates that customer well-being has materially worsened over the year based on significant increases in disconnections, arrearages, and minimal or lessened effectiveness of assistance programs, SoCalGas shall hold a workshop to explain the drivers of this outcome and invite parties to propose solutions. Subsequently, SoCalGas shall file a Tier 3 Advice letter with a plan to reduce the amount of disconnections absent the cap, as well as supporting information sufficient for the Commission to consider whether reinstating the 2 percent cap established in D.20-06-003 is warranted. SoCalGas remains subject to the same quarterly reporting requirements as the other Large Utilities regarding their status of arrearages, disconnections, and participation in AMP and related programs.

2.2.4 Ongoing Need for Disconnections Caps for PG&E, SCE, and SDG&E

For PG&E, SCE, and SDG&E, the record does not persuade us that eliminating the disconnection caps would avoid a significant increase in disconnections. The IOUs' comments assert that increasing disconnections, or at least strengthening the threat of disconnection, is necessary to reduce arrearages.

While disconnection may incentivize some customers to prioritize payment of utility bills, this approach does not account for the affordability challenges many customers face. It also does not address the central purpose of this proceeding: developing alternatives to nonpayment that reduce reliance on disconnection. The Commission and parties have developed a substantial record of alternatives to disconnection over the course of the proceeding. These alternatives provide the IOUs with opportunities to address arrearages while protecting vulnerable customers and exercising prudent stewardship of ratepayer funds.

We acknowledge that substantially higher post-COVID arrearages may warrant adjustments to the current caps. We decline, however, to eliminate the caps for PG&E, SCE, and SDG&E at this time. The Large Utilities are currently disconnecting customers at or near their authorized rates and report significant numbers of customers with large arrearage balances beyond the caps. We also find that these utilities have not yet demonstrated consistent and effective implementation of mechanisms to assist customers in addressing arrearages.[41] Their performance has improved in recent months, and the additional safeguards provided in this decision are intended to support continued improvement. We therefore find merit in modestly increasing the caps. This measured approach is consistent with UCAN's recommendation that any increase in the caps be gradual and subject to revision if data show unforeseen harm to customers.[42]

High arrearage levels create upward pressure on rates and, in turn, may increase affordability challenges for other customers. Thus, this decision authorizes SCE, SDG&E, and PG&E to raise their disconnection caps by 0.50

[41] UCAN Opening Comments on ACR at 2-3; UCAN Reply Comments on ACR at 3-4; UCAN Reply Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 4.

[42] UCAN Opening Comments on ACR at 9-10; UCAN Reply Comments on ACR at 4-6.

percent over the next 6 months. This increase is subject to ongoing reporting and regular assessment of the outcomes of cap increases with opportunities for party input. This will provide the Large Utilities with more flexibility as to disconnections while also requiring them to demonstrate progress in reducing arrearages. We emphasize that this increase is targeted at reducing arrearages among customers that are best able to pay outstanding amounts. We also adopt processes to monitor the performance of PG&E, SCE, and SDG&E in 2027 to balance the need to reduce arrearages with the need to avoid unnecessary disconnections of vulnerable customers, including authorizing an additional 0.5 percent increase in disconnection caps if monitoring of each Large Utility's Disconnection Cap Monitoring Strategy implementation does not demonstrate significant customer harm, as discussed below.

2.4 Process for Ongoing Monitoring of Disconnection Cap Impacts

2.4.1 Purpose of Ongoing Monitoring of Disconnection Cap Impacts

The Commission provisionally authorizes SoCalGas to eliminate its disconnection cap and for PG&E, SCE, and SDG&E to increase their caps by 0.5 percent. The Commission will closely track the effects on customers and the extent to which the limited increases in disconnection caps are lowering arrearages and uncollectible amounts. This ongoing monitoring will be used to determine whether the Commission should allow disconnection caps for each Large Utility to be further increased beginning on January 1, 2028, by an additional 0.5 percent.

2.4.2 Party Comments on Monitoring of Customer Impact Metrics

Party comments identify several metrics the Commission might consider in evaluating the disconnection caps. These metrics include total arrearage balances, the age of those arrears, number of customers in arrears, disconnection rates, and broader measurements of affordability.[41][43] Cal Advocates and Greenlining request that the Commission evaluate the caps' impacts on low-income and minority communities.[42][44]

The Large Utilities repeatedly emphasize that any increase in disconnection caps should help control the increase of arrearages and associated costs to other ratepayers. SCE supports monitoring arrearage balances to assess the effectiveness of increased caps.[43][45] SCE also identifies relevant metrics including the relative portion of disconnected customers who are reconnected within 24 hours, 24 to 72 hours, and 72+ hours and the participation levels and success rates of assistance programs. SCE specifically suggests that a reasonable metric could be an increase in the share of customers requiring between 24 and 72 hours to be reconnected. This number has averaged around 10 percent for each of the three Large Utilities.[44][46] SCE also argues that the share of customers who are never reconnected is an imperfect metric that can also capture customers who are cycling accounts within a household.[45][47] Cal Advocates recommend the Commission track the number of customers in arrears, the disconnection rate, and performance of various assistance programs. [46][48] PG&E and SDG&E argue

[41][43] Cal Advocates Opening Comments at 1, SCE Opening Comments at 10, SoCalGas Opening Comments at 6.

[42][44] Cal Advocates Opening Comments at 2, Greenlining Reply Comments at 3.

[43][45] SCE Opening Comments on ACR, page 6.

[44][46] UCAN Opening Comments on ACR at 15.

[45][47] SCE Opening Comments on ACR at 6 to 8.

[46][48] Cal Advocates Opening Comments on ACR at 4.

that no metric-based thresholds are necessary because the existing protections are sufficient and the disconnection caps themselves serve as a sufficient restriction on potential consequences.[47][49]

In addition to monitoring customer impacts, Cal Advocates, SCE, and UCAN support establishing a process for automatically pausing or increasing the stringency of the disconnection caps if data demonstrates unintended negative consequences for customers. Cal Advocates suggests that one threshold for such an automatic adjustment should be based on changes in arrearages, disconnections, and success rates of assistance programs, including those piloted in this proceeding.[48][50] UCAN suggests the Commission halt disconnections for utilities when more than one percent of their customers are disconnected and never reconnected (for example, as opposed to having their service restored in 24 hours).[49][51] SCE agrees that monitoring metrics demonstrating customer success in accessing assistance programs could be valuable. The Joint Consumers, PG&E, and SDG&E oppose creating any such metric-based thresholds resulting in automatic actions. Additionally, PG&E argues that the current suite of assistance programs is sufficient and no additional tracking of customer success in accessing assistance is necessary.[50][52] The Joint Consumers take issue with the concept of an automatic threshold, arguing that it discounts the effect of disconnections on customers. [51][53]

[47][49] PG&E Opening Comments on ACR at 5; SDG&E Opening Comments on ACR at 8.

[48][50] Cal Advocates Opening Comments on ACR at 4 to 5.

[49][51] UCAN Opening Comments on ACR at 16.

[50][52] PG&E Opening Comments on ACR at 2.

[51][53] Joint Consumers Opening Comments on ACR at 7.

2.4.3 Discussion of Ongoing Monitoring of Customer Impacts

This decision focuses on the following areas for ongoing monitoring and assessment of the impact of disconnection cap increases:

1. achievement of significant reductions in customer arrearages;
2. no worsening in customer reconnection statistics; and
3. ~~3.~~ demonstration of customer success in accessing assistance programs.

In adopting a methodology for ongoing monitoring of customer impacts associated with disconnection caps, we emphasize that increased disconnections should be undertaken judiciously and for the purpose of reducing extreme customer arrearages. We agree with Cal Advocates that an increase in customer arrearages, or a reduction in affordability as measured by the Affordability Metrics established in R.18-07-006, would likely indicate financial strain on customers that would make reliance on disconnections inappropriate as a means of controlling arrearages. Disconnecting customers who are experiencing increased affordability challenges is likely to be counterproductive in compelling payment. While we do not adopt a specific requirement related to these measurements of arrearages or customer well-being at this time, utilities should exercise restraint towards performing disconnections even if an increased cap ~~may technically allow~~ allows additional disconnections.

Furthermore, we agree with the comments of parties including CalCCA, UCAN, Cal Advocates, CBD, and Joint Consumers regarding the role of increased utility rates on the high level of customer arrearages. As CalCCA observes,

> "Without reducing more significant utility costs [than uncollectibles], customers who are disconnected will face the

> same high rates that led them to get behind on bills in the first place," meaning disconnections "should not be considered a primary lever for managing arrearages."[~~52~~54]

Addressing the primary cost drivers for rising rates is beyond the scope of this proceeding. However, addressing the contribution of arrearages to rate increases is within the scope of this proceeding. Therefore, we require the Large Utilities to provide more detailed evidence on the relationship between increases in disconnection caps and reductions in arrearages resulting in lower uncollectible amounts to be collected from ratepayers. At minimum, this means continuing to file detailed reports on arrearages on a monthly basis. However, we direct the Large Utilities to provide more detailed quantification of the extent to which any reduction in arrearages caused by the increased disconnection caps is resulting in a lower uncollectible amount and lower ratepayer costs.

We will additionally adopt a version of SCE's recommendation to monitor whether there is a significant change in the share of customers who are reconnected within 24 hours. We agree with SCE's contention that the share of customers requiring more than 24 hours to provide payment necessary to secure reconnection is a critical indicator of unanticipated, widespread harm to customers. This critical indicator suggests that disconnected customers are facing significant challenges obtaining necessary funds to pay for reconnection.

An increasing share of customers who are going longer than 24 hours without access to essential energy service suggests these customers do not have enough money to cover a meaningful share of their unpaid balance. This undercuts the logic of disconnecting service to compel payment of an arrearage. In these circumstances, the disconnection may expose the customer to significant

[~~52~~54] CalCCA Opening Comments on ACR at 8-9.

economic, public health, and social harms, such as loss of employment, eviction, and unsafe living conditions. Therefore, we find merit in SCE's suggestion that this metric be closely monitored to determine whether disconnections are in fact being applied in a judicious manner designed to compel payment of the largest arrearages from customers most able to pay. This is consistent with UCAN's recommendation that the Large Utilities prioritize disconnecting customers with the highest arrearages while observing safeguards to minimize harm to the most vulnerable customers.[55] We will continue requiring Large Utilities to report reconnection statistics ~~on a monthly~~broken out by month but on a quarterly basis going forward.

We disagree with SCE's suggestion that the Commission disregard the share of customers who require more than 72 hours to reconnect, or who are "never reconnected" due to the potential for this metric to capture "account cycling" behavior. SCE has not provided sufficient evidence to quantify the share of these customers that represent "account cycling." Further, as we already recognize the harm of disconnection for customers who are unable to be reconnected within 24 hours, it is reasonable to also recognize the concern for customers who are taking more than three times as long to be reconnected.

Furthermore, we adopt Cal Advocates' recommendation to require ongoing monitoring of whether customers are being offered genuine pathways to manage high levels of arrearages. Since disconnection should represent a last resort to compel payment from a customer, it is reasonable to expect Large Utilities receiving an increase in the disconnection cap to also demonstrate that they are facilitating customer success in accessing available assistance

[55] UCAN Opening Comments on ACR at 13, 17-18, 24.

programs.[56] We direct the Large Utilities to identify a target success rate of customers enrolled in assistance programs that reduce arrearages. For example, the success rate could be measured by the share of customers enrolled in AMP who complete 12 months of payments. If the data demonstrates that customers are not successfully managing arrearages through enrollment in assistance programs, ~~an increase in the disconnection cap may not be justified as~~ customers may not have sufficient mechanisms in place to avoid disconnection despite good faith efforts to pay and reevaluation of the current programs intended to provide support to at risk customers may be necessary.

For each of the above items, we direct SCE, SDG&E, PG&E, and SoCalGas to file and serve a formal Disconnection Cap Monitoring Strategy in this proceeding. The Large Utilities shall propose specific thresholds each will monitor to determine whether the disconnection cap increase may not be appropriately balancing the need to reduce customer arrearages with the need to safeguard vulnerable customers. After filing the Disconnection Cap Monitoring Strategy, Large Utilities must report the data identified in the strategy on ~~an~~

[56] Additionally, we are aware of information suggesting that inconsistent or incorrect information provided by Large Utilities to customers may be negatively impacting enrollment in assistance programs. For instance, the Commission's CHANGES Program Annual Report for Program Year 2024-25 stated "During this [Program Year], AMP eligibility guidelines changed, requiring consumers to have a zero balance on their utility bills at least once in the past two years. This meant that many consumers were no longer eligible for enrollment, despite AMP's purpose of assisting consumers who have amassed large unpaid balances." While this statement reflected what community-based organizations and customers had understood to be the case based on information provided by the Large Utilities, it was incorrect as no such change to AMP eligibility guidelines had occurred, and an unknown number of customers may have been improperly deterred from enrollment as a result. See CHANGES Program Annual Report, Program Year July 1, 2024 – June 30, 2025, Submitted by International Institute of Los Angeles, at 18. https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/reports/cab/changes/2024-25-changes-annual-report_final.pdf.

~~ongoing monthly~~a quarterly basis with data broken out by month. This ongoing ~~monthly~~ reporting must include any additional metrics proposed by the IOU in its Disconnection Cap Monitoring Strategy and whether the caps should remain as set or increased or decreased, as well as the basis for such recommendation.

2.4.4 Workshops on Disconnection Cap Impacts

We find that even a modest increase in disconnection caps has the potential for unanticipated consequences and should be handled cautiously and informed by relevant data. Therefore, this decision adopts an increase in the disconnection caps accompanied by an ongoing process to monitor and assess the resulting changes in customer well-being. In addition to requiring the Large Utilities to file a Disconnection Cap Monitoring Strategy and continue submitting ~~monthly~~quarterly reporting on specific metrics of customer impacts, we will also convene two workshops, one the second half of 2027 and one in the first half of 2028 to discuss observed impacts on customers.

The purpose of these two workshops will be to provide Large Utilities with an opportunity to present data identified in the required compliance report filings, review the procedures in place to maintain required customer protections and ensure vulnerable customers are not disconnected inappropriately, discuss progress toward enrolling customers in assistance programs and administering those programs effectively to maximize customer success, and answer questions from Commission staff, parties, and external stakeholders. The workshops should include presentations and participation by the Commission's Consumer Affairs Branch staff. Consumer Affairs Branch staff will present trends in complaints received on disconnection of service or customer assistance programs. Following each workshop, the Large Utilities shall prepare a workshop summary for party comment. The report and party comments will

inform whether the Commission should take action to revisit the disconnection cap increase or on any other related matters.

This process will enable the Commission to respond appropriately if increased disconnection caps fail to reduce uncollectibles while maintaining critical safeguards for vulnerable customers. It will also provide timely, high-quality evidence on customer impacts to inform future decisions on whether to modify or extend the disconnection caps authorized in this decision. While this decision authorizes an increase in disconnection caps, that increase does not in any way reduce the obligation of the Large Utilities to ensure all rules providing customers with mandatory notice that they are at risk of disconnection due to an unpaid bill and the mandatory opportunity to enroll in assistance programs or payment plans are followed before a customer is disconnected, as well as taking all reasonable steps to appropriately address any billing or administrative error that could result in disconnection or collections activity through no fault of the customer.

2.4.5 Disconnections Caps in Low-Population Zip Codes

In addition to the annual caps on disconnections across each Large Utilities' customer base, D.20-06-003 also required the Large Utilities to not exceed a disconnection rate of 30 percent in any individual ZIP code. This requirement was established to address disparities in disconnection rates associated with indicators of community-level vulnerability. The Commission's early analysis found that ZIP codes with lower household incomes experienced substantially higher average disconnection rates, with the average rate in ZIP codes with household incomes below $40,000 more than twice that of ZIP codes

with average household incomes above $80,000.[5357] These disparities indicate that the effects of disconnection may be concentrated in communities already experiencing greater economic vulnerability. When a significant share of households in a community face disconnection for nonpayment, the resulting impacts may extend beyond individual customers and compound existing economic and social challenges.

The ZIP code caps intended to address this risk by requiring that IOUs pursue alternatives to disconnection in communities with significant shares of customers owing arrearages and at risk of disconnections. However, some parties argue that establishing a cap on the disconnection rate of individual ZIP codes privileges customers in low-population ZIP codes, as these customers would be barred from being disconnected based on significantly lower numbers of disconnections performed in their communities than customers in higher-population ZIP codes.

2.4.6 Party Comments on Disconnection Caps in Low-Population ZIP Codes

PG&E, SCE, and SoCalGas support eliminating or modifying the prohibition on disconnecting more than 30 percent of the customers in a ZIP code, arguing that this prohibition effectively prohibits disconnections in ZIP codes with low populations. PG&E proposes eliminating this requirement for ZIP codes with fewer than one thousand customers. SCE suggests aggregating adjacent ZIP codes until each aggregated group has at least one thousand customers. SoCalGas recommends eliminating the restriction entirely.

[5357] Order Instituting Rulemaking 18-07-005, Attachment 1, "California Energy IOU Disconnections and Reconnections," Pages 16-17.

Cal Advocates, CBD, the Joint Consumers, and UCAN oppose any changes. Cal Advocates and UCAN argue the IOUs' proposals are arbitrary and that they have not demonstrated that the smaller communities meaningfully contribute to arrearages.[5458]

2.4.7 Discussion on Disconnection Caps in Low-Population ZIP Codes

The existing prohibition on disconnecting more than 30 percent of the customers in a ZIP code is an imperfect solution to address disparities in the risks and impacts of disconnections in different ZIP codes. The ZIP code caps establish different levels of protection for different customers depending on the population density of the community in which they live. We find merit to SCE, PG&E, and SoCalGas' comments that this requirement should be revised from the standpoint of fairness. However, we also agree with Cal Advocates that the IOUs have not provided evidence justifying claims that this requirement meaningfully contributes to arrearage levels.

To balance the interests of fairness for all customers with the Commission's continued interest in ensuring that disconnection impacts do not create inappropriate disparate impacts across communities or result in disconnections of significant shares of entire communities, this decision adopts SCE's recommendation to allow IOUs to aggregate low-population ZIP codes together until reaching a minimum of 1,000 customers in a given ZIP code block. This approach retains the original intent of protecting against community-wide impacts while creating a more equitable policy for customers of high population and low population zip codes.

[5458] Cal Advocates Opening Comments on ACR at 6; UCAN Opening Comments on ACR at 16-17; UCAN Reply Comments on ACR at 6-7.

To enable transparency, each Large Utility that seeks to implement this zip code grouping shall file a Tier 2 Advice Letter describing the methodology (Tier 2 Low Population Zip Code Caps Advice Letter).[5559] Such filings shall group ZIP codes in ways that work toward the original goal of preventing certain communities, which may span multiple ZIP codes, from becoming hotspots of disconnections. With the goal of preventing the creation of disconnection hotspots, this decision lowers the maximum percent of community disconnections from 30 percent to 20 percent of an affected community, whether that is an individual ZIP code or a grouping of ZIP codes exceeding 1,000 customers. A ZIP code grouping consisting of 1,000 customers in which more than 20 percent of customers are disconnected would mean 200 customers disconnected for nonpayment. This decision seeks to avoid such a scenario.

2.4.8 Residential Deposits and Reconnection Fees

In D.20-06-003, the Commission prohibited the Large Utilities from requiring customers to submit a deposit for establishment of credit when initiating new service, to submit a deposit for reestablishment of service following disconnection for nonpayment, or pay a reconnection fee prior to being reconnected.[5660] The decision found that both establishment and reestablishment deposits create a barrier to receiving or restoring essential service and that the utilities had provided no evidence demonstrating that deposits improve customer payment behavior or likelihood of falling behind on payments.[5761] The Commission also found that reconnection fees can be an obstacle to getting utility

[5559] IOUs that file to implement this methodology shall consolidate this request with the Tier 2 Advice Letter they file to increase their disconnection caps.

[5660] D. 20-06-003, OP 8-9.

[5761] Ibid., Findings of Fact 7-8, and pages 42-44.

service restored and increase the amount of unpayable debt faced by vulnerable customers rather than effectively improving reconnection or on-time payment rates.[58][62]

2.4.9 Party Comments on Deposits and Reconnection Fees

PG&E, SCE, and SoCalGas request authority to reinstate deposit requirements under certain conditions, arguing that deposits are effective tools to increase customer payments and elimination of deposits has increased arrearages and reduced on-time payment. The Large Utilities assert that reimposition of deposits has the potential to reduce arrearages and, therefore, rates. SCE specifically asserts that deposits charged prior to D.20-06-003 reduced uncollectible expenses by 30 percent.[59][63] SCE also recommends requiring deposits for customers disconnected two or more times in the past 12 months.[60][64] Cal Advocates and CalCCA argue that the ban on collecting deposits are important tools for achieving Environmental and Social Justice goals and are imprudent barriers to customers' ability to reconnect.[61][65]

2.4.10 Discussion of Deposits and Reconnection Fees

We agree with parties that the ban on reconnection fees should remain, as such fees create barriers for vulnerable customers to reconnect. We do, however, find some merit in PG&E, SCE, and SoCalGas' argument to lift the ban on deposits under certain circumstances. While a reconnection fee uniformly

[58][62] Ibid., Pages 48-51, Finding of Fact 12.

[59][63] SCE Opening Comments on ACR at 3.

[60][64] SCE Opening Comments on ACR at 4 and A7.

[61][65] CalCCA Opening Comments on ACR at 9 to 10; Cal Advocates Reply Comments on ACR at 1 to 2; PG&E Opening Comments on ACR, Attachment 1; SCE Opening Comments on ACR at 3 to 4; SoCalGas Opening Comments on ACR at 14.

constructs barriers for a vulnerable customer getting power or gas turned back on, the customer could get back the deposit through reimbursement or coverage of unpaid bills in the future, thereby incentivizing on-time payment, lowering arrearages, and protecting the utilities' broader ratepayer base. As in the case of disconnection caps, we find that the dramatic increase in customer arrearages since 2020 warrants a closer look at opportunities to modify policies that can mitigate further growth in arrearages.

Furthermore, while the Commission lacked evidence in 2020 that elimination of deposits for all customers would increase arrearages, arrearages have increased significantly since the elimination of deposits. Although the increase in arrearages reflects many complex and overlapping factors, we agree with SCE that deposits may be appropriate in limited circumstances for customers with a pattern of nonpayment.[62]66 We therefore find that the complete elimination of deposits is not in the best interest of ratepayers.

We find the Large Utilities are allowed to charge deposits in certain circumstances, with the specific aim of controlling costs of outlier customer behavior that may disproportionately increase arrearages and, subsequently, uncollectible amounts incorporated into rates for all customers. We will allow IOUs to require customers not enrolled in CARE or FERA to pay a deposit for reestablishment of service if a customer has been disconnected for nonpayment two or more times in the prior 12 months. This ensures that deposits are only required for customers ~~that~~who are not enrolled in CARE or FERA and pose a demonstrated risk of nonpayment that could result in increased uncollectible costs for other ratepayers. This will allow the Large Utilities to implement a

[62]66 SCE Reply Comments on ACR, pages 5-7.

safeguard against the most extreme cases with the greatest potential to create uncollectible costs, while also avoiding adding new costs for customers enrolled in CARE or FERA who have demonstrated that they have a limited ability to pay additional costs. We do not modify the ban on deposits for establishment of service.

This decision authorizes the Large Utilities that wish to require deposits under the circumstances described above to file a Tier 2 Advice Letter within 120 days of this decision (Deposits Advice Letter). The Advice Letter shall propose a methodology for determining the deposit amount, which shall be calculated based on the customer's average monthly bill during the applicable prior 12-month period. The advice letter must also specify the conditions under which the utility would use the deposit to defray costs of unpaid bills and the conditions under which it will be returned (either in installments or in full) to the customer. The proposal must strike a balance between a meaningful deposit to mitigate growth in arrearages and avoiding undue burden to customers seeking reconnection.

The Tier 2 Deposits Advice Letter must also include provisions to allow customers eligible for or enrolled in CARE, FERA, Medical Baseline, or other assistance programs to make a reduced or zero upfront deposit to restore service. Prior to submitting the Tier 2 Deposits Advice Letter the Large Utilities must meet and confer with consumer advocates that are parties to this proceeding to receive comments and feedback on the Large Utilities proposal. The Deposits Advice Letter may be filed more than 120 days after this decision if necessary to facilitate a meaningful meet and confer process with parties to this proceeding.

2.4.11 Disconnection Cap Monitoring Strategy

As discussed in Section 1.1.6, the Large Utilities must each file and serve a Disconnection Cap Monitoring Strategy. These compliance filings must be submitted within 90 days of the effective date of this decision. The disconnection cap increases authorized in this decision shall take effect within 30 days of filing the Disconnection Cap Monitoring Strategy. Before filing the Disconnection Cap Monitoring Strategy, the Large Utilities shall offer an opportunity to meet and confer with parties, and shall meet with Commission staff and Cal Advocates, to identify and standardize best practices, and align proposals to the extent feasible.

Each filing shall contain the following information:

- **Data Collection and Ongoing Monitoring**. Large Utilities shall identify relevant metrics that will be monitored to analyze whether an authorized increase in the disconnection cap is resulting in lower arrearages without disproportionately or inappropriately harming vulnerable customers. Large Utilities shall at minimum report the following data and identify thresholds for each that should result in reconsideration of the disconnection cap increase:
    - Achievement of significant reductions in customer arrearages
    - No worsening in customer reconnection statistics
    - Demonstration of customer success in accessing assistance program
- **Disconnection Approach**. Strategy to determine which customers it chooses to disconnect in each billing cycle and the objectives behind this prioritization strategy. This description should include a discussion of how the utility balances the objectives of disconnecting customers with the fastest-accruing arrearages and the greatest ability to pay while protecting the most vulnerable customers.
- **Customer Communications**.

- Strategy and plan to refine the Larg Utility's communication to customers regarding customer support programs. The plan should emphasize reducing logistical and administrative burden associated with enrollment.
- Strategy and plan to ensure that the utility has fully carried out every step of the "checklist" consisting of all mandated resources, protections, and notifications that have been ordered by the Commission in this proceeding or elsewhere. These include the following:

Table 5: Pre-Disconnection Checklist

Condition	**Description**	**Necessary Outcome Before Disconnection**
Bill Presentment	Customer's bill for service conforming to CPUC requirements and IOU tariff	Customer is provided a bill via direct mail and/or email depending on customer preferences on file
Past-Due Notice	Notice of a past-due billed amount that includes amount past due, address, and name of customer that conforms to CPUC requirements and IOU tariff.	Customer is provided notice that includes a specific billed amount, customer name and address noticing that bill is past due
15-Day Notice	Notice conforming to CPUC content and format requirements of past-due amount that may result in disconnection within a specified time period and availability of assistance programs.	Customer receives notice, including via email if customer has agreed to receive email notices, conforming to CPUC content and format requirements provided at least 15 days prior to becoming eligible for disconnection and availability of assistance programs.

48-Hour Notice	Notice conforming to CPUC content and format requirements of past-due amount that may result in disconnection within 48 hours of notice and availability of assistance programs.	Customer receives notice, including via email if customer has agreed to receive email notices, conforming to CPUC content and format requirements mailed 48 hours prior to becoming eligible for disconnection and availability of assistance programs.
Last Notice	IOU makes one last outbound phone call attempt to contact customer prior to disconnection	IOU has made a final attempt to contact customer via outbound phone call conforming to content and format requirements
Enrollment Check for Utility-Administered Assistance	Once contact is made with the customer, IOU customer service representative checks if customer is enrolled in all applicable assistance programs and offers information on enrollment	If the IOU has made contact with the customer, the customer was notified of utility-administered assistance programs for which they may be eligible, provided information on enrollment, and given two billing cycles to complete enrollment and contact information for individual or entity that will be able to assist customer with enrolling in the applicable assistance programs.
Payment Plan Offered (Medical Baseline)	IOU customer service representative checks if the customer is enrolled	IOU customer service representative confirms customer either is not

	in Medical Baseline and has been offered a 12-month payment plan for past-due amounts.	enrolled in Medical Baseline or is enrolled in Medical Baseline but has declined a payment plan.
Payment Plan Offered (Gas Customers)	Gas field representative allows 20 percent immediate payment and payment plan enrollment.	Customer declines to make a minimum 20 percent immediate payment or enter into a payment plan.
Payment Plan Offered (All Customers)	IOU customer service representative checks if customer is enrolled in or has been offered a 12-month payment plan.	IOU customer service representative confirms customer has either declined a payment plan or is not current on an existing 12-month payment plan and new monthly bills.
LIHEAP Pledge Check	IOU determines whether customer has a LIHEAP pledge pending	IOU determines there is no LIHEAP pledge pending
Extreme Weather Protection Check	Determination as to whether extreme weather conditions prevent disconnection for nonpayment	IOU must determine conditions in a customer's residential location do not meet the thresholds for extreme weather protections.
AMP Enrollment Check	IOU determines whether customer is enrolled in AMP	IOU determines customer is not enrolled in AMP. If not enrolled in AMP provides assistance or contact information for customer assistance to enroll in AMP program
PIPP Participant Check	IOU determines whether customer is protected during PIPP phase-out	IOU determines customer was not a participant in PIPP as of pilot sunset date

Disconnection Cap Check	IOU determines whether disconnecting the customer would risk exceeding their existing disconnection cap for the given month or whether by disconnecting the customer the customer's health or life would be at risk.	IOU determines it will not exceed the disconnection cap if the customer is disconnected and that disconnection will not put the customer's health or life at risk.
ZIP Code Check	IOU determines whether disconnecting the customer would risk exceeding the ZIP code-based disconnection cap	IOU determines the disconnection rate in the customer's ZIP code will not exceed 20 percent after the customer is disconnected.

3. Customer Pilot Programs

The Commission has created three pilot programs in the Disconnections Proceeding to date. These include:

- Arrearage Management Program (AMP): The AMP forgives the arrearages of eligible customers who pay their entire bill for twelve months in a row and miss no more than one consecutive payment. This program has broad-based eligibility. This program is set to sunset early in 2027.
- Percentage of Income Payment Plan Pilot Program (PIPP Pilot): The PIPP Pilot enrolled 5000 customers in a program that caps their bills at approximately 5% of their monthly income and is set to sunset in early 2027.
- Community Based Organization Pilot Program (CBO Pilot): The CBO Pilot directed the Large Utilities to partner with CBOs to provide case-management services to help customers enroll in the various assistance programs that reduce customer bills, provide energy efficiency services, and help manage arrearages. The CBO Pilot expired in April 2026.

3.1.Arrearage Management Plan (AMP) Program

3.1.1 Background on AMP Program

The Arrearage Management Program forgives the arrearages of eligible customers who pay their entire bill for twelve months in a row and miss no more than one consecutive payment. This program has broad-based eligibility for customers enrolled in CARE with significant arrearages. This program is set to sunset early in 2027.

In Phase 2 of this proceeding, the Commission sought comment from parties on whether the results of the AMP pilot justify expanding the pilot into a permanent program and, if so, whether any modifications should be made to program rules based on the results of the pilot. The Commission also ordered the Large Utilities to execute a contract to conduct a program evaluation of AMP, which assessed the effectiveness of the AMP pilot and made recommendations for modifications to the program.

3.1.2 Party Comments on Making AMP Permanent

One of the core questions this decision addresses regarding customer programs is whether to maintain AMP as a longer-term or permanent program. Cal Advocates recommends the Commission allow AMP to continue until its planned sunset date and also make refinements to the program.[~~63~~67] PG&E, SCE, the Sempra Utilities, and UCAN support extending AMP contingent on certain modifications to the program.[~~64~~68] CBD and the Joint Consumers recommend making AMP permanent and counsel against adopting the suggestions from

[~~63~~67] Cal Advocates Opening Comments on the ACR at 9.

[~~64~~68] PG&E Opening Comments on the ACR at 9, SCE Opening Comments on the ACR at 14 to 16, Sempra Utilities Opening Comments on the ACR at 8.

parties and the evaluation report that would impose additional requirements on participants or set restrictions on eligibility.[65][69]

3.1.3 Discussion on Making AMP Permanent

This decision adopts AMP as a permanent program, subject to the modifications discussed below. AMP has demonstrated success at reducing arrearages and providing a path for customers to get current on utility payments, without distorting incentives for energy consumption. While the impact of the AMP program on customer disconnections was challenging to assess, signals like collections behavior suggest that AMP would continue to be successful in reducing disconnections and arrearages outside of the context of the COVID emergency.

3.1.4 Party Positions on Requiring Post-Enrollment Eligibility Verification

Cal Advocates, PG&E, SCE, SoCalGas, and UCAN support a requirement for AMP applicants to complete a post-enrollment verification demonstrating they are eligible for the program, and to remove customers that are ineligible or do not demonstrate eligibility.[66][70] CBD, CalCCA, and the Joint Consumers oppose this requirement due to the increased administrative burden on customers.[67][71] SDG&E believes this requirement is infeasible because prior

[65][69] CBD Opening Comments on the ACR at 13, Joint Consumers Opening Comments on the ACR at 12.

[66][70] Cal Advocates Opening Comments on the ACR at 9, PG&E Opening Comments on the ACR at 9, SoCalGas Utilities Opening Comments on the ACR at 9, UCAN Opening Comments on the ACR at 21.

[67][71] CBD Opening Comments on the ACR at 8, CalCCA Opening Comments on the ACR at 4, Joint Consumers Opening Comments on the ACR at 8.

Commission decisions restrict the number of CARE and FERA verifications SDG&E can conduct each year.[6872]

3.1.5 Discussion of Requiring Post-Enrollment Eligibility Verification

This decision authorizes the Large Utilities to require AMP applicants to complete a post-enrollment verification of their CARE or FERA status and to remove customers that do not pass the verification from the AMP program. To address SDG&E's concern regarding restrictions on the number of verifications that each Large Utility is permitted to conduct each year, post-enrollment AMP eligibility verifications shall not count toward other verification limits.

AMP's benefits and associated costs for non-participants are high enough that eligibility verification is warranted. This decision separately directs the Large Utilities to take steps to reduce the administrative burden of their programs which should help mitigate the customer burden associated with these additional verification steps.

3.1.6 Party Positions on Automatic Disconnection Upon Removal from AMP

Cal Advocates, CalCCA, the Joint Consumers, and the Large Utilities all oppose the AMP evaluation's recommendation to automatically disconnect customers that are removed from AMP or to set partial payment requirements.[6973] UCAN alone supports this provision.

[6872] SDG&E Opening Comments on the ACR at 13.

[6973] CalCCA Opening Comments on the ACR at 4; Cal Advocates Opening Comments on the ACR at 10; Joint Consumers Opening Comments on the ACR at 15; PG&E Opening Comments on the ACR at 10; SCE Opening Comments on the ACR at 15; SDG&E Opening Comments on the ACR at 13; SoCalGas Opening Comments on the ACR at 9.

3.1.7 Discussion of Automatic Disconnection Upon Removal From AMP

This decision does not adopt the AMP Evaluation's recommendation to automatically disconnect customers removed from AMP or to set partial payment requirements. This approach is punitive and unnecessary.

3.1.8 Party Comments on Supplemental Communications Before Involuntary Removal from AMP

Cal Advocates, CalCCA, the Joint Consumers, the Large Utilities, and UCAN support the AMP Evaluation's recommendation for utilities to send additional information to AMP customers before involuntarily removing them from the program.[7074] The same stakeholders support the AMP Evaluation's recommendation for the Large Utilities to remind AMP participants about upcoming bills one week in advance of the due date and after missed payments. PG&E disagrees with both recommendations, arguing the current process is sufficient.

3.1.9 Discussion of Supplemental Communications Before Involuntary Removal from AMP

We find that additional communication with AMP participants is appropriate before involuntary removal from the program. AMP is intended to provide customers with an opportunity to resolve arrearages through manageable payments. Involuntary removal without additional notice and information about available assistance may result in customers losing access to

[7074] Cal Advocates Opening Comments on the ACR at 11; CalCCA Opening Comments on the ACR at 5; CBD Opening Comments on the ACR at 14 to 15; Joint Consumers Opening Comments on the ACR at 15; SCE Opening Comments on the ACR at 14 to 15; SDG&E Opening Comments on the ACR at 14; SoCalGas Opening Comments on the ACR at 10; UCAN Opening Comments on the ACR at 21 to 22.

that opportunity without first understanding the consequences of missed payments or the resources available to help them remain in the program. Additional communication therefore provides a relatively low-cost opportunity to improve participant success and reduce unnecessary removals from AMP.

Accordingly, this decision requires the Large Utilities to provide customers with information about available assistance and other resources, including LIHEAP, CARE, FERA, ESA, and other available assistance programs,[7175] before involuntarily removing them from AMP. Providing this information at the point when a customer is at risk of removal is intended to connect customers with available resources before they lose the protection and benefits of AMP.

This decision also requires the Large Utilities to provide reminders about upcoming AMP payments and additional notification following a missed payment. We recognize that the Large Utilities may use different communication systems and that the timing and format may vary by utility. We therefore provide flexibility regarding the number of days in advance of a payment due date that reminders must be provided, as well as the timing and format of notifications following a missed payment. The Large Utilities shall design these communications to provide customers with a meaningful opportunity to understand and address a missed payment before involuntary removal from AMP.

[7175] CARE/FERA Program: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-costs/care-fera-program; Income Qualified Assistance Programs: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/income-qualified-assistance-programs; LIHEAP: https://www.csd.ca.gov/Pages/Assistance-PayingMyEnergyBills.aspx

3.1.10 Party Positions on Reenrollment Restrictions

The AMP Evaluation recommended that customers involuntarily removed from AMP should be ineligible to reenroll for five years. Only PG&E supported adopting a five-year lockout.[72][76] Cal Advocates and UCAN suggest a two-year period;[73][77] CBD, the Joint Consumers, SDG&E, SoCalGas, and UCAN support periods between one and two years;[74][78] SCE is supportive of a stay-out period but does not propose a specific number;[75][79] CalCCA opposes the requirement entirely.[76][80]

3.1.11 Discussion of Reenrollment Restrictions

This decision authorizes the utilities to require customers involuntarily removed from AMP due to failure to make payments to wait eighteen months to be eligible to reenroll in the program. If, however, a customer is involuntarily removed for a technical failure such as failing to fill out a form, but has made all payments under the plan, upon a showing of the technical failing the customer must be reinstated upon request.

3.1.12Process to Seek Program Modifications

The Large Utilities shall, within [60]120 days of the issuance of this decision, file a Tier 2 Advice Letter implementing the changes described in this section (Tier 2 AMP Advice Letter). Prior to filing, the Large Utilities shall confer to

[72][76] PG&E Opening Comments on the ACR at 11.

[73][77] Cal Advocates Opening Comments on the ACR at 11; UCAN Opening Comments on the ACR at 22.

[74][78] CBD Opening Comments on the ACR at 17; Joint Consumers Opening Comments on the ACR at 16; SDG&E Opening Comments on the ACR at 14; SoCalGas Opening Comments on the ACR at 10;

[75][79] SCE Opening Comments on the ACR at 14 to 16.

[76][80] CalCCA Opening Comments on the ACR at 5.

discuss best practices and to the extent possible standardize their approaches to the changes required above. The Tier 2 AMP Advice Letters shall include a description of how these meetings informed their proposals.

D.20-06-003 provided that the Large Utilities could file a joint Advice Letter proposing modifications to the AMP program.[~~77~~81] Similar to that approach, if a Large Utility identifies additional changes that should be made to the AMP program. The Large Utilities may file an additional Tier 3 Advice Letter requesting to implement those changes. The Tier 3 Advice Letter should specify the data used to justify the request and describe any action the Large Utility took to meet and confer with parties or relevant stakeholders, highlighting the specific problem a change is intended to address that will more effectively enable eligible customers to access and successfully complete AMP.

3.1.13 Program Evaluation

We direct the Large Utilities to conduct ongoing evaluation of the efficacy of AMP in achieving program goals and supporting customer success. The Large Utilities should regularly report on findings of internal evaluations of AMP effectiveness and should meet and confer with Commission staff and parties to highlight findings of the ongoing AMP evaluations. We also require this ongoing evaluation to include regular review of the costs associated with AMP, separately accounting for costs of administering the program and cost of providing arrearage forgiveness to enrolled customers making on-time payments through AMP. We direct the Large Utilities to include in their Tier 2 AMP Advice Letters a joint proposal for the ongoing evaluation.

[~~77~~81] D.20-06-003 Ordering Paragraph 84

3.1.14 Cost Recovery for Ongoing AMP Costs

This decision affirms that the Large Utilities may record the costs associated with implementing the directives in this section to their existing AMP cost tracking accounts.

3.2 ~~3.2.~~ Percentage of Income Payment Plan (PIPP) Pilot Program

The Commission ordered the Large Utilities to undertake Percentage of Income Payment Plan (PIPP) pilot programs in D.21-10-012, which concluded a PIPP-specific phase of the proceeding. The PIPP Pilot enrolled 5000 customers in a program that caps their bills at approximately 5% of their monthly income and is set to sunset in 2027.

In June of 2019, this proceeding began considering a PIPP pilot as a mechanism to reduce disconnections, especially recurring disconnections. The PIPP is a four-year pilot designed to test the concept that if a customer has a bill based on what they can pay, they will be more likely to pay it. The PIPP creates a bill that provides a deeper subsidy than CARE, offering predictable energy bills of the same total each month. Participation is capped, and the pilot has two customer tiers:

- Tier 1 customers with household income at 0-100 percent of the federal poverty level, and
- Tier 2 customers with household income at 100-200 percent of the federal poverty level.

As noted in the Energy Division report on workshops held in June and July of 2019, parties highlighted the potential for a PIPP pilot to work in tandem with an AMP pilot to reduce disconnections, especially recurring disconnections.[~~78~~82] Specifically, the workshop report describes an early

[~~78~~82] Workshop Report II: Considering New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs, Report Prepared by Energy Division. September

observation from parties at the workshop that AMP "is not a tool for everyone; only families that have stable income would be able to keep payments in an AMP" and that "families with very low incomes who cannot afford monthly payments under AMPs" would be appropriate candidates for "an income-based program that charges customers a fixed monthly amount [to] help them stay current on bills."[79][83] The report notes that TURN suggested "AMPs may not be helpful to families with very low incomes who cannot sustain monthly payments."[80][84]

Following issuance of the workshop report for comment, the assigned ALJ issued a ruling containing a PIPP Pilot Proposal for comments on November 14, 2019, with a second round of comments requested on May 1, 2019. The Proposed Decision for Phase 1 initially directed the Large Utilities to undertake PIPP pilots, before modifying the Final Decision to defer consideration of the pilot design to the subsequent PIPP Phase. While deferring consideration of PIPP to a new phase, D.20-06-003 nonetheless affirmed the goal of PIPP to "help make monthly payments towards utility bills more affordable…for households who are struggling to meet their monthly obligations."[81][85]

The Percentage of Income Payment Plan Pilot Program Final Evaluation Report (PIPP Evaluation) by the Applied Public Policy Research Institute for Study and Evaluation (APPRISE) was filed and served on this proceeding on

to Improve Energy Access and Contain Costs, Report Prepared by Energy Division. September 2019.
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M317/K684/317684127.PDF

[79][83] Ibid., at 15-16.

[80][84] Workshop Report II at 24.

[81][85] D. 20-06-003, Page 129.

March 17, 2025. The PIPP Evaluation made several findings based on analysis of the initial PIPP pilot data. The PIPP Evaluation found that the PIPP Pilots achieved two of the four goals, including reducing the number of low-income households at risk of disconnection and increasing access to essential levels of energy services. While the goals of encouraging participation in energy savings and energy management programs and controlling program costs were not achieved. However, the PIPP Evaluation also found that all four goals could be achieved, and results for the two goals already achieved could be improved with various recommended modifications.

The PIPP Evaluation noted the challenges in determining the extent to which the initial data could be used to analyze impact upon the risk of disconnections and program costs. Specifically, the PIPP Evaluation notes overlapping customer disconnections protections implemented due to the COVID-19 Pandemic and D. 20-06-003 restricted the number of disconnections that could be carried out during the evaluation period. This resulted in making the number of overall disconnections "too small" for evaluation.[8286]

Due in part to the methodological challenges created by the evaluation period, the PIPP Evaluation considered several additional measures related to disconnection risk. The evaluation stated that, absent these other protections, there could have been an increase in the likelihood of disconnection. This included timeliness of bill payments, accrual of arrearages, and initiation of collections actions. Notwithstanding the caveats noted above, the PIPP Evaluation identified a small, statistically significant reduction in actual

[8286] PIPP Evaluation, Page 50. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M559/K072/559072952.PDF

disconnections among PIPP participants in the year after PIPP enrollment compared to the control group.[8387] The PIPP Evaluation also identified the following findings:

- Identified a "larger reduction" that also qualified as statistically significant in the risk of disconnection. This included fewer collections actions, and based on the data, found "the Pilot is assessed to be successful at reducing the risk of disconnection."[8488]
- Found PIPP "to be successful at reducing arrearages," based on an estimated 55 percent reduction in arrearages, compared to the baseline goal of 20 percent established for the evaluation methodology.[8589]
- Found that PIPP participants did "significantly better than similar customers not enrolled in the program" at paying a larger percentage of the billed amount over at least an 11-month period.[8690]
- Found that energy burden for Tier 1 PIPP participants was reduced by a statistically significant net decline of 5 percentage points (compared to 10 percent among the control group).[8791]

Taken together, the PIPP Evaluation's findings create a reasonable inference that the PIPP Pilot reduced the risk of disconnection for customers compared to the counterfactual.

On the other hand, the PIPP Evaluation identified significant concerns with respect to the ability of the PIPP pilot design to control costs, notwithstanding the limitations of the data in drawing conclusions about a

[8387] PIPP Evaluation, Page 50.

[8488] PIPP Evaluation, Page 52.

[8589] PIPP Evaluation, Page 47.

[8690] PIPP Evaluation, Page 40.

[8791] PIPP Evaluation, Page 31.

full-scale program. The PIPP Evaluation identified a foundational challenge with the adopted PIPP pilot design utilizing a single bill cap amount for each of the two customer income tiers based on a household size of three at the middle-income threshold for each tier. While this design simplified the administrative complexity of calculating each participant's monthly bill cap, it meant that some participants were over subsidized. This is because their household income was higher than the amount used to calculate their bill cap, while others were "under subsidized" because their household income was lower than the amount used to calculate the bill cap.[88 92]

The PIPP pilots also only required income verification for customers requesting a bill cap in Tier 1, corresponding to income between 0 percent and 100 percent of the Federal Poverty Guideline, not customers who were enrolled in Tier 2, corresponding to income between 101 percent and 200 percent. The PIPP evaluation also noted that the targeted four percent energy burden (3 percent for electricity and 1 percent for gas) is "considerably lower than those seen in other jurisdictions" and recommended consideration of an energy burden target of six percent (4.5 percent for electric and 1.5 percent for gas). Finally, the PIPP Evaluation noted that PIPP did not encourage participation in other energy programs, which was one of the four goals established for the evaluation. It recommended programmatic changes to encourage enrollment in energy savings programs that could also reduce costs associated with subsidizing the energy consumption of PIPP participants.[89 93]

[88 92] PIPP Evaluation, Page 71.

[89 93] PIPP Evaluation, Page 76.

In summary, the PIPP Evaluation found that the pilots resulted in significant benefits for participants, including reducing disconnection risk and energy burden, while also resulting in significant costs due to program design choices and lack of cross enrollment in energy savings programs. While the PIPP Evaluation did not recommend any specific changes to the current set of pilots, it did make recommendations for addressing these findings in the context of a modified pilot or to incorporate PIPP into the broader suite of customer assistance programs like CARE and ESA. The PIPP Evaluation also recommended modifying CARE and ESA which may require statutory modifications. Since the PIPP Evaluation did not recommend changes to the existing PIPP pilots, no IOU filed a Tier 2 Advice Letter to implement any changes within 60 days of the service of the evaluation report as allowed by D.21-10-012.[9094]

Finally, we note that the Disadvantaged Communities Advisory Group (DACAG) submitted a letter to the Commission stating the DACAG's view that "disconnections and arrearages are high and persistent" and "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."[9195] In its letter, the DACAG addressed PIPP by recommending the pilots be allowed to continue through the full 48-month evaluation period. The DACAG also:

[9094] D. 21-10-012, OP 7 at 90-91.

[9195] Comments of the Disadvantaged Communities Advisory Group regarding Disconnections and Arrearages Proceeding (Rulemaking (R.) 18-07-005). April 18, 2026. https://efiling.energy.ca.gov/GetDocument.aspx?tn=269515&DocumentContentId=106604. This letter is additionally attached to this Proposed Decision as Attachment A for notice and comment.

- Recommends basing PIPP bill caps on actual household size rather than calculating the cap assuming a uniform household size of three.
- Agrees with the PIPP Evaluation recommendation to "further strengthen the integration with Energy Savings Assistance (ESA)."
- "[R]ecommends 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."

3.2.2 Party Comments on PIPP Pilot Sunset

The Commission sought party input on whether results of the existing PIPP pilots justify a long-term PIPP program, or, if not, whether any further study or pursuit of this concept is warranted. Cal Advocates, the Joint Consumers, the Large Utilities, and UCAN argue that PIPP in its current form is too costly to continue or scale up. They assert that the Commission should allow the program to sunset as planned on January 30, 2027.[9296] Cal Advocates calculates that, in a best case scenario, PIPP's annual net cost to non-participants is approximately $9.6 million per year.[9397]

CalCCA recommends the Commission make PIPP a permanent program, arguing that AMP and PIPP provide complementary approaches to preventing

[9296] Cal Advocates Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 5, Joint Consumers Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 12, PG&E Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at pdf page 3, SDG&E Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 16, SoCalGas SDG&E Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 12, UCAN Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 4. Note: these parties reiterated their positions in their comments on the Assigned Commissioner's Ruling but those citations are excluded for brevity

[9397] Cal Advocates Reply Comments on the Assigned Commissioner's Ruling at 4, footnote 21.

and managing disconnection risks.[9498] Joint Consumers recommend the Commission create a working group to develop a more targeted PIPP for customers enrolled in CARE, FERA, or Medical Baseline.[9599] CBD and UCAN recommend making the PIPP program funded by utility shareholders.[96100]

3.2.3 Discussion of PIPP Pilot Sunset

The original purpose of PIPP was to address the imbalance between retail rates, even when adjusted by the CARE discount and other assistance programs that may be available, and the discretionary income for customers with high usage and low income. Given the high costs allocated to all ratepayers that are the root of this affordability crisis, we agree with Cal Advocates and the Large IOUs that the results of the PIPP pilot do not justify expansion of the PIPP pilot that would risk significantly increasing costs for all ratepayers.

We also agree with the Joint Consumers and CalCCA that the PIPP pilot demonstrated promising results for customers that are challenging to serve under the Commission's typical ratemaking paradigm. Energy bills have become less affordable for customers since this proceeding began. Customers with highest essential usage and lowest discretionary income face an even more challenging situation with few options to either reduce consumption or afford the costs of essential service. Without an innovative approach like PIPP, these customers may face ongoing bills that are beyond their ability to pay. The Commission ~~should~~may therefore continue developing approaches that allow

[9498] CalCCA Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 8.

[9599] Joint Consumers Opening Comments on Assigned Commissioner's Ruling at 18 to 19.

[96100] CBD Opening Comments on Assigned Commissioner's Ruling at 18 to 19, UCAN Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 4.

these customers to contribute to the cost of service without creating an unrealistic payment obligation that may lead to a cycle of disconnection and collections.

Any future pilot informed by the PIPP pilots should be developed through a thoughtful and deliberative process involving stakeholders, parties, and the public, with full consideration of the lessons learned from the initial pilots. Accordingly, this decision affirms the Commission's intent to continue pursuing an income-conscious approach to high arrearages for customers who face structural barriers to paying for essential service and initiates a new phase of this proceeding to consider an Income-Based Pilot within the now-permanent AMP program.

We also agree with Cal Advocates that allowing the PIPP pilots to sunset creates significant risks for current PIPP pilot participants, who were selected due to their status as being among the most vulnerable Large Utility customers. Pilot participants will also face significant bill increases following the end of the PIPP pilots. This may be both confusing and financially challenging given that PIPP participants were selected based on the expectation that they are at particular risk of disconnection for nonpayment. To facilitate an orderly and gradual process of sunsetting the existing PIPP pilots, this decision adopts several recommendations from parties, as described below.

3.2.4 Party Comments and Discussion of PIPP Pilot Enrollment and Glide Paths

SCE[97101] and PG&E[98102] argue that the Large Utilities should be permitted to stop enrolling new customers in the pilot program as of the effective date of this Decision. We agree that PIPP enrollment should cease as of the effective date of this Decision, if it has not already given the imminent sunset date.

Cal Advocates argues that the Commission should establish a gradual "glide path" for raising the bill caps on PIPP participants following the program's sunset.[99103] Cal Advocates recommends a three-month glide path raising bill caps by 150 percent per month until lifting the caps entirely in June 2027.

3.2.5 Discussion of PIPP Glide Path

We agree that existing PIPP participants should have a transition period before their bill caps are fully lifted. Cal Advocates' proposed three-month glide path, however, would require some customers to transition from capped bills to uncapped bills during a relatively short period, including during the summer when energy usage typically increases. For some participants, this could result in a substantial and abrupt increase in monthly bills. In addition, this may not adequately account for customers with the highest essential energy usage, whose uncapped bills, particularly during periods of high usage, may substantially exceed the average PIPP participant's bill.

[97101] Southern California Edison Company's Opening Comments in Response to Assigned Commissioner's Email Ruling on Arrearage-Related Assistance Program, Page 3. November 14, 2025. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M587/K205/587205729.PDF

[98102] Pacific Gas and Electric Company's Opening Comments on the Administrative Law Judge Email Ruling on Arrearage-Related Assistance Program, Page 6. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M587/K210/587210826.PDF

[99103] Opening Comments of the Public Advocates Office on Disconnection Caps and Arrearage-Related Assistance Programs. Pages 18-19. March 25, 2026. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M603/K533/603533482.PDF

A longer transition period will provide participants with additional time to adjust to higher bills, seek available assistance, and plan to manage their increased payment obligations. Accordingly, this decision directs the Large Utilities to implement a ~~12~~18-month glide path over which the bill caps shall be gradually lifted. The Large Utilities shall each file a Tier 2 Advice Letter detailing their proposed approach for this ~~12~~18-month glide path (Tier 2 PIPP Transition Advice Letter) within 60 days of the issuance of this decision.[~~100~~104]

3.2.6 Party Comments on Outreach to PIPP Participants

The PIPP Evaluation recommended that at the conclusion of the 48-month pilot, the IOUs conduct targeted outreach to PIPP participants, with a focus on participants with arrearages above $200.[~~101~~105] Part of this outreach would be intended to provide direct support in transitioning participants to other assistance programs, such as AMP.

In opening comments on the ALJ's October 13, 2025 Ruling on Arrearage-Related Assistance Programs, Cal Advocates, Joint Consumers, and CalCCA agreed with the recommendation of focused support for customers with high arrearages.[~~102~~106] UCAN[~~103~~107] expressed general support for the concept of focused outreach to PIPP participants prior to the end of a pilot. UCAN also recommends that PIPP participants be transitioned to levelized payment plans

[~~100~~104] This section requires the IOUs to request multiple changes to their PIPP programs via Tier 2 Advice Letter. Each IOU shall consolidate their requests into a single Advice Letter focused on PIPP.

[~~101~~105] PIPP Evaluation at 71.

[~~102~~106] Cal Advocates Opening Comments at 3; Joint Consumers Opening Comments at 14; CalCCA Opening Comments at 4-6.

[~~103~~107] UCAN Opening Comments at 4.

and other available assistance programs.[108] While most parties reiterated similar positions regarding outreach to PIPP participants in response to the Assigned Commissioner's Ruling as had been expressed in response to the ALJ's October 13, 2025 Ruling, Cal Advocates revised its prior support for the specific recommendation of the PIPP Evaluation to conduct additional outreach to customers with high arrearages. Cal Advocates asserted that a decision on this matter would only allow Large Utilities to conduct additional outreach to PIPP participants with high arrearages shortly before or concurrent with outreach to other PIPP participants, making it duplicative.[~~104~~109] In Opening Comments on the Assigned Commissioner's Ruling, Joint Consumers recommended the following:

- Continuing the PIPP pilot for PIPP participants also enrolled in Medical Baseline;
- Requiring the Large IOUs to automatically enroll any AMP eligible PIPP participants in AMP; and
- Authorizing an exception to AMP eligibility criteria for former PIPP pilot participants of at least two years during which minimum arrearage amounts and re-enrollment restrictions would be waived.

In reply comments on the Assigned Commissioner's Ruling, Joint Consumers argued that no party proposal adequately protected PIPP participants from disconnection following sunset of the pilot.[~~105~~110]

3.2.7 Discussion of Outreach to PIPP Participants

This decision finds that PIPP participants transitioning out of the PIPP pilots will require significant support to avoid increasing the risk of

[108] UCAN Reply Comments on ACR at 4.

[~~104~~109] Cal Advocates Opening Comments on ACR at 17-18.

[~~105~~110] Joint Consumers Reply Comments on ACR at 8.

disconnection. Further, this decision directs the Large Utilities provide as much advance notice to PIPP participants as possible about the program's impending sunset and the anticipated impact on the participants' bills. This shall include at a minimum a plain language explanation of when the PIPP pilot will conclude and how it will affect the customer's future bill. The notice shall state that each PIPP participant will automatically be enrolled in a levelized bill payment program unless they choose to transition to the AMP Program, provide information on the AMP program and contact information for assistance to enroll in the AMP program. The notice shall be provided with the customer's monthly bill starting at least 60 days before the PIPP ~~12~~18-month glide path is implemented.

As this decision retains the February 1, 2027 sunset date for the PIPP pilot, we direct Large Utilities to continue with planned outreach to PIPP participants. This outreach includes notifying PIPP customers of the program's end date and the availability of additional assistance programs that can support customers during the transition. The ~~12~~18-month glide path must also be explained to PIPP customers as part of this outreach. It is expected that the Large Utilities will leverage the additional ~~12~~18 months set out in the glide path to continue supporting customers as they exit the PIPP pilot and transition to other assistance programs.

In addition to direct outreach, we direct the Large Utilities to offer the following to current PIPP participants:

- Levelized payment plans during and after the end of the glide path period as a default (automatically enrolled);[111] and

[111] See UCAN Reply Comments on ACR at 4

- Option to participate in AMP and any other assistance programs if eligible.

The Large Utilities shall submit Tier 2 Advice Letters to address the close out of the PIPP pilots (Tier 2 PIPP Transition Advice Letter). These Advice Letters shall include:

- The proposed notice language;
- A description of the specific outreach strategies to be employed to support PIPP participants during the period leading up to the PIPP pilot's sunset;
- Any additional outreach that is being conducted for participants assessed to be at higher risk of disconnection or accruing significant arrearages following the end of the pilot; and
- A description of how the Large Utilities will leverage the full spectrum of each customer's preferred communications methods to ensure customers are notified through as many channels as are both possible and practicable, without creating customer confusion or unwarranted alarm.
- A description of the notification process and process for automatically providing levelized billing to each customer unless they opt out or opt into another program such as AMP with other billing criteria.

We also direct the Large Utilities to present these strategies to the Low-Income Oversight Board; the Disadvantaged Communities Advisory Group; CBOs that have participated in the CBO pilot program; and parties to this proceeding in a public forum. The Large Utilities shall solicit feedback from these entities on how to improve strategies to reduce disconnections and provide support to customers prior to filing the Advice Letters.

3.2.8 PIPP Participants' Enrollment in AMP

We decline to adopt the Joint Consumers' recommendation, as articulated in Section 1.1.27 above, to relax the AMP-eligibility requirements for former PIPP participants.[106112] These exceptions may risk subverting core purposes of AMP to improve bill payment frequency for customers with significant, long-standing arrearages. However, we do agree that AMP may be a particularly important tool in mitigating the risk of disconnection for former PIPP participants as they gradually adjust to elimination of the PIPP bill caps.

Accordingly, we will require the Large Utilities to take all practical steps to ensure that PIPP participants who qualify for AMP are well informed of their option to enroll in AMP, and we will also require all Large Utilities to directly contact any PIPP participant with an arrearage eligible for AMP using all communications methods for which the customer has agreed to be contacted to offer AMP enrollment. This requirement does not supersede, but rather supplements, any other existing requirements for customers to be notified of assistance programs prior to disconnection or when arrearages are accrued. This process should also be described in the Tier 3 PIPP Transition Advice Letter.

3.2.9 Disconnections Moratorium for PIPP Participants

We prohibit the Large Utilities from disconnecting for nonpayment any customer participating in its PIPP pilot as of January 31, 2027 until twelve months after the end of the glide path. This period provides PIPP participants a reasonable amount of time to enroll in assistance programs, adjust to higher bills, and adjust household budgets before being faced with the possibility of disconnection for nonpayment.

[106112] Joint Consumers Opening Comments at 2.

3.2.10 Party Comments on Ongoing Reporting Requirements for PIPP Pilots

Finally, we address reporting requirements for the conclusion of the PIPP pilot. Parties submitted comments on whether to order an additional evaluation of the pilot incorporating all 48 months of participant data, rather than the abbreviated 25-month period upon which the initial PIPP Evaluation was based. An additional evaluation was supported by Cal Advocates, Joint Consumers, CalCCA, UCAN, and CBD, while the Large Utilities uniformly opposed an additional evaluation based on the results of the initial evaluation.[~~107~~113] As discussed above, the results of the PIPP Evaluation were mixed, with significant positive benefits observed for many participants, with more ambiguous results for other pilot goals. In particular, the PIPP Evaluation already conducted noted challenges in evaluating the effect of the pilot on risk of disconnection due in part to gradual expiration of COVID-era disconnections protections and the ramp-up period for IOUs performing disconnections during the initial evaluation period. Since the purpose of the PIPP pilot was to test the pilot's effects on the goals identified in the PIPP decision, which consciously adopted a 48-month duration for the pilot, there is not sufficient evidence to conclude that all possible lessons have been learned from the pilot experience.

3.2.11 Ongoing Reporting Requirements for PIPP Pilots

The Commission wants to ensure that the impact of the full duration of the PIPP pilots is appropriately evaluated and that those learnings are used to

[~~107~~113] CalCCA Opening Comments on ACR at 4; Cal Advocates Opening Comments on ACR at 19-20; CBD Opening Comments on ACR at 19; PG&E Opening Comments on ACR at 16; Joint Consumers Opening Comments on ACR at 18; SCE Opening Comments on ACR at 17; SDG&E Opening Comments on ACR at 16; SoCalGas Opening Comments on ACR at 13; UCAN Reply Comments on ACR at 10;

inform future programs. We agree with Cal Advocates, Joint Consumers, CalCCA, UCAN, and CBD, that there is opportunity for a more detailed review of the program that includes the full 48 months of participant data. In particular, an evaluation of the full 48 months of participant data may enable a more robust examination of the effect of PIPP participation on a participant's risk of disconnection. Evaluating the effects of the pilot on the risk of disconnection for participants relative to the control group, which would have been more likely to be disconnected during the later period of the pilot than during the initial months of the pilot covered by the existing evaluation, will provide a more robust set of findings to guide future decisions. The new working group described in Section 5 of this decision will, as part of its charge, provide recommendations on the best way to evaluate the full pilot program. The IOUs will incorporate those learnings into the evaluation process.

3.3 Cost Recovery for Ongoing PIPP Costs

This decision affirms that the Large Utilities may record the costs associated with implementing the directives in this section to their existing PIPP cost tracking accounts.

~~Due to the Commission's interest in ensuring that the results of the PIPP pilots are fully evaluated for the benefit of future decisions, we agree with Cal Advocates, Joint Consumers, CalCCA, UCAN, and CBD, and will require a follow-up Final Evaluation that includes the full 48 months of participant data. The process for conducting the Final Evaluation should maximize efficiencies made possible by the experience of having already conducted the initial evaluation. The final evaluation should mirror the methodologies and procedural decisions made in service of the initial evaluation to ensure consistency in approach across evaluations.~~

~~We will require the Large Utilities to contract for services to conduct the evaluation. PG&E will lead the process on behalf of the Large Utilities in coordination with the Commission's Energy Division and the PIPP Working Group. Within six months of the effective date of this decision, PG&E shall notify the service list of this proceeding once a contract has been finalized for the Final PIPP Evaluation. Within 12 months of that notification, PG&E shall serve the Final PIPP Evaluation on the service list of this proceeding and any successor proceeding. In addition to the Final PIPP Evaluation, we will also require each Large Utility to provide regular updates to the Commission on the outcomes of former PIPP participants in the quarterly disconnection reports. Specifically, each IOU shall report:~~

- ~~The number of former PIPP participants[108] disconnected each month;~~
- ~~The unique number of former PIPP participants disconnected to date;~~
- ~~The unique number of former PIPP participants disconnected more than once to date~~
- ~~The number of former PIPP participants enrolled in an assistance program; and~~
- ~~A specific breakout of arrearages owed by former PIPP participants using the same format as the arrearage reporting for all other customers (e.g., the duration of the arrearage, the dollar amount owed, and the number of customers).~~

~~This reporting requirement will continue for at least four years following the sunset date of the PIPP pilot.~~

~~[108] "Former PIPP participants" refers to participants in a PIPP pilot as of the formal sunset date of the pilot, January 31, 2027.~~

3.4 ~~3.3~~ Income-Based AMP Pilot

The AMP Evaluation acknowledged that many of the benefits of AMP were not achievable for customers with structural imbalances between available income and essential energy needs. For these customers, arrearages simply reflect the fact that their bills are too high due to some combination of high energy needs and limited income. The basic design of AMP, which offers to resolve arrearages in exchange for on-time payment of current bills, does not address this imbalance. No matter how much these customers may want to pay their bill and may seek out and enroll in assistance programs, their bill is fundamentally unpayable, resulting in a cycle of arrearages and disconnection risks.

In contrast to this weakness identified in AMP, the PIPP Evaluation found that the structure of PIPP enabled participants to pay a larger share of their bill on a more regular basis and more easily meet their essential energy needs. Additionally, the AMP Evaluation specifically recommended a mechanism by which a customer's monthly bill is targeted to an affordable energy burden, defined based on the percentage of income spent on energy. This suggests that the basic design of an income-based bill is likely to address the gap in the current AMP design created by the obligation to pay future bills when those bills are structurally unpayable. In commenting on the AMP Evaluation, multiple parties supported levelized billing amounts, acceptance of partial payments, and other flexible approaches to ensure that the most vulnerable customers could access the benefits of AMP if otherwise participating in the program in good faith.[~~109~~114]

[~~109~~114] UCAN Opening Comments on ALJ Ruling at 5-7, Joint Consumers Opening Comments on ALJ Ruling at 8-12, CalCCA Opening Comments on ALJ Ruling at 12-17, Cal Advocates Opening Comments on ALJ Ruling at 8-11.

Finally, parties including CBD,[110][115] Joint Consumers[111][116] and UCAN[112][117] supported the AMP Evaluation's recommendation of incorporating an income dimension to AMP.

Based on this promising set of initial results and the clearly defined gap in the current AMP program's ability to address the needs of the customers most at risk of disconnection, this decision orders a new pilot, Income-Based Arrearage Management Plan (IBAMP). The IBAMP pilot incorporates the recommendations of multiple parties and both AMP and PIPP Evaluations for an income-based option for arrearage forgiveness. A new phase of this proceeding shall be scoped no later than ~~6~~9 months from the issuance of this decision. The Large Utilities, as part of this new phase, consistent with the scoping memo to be issued in the new phase, of the proceeding shall, jointly file and serve a proposal to create an IBAMP pilot that contains the following information:

- Proposal for participants to simultaneously enroll in AMP and have their monthly bills capped at a value no higher than a percent of their monthly income (to be recommended by each Large Utility and vetted in the proceeding). The bill cap shall continue for the duration of the pilot (e.g., should not be removed upon completion of AMP as long as the customer remains current on payments).
- Proposal for participants that successfully complete AMP (e.g., make twelve on-time payments, missing no more than one payment in a row) to have their arrearages forgiven.
- Eligibility criteria that includes:

[110][115] CBD Opening Comments on ACR at 15.

[111][116] Joint Consumers Opening Comments on ACR at 17-18.

[112][117] UCAN Opening Comments on ACR at 23.

  - Income no higher than 100 percent of the Federal Poverty Level and/or explicitly aligned with eligibility for means-tested public assistance programs for which cross-program data sharing or enrollment may minimize administrative burden.
  - Participation in the Energy Savings Assistance Program as a condition for participation unless circumstances prohibit participation (e.g., if the customer resides in a multifamily building for which the owner refuses to participate in ESA).[118]
- Cost recovery using the same methodology as AMP.
- Proposed participation caps.
- Proposed economic demographics for enrollment (e.g., half of participants at 0 – 50 percent of Federal Poverty Level and half at 50 -100 percent of Federal Poverty Level).
- Proposed income verification process.
- Process to allow new enrollments in each IBAMP pilot to end within 24 months of program opening, unless otherwise determined by the Commission.
- Proposed start date and duration of IBAMP. The proposed enrollment start date should be before the end of the 18-month glide path for PIPP participants.
- Proposed budget.
- Proposal to leverage the IT infrastructure created to support the PIPP pilot program.
- Proposal to conduct an evaluation of the IBAMP pilots. The evaluation shall review the effectiveness of IBAMP on AMP participation and achievement of the AMP program objectives. The report shall make recommendations for the pilot's establishment as a permanent component of the AMP program, modification, or termination. The

[118] See UCAN Opening Comments on ALJ Ruling on Arrearage-Related Assistance Programs at 2-3, noting that ESA services for rental units require property owner authorization.

evaluation should begin as soon as the IBAMP pilot has been running for 42 months.

Parties to this proceeding who are not Large Utilities may, but are not required to, file comments on the Large Utilities IBAMP pilot. These comments could include recommended modifications, support, or opposition to the Large Utilities proposal or parties may propose alternative proposals for an IBAMP pilot addressing the above items. The IBAMP pilot will allow further testing of approaches to address the needs of customers for whom their income is structurally incapable of supporting the essential level of energy consumption that is necessary for their health and safety. More specifically, this pilot seeks to test whether there is a quantifiable threshold of bill reduction that results in vulnerable customers achieving normal bill payment thresholds that are achievable for these customers. The proposals should address how this quantifiable threshold will be piloted and evaluated.

For these customers, there may be no alternative to PIPP beyond a constant cycle of unpaid bills, disconnection, and partial repayment. Such an untenable situation does not facilitate timely and reasonable collection of the cost of service. Therefore, while we recognize that the existing PIPP pilot has had significant costs, the Commission reaffirms the need to develop a new approach to ensure all Californians, including those least able to pay, are able to obtain essential energy service.

4. Community Based Organization Pilot Program

4.1.1 Background of Community Based Organization Pilot Program

The Commission ordered the Large Utilities to initiate Community Based Organization Pilot programs (CBO Pilots) in D.24-02-046. The pilots ended in April 2026, and the Large Utilities contracted with an outside vendor for a

program evaluation, which was submitted as a final report to the service list of this proceeding in September 2026. The Commission sought party input on whether the CBO pilots should be expanded, and what lessons could be learned from the experience of the pilots in other programs.

4.1.2 Party Positions on Community Based Organization Pilot Program

Cal Advocates, the Joint Consumers (with some nuance), the Large Utilities, and UCAN recommend the Commission not modify the sunset date for the CBO Pilot.[113][119] CBD supports making the CBO Pilot permanent.[114][120]

As the sunset date for the CBO Pilot has already passed, the question of whether to order modifications for the pilot through a Tier 2 Advice Letter, or any other process, is moot. The relevant question remaining for the Commission is how to incorporate any lessons learned from the CBO Pilot. This could be through authorization of a permanent program based on the CBO Pilot design, a new pilot with modifications, and/or leveraging findings from the pilot into the Commission's ongoing work to support customers struggling with arrearages.

4.1.3 Discussion of Community Based Organization Pilot Program

[113][119] Cal Advocates Opening Comments on Assigned Commissioner's Ruling at 8; Joint Consumers Opening Comments on Assigned Commissioner's Ruling at 11; SDG&E Opening Comments on Assigned Commissioner's Ruling at 10-11; SoCalGas Opening Comments on Assigned Commissioner's Ruling at 7-8; SCE Opening Comments on Assigned Commissioner's Ruling at 13-14; PG&E Opening Comments on Assigned Commissioner's Ruling at 8-9; UCAN Opening Comments on Assigned Commissioner's Ruling at 19.

[114][120] CBD Opening Comments on Assigned Commissioner's Ruling at 10-12.

The CBO Pilot final evaluation was submitted on September 2, 2026, and filed and served on the service list for this proceeding.[~~115~~121] The evaluation identified overarching findings including, but not limited to, the following:

- CBO Pilot participants were able to reduce their balances but continued to carry arrearages and reductions were not statistically significant for PG&E, SDG&E, and SoCalGas participants.
- SCE did report statistically significant reductions in arrearages from one pilot CBO (Community Action Partnership of San Bernardino County, or CAPSBC), which accounted for most SCE participants and therefore resulted in a statistically significant reduction in arrearages for SCE customers.
- The CBO Pilot was associated with a statistically significant increase in other program participation, with the largest marginal increase associated with LIHEAP enrollment for SCE's CAPSBC. However, the magnitude of enrollment increases was characterized as "marginal," generally ten percentage points or less.
- PG&E participants had small, but statistically significant, increases in enrollment in ESA.
- PG&E, SDG&E, and SoCalGas participants experienced increased enrollment in assistance programs financed by shareholders, including PG&E Match My Payment and Relief for Energy Assistance through Community Help (REACH), SDG&E's Neighbor-to-Neighbor, and SoCalGas's Gas Assistance Fund.
- Average reductions in participant arrearages were smaller than average costs per participant to administer the program.

[~~115~~121] Impact Evaluation for the Community Based Organization (CBO) Arrears Case Management Pilot. Prepared by Verdant Associates and Grounded Research. Available at https://pda.energydataweb.com/#!/documents/5369/view.

- 64 percent of participants reported satisfaction with the pilot and 58 percent indicated the pilot helped them lower bills.

The Final Evaluation additionally made the following recommendations:

- Extending the period of observation for another year could provide additional insights as to whether enrollment in assistance programs led to long-term reductions in arrearages that did not materialize during the evaluation period.
- Results from SCE's CAPSBC suggest the greatest potential for arrearage reductions from direct debt relief, instant enrollment, and program education.
- High energy usage among PG&E customers suggests a high potential for arrearage reductions through targeted ESA enrollment.
- The CBO Pilot's costs did not justify expansion to a broader population at this time.

Based on these findings, we find that the current design of the CBO Pilot does not justify expansion to a broader population at this time. However, the evaluation does suggest that additional work may yield significant benefits for customers with a high potential for arrearage reductions due to targeted and ongoing outreach. Therefore, we direct Energy Division to convene a workshop within six months of this decision in which the findings of the Final Evaluation may be discussed and parties may provide recommendations for incorporating lessons learned and best practices identified through the CBO Pilot into existing or new utility assistance programs or procedures.

In addition to the Final Evaluation recommendations, the CBO Pilot Implementation Working Group provided informal recommendations, filed by PG&E on behalf of the Joint Utilities and the Working Group. The recommendations state that:

> "The Commission should consider integration of these services into existing case management services already provided by the Community Help and Awareness of Natural Gas and Electric Services (CHANGES) program. The design of the CHANGES program is better equipped to deliver similar services currently offered by the CBO Pilot."[116][122]

The informal recommendations note that there are differences between the CBO Pilot and CHANGES in eligibility criteria and duration of services. However, there are also "more than less elements of similarity" between the two programs. This Informal Recommendation also notes that modifications to the CHANGES program, including incorporating lessons learned or services delivered from the CBO Pilot, could be appropriately considered as part of the Commission's evaluation of other Income Qualified Programs. Therefore, we direct that the final evaluation of the CBO Pilot be served on the service list of A.26-01-003 (Application for Approval of Income Qualified Programs) to ensure that lessons learned from this pilot are appropriately socialized among parties of that proceeding.

5 Ongoing Reporting, Working Groups, and Remaining Issues

While this decision addresses many of the remaining scoped issues in this proceeding, significant affordability challenges continue to affect disconnections and may require further Commission action. This decision also establishes ongoing work to develop and implement policies, programs, and rules that advance the Commission's obligation to limit disconnections while ensuring safe,

[116][122] Informal Recommendations of the Community-Based Organization Pilot Implementation Working Group, December 11, 2025, at 4-5. https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M590/K427/590427353.PDF

affordable, and reliable utility service. This ongoing work includes, but is not limited to:

- Responding to changes to disconnection rates and arrearages as disconnection caps are modified;
- Incorporating lessons learned from the CBO pilot;
- Implementation of modifications to AMP ordered in this decision, including launching the IBAMP pilot; and
- Convening a working group to develop best practices and share information regarding opportunities to avert disconnections for vulnerable customers and improve outreach while tracking trends in disconnections and arrearages that may require Commission action.

Because no other proceeding currently provides an appropriate venue for this work, this proceeding will remain open.

5.1 Party Comments on Working Groups

SCE supports an annual or biannual working group led by Commission staff that would convene interested parties to "discuss ongoing trends in disconnection activity, arrearages, share best practices with customer support programs, and seek input from the broader public."[~~117~~123] SCE further suggests that this feedback could be included in the annual Tier 2 Advice Letters filed to increase caps and/or served on the disconnections service list. [~~118~~124] Joint Consumers support this approach and further request the Commission require the Large Utilities to jointly file an annual Tier 3 Advice Letter summarizing the discussions and proposing any appropriate changes to programs and policies; the Joint Consumers note that a proceeding or Tier 3 Advice Letter process is

[~~117~~123] SCE Opening Comments on ACR at 10 and 19.

[~~118~~124] *Ibid.*

necessary for intervenors to claim intervenor compensation.[119][125] PG&E, SoCalGas oppose.[120][126]

Cal Advocates, CalCCA, CBD, the Joint Consumers, and UCAN support the creation of an additional forum such as a successor rulemaking if this proceeding were closed to continue to address disconnections and related issues, but commenters either did not support creating a working group or did not address the concept of a working group as an alternative to a successor proceeding.[121][127] UCAN specifically supports the creation of a recurring, ongoing proceeding to address disconnections and related issues if this proceeding were closed, structured in a fashion similar to the Commission's Integrated Resource Planning proceeding.[122][128]

5.2 Discussion of Working Groups

As this proceeding shifts from active policymaking to monitoring and implementation, we find that a working group will provide an appropriate venue for stakeholders to share information on disconnection and customer arrearage trends. In addition, a working group will allow the Commission to solicit input on implementation issues and coordination across government agencies, CBOs, Tribes, utilities, and other relevant organizations with a role to play in limiting disconnections and helping customers reduce arrearages. This approach is consistent with statute directing the Commission to convene stakeholders, including public health officials, consumer advocates, and

[119][125] Joint Consumers Opening Comments on ACR at 20 to 21.

[120][126] SoCalGas Opening Comments on ACR at 2.

[121][127] Cal Advocates Opening Comments on ACR at 5 to 7; CalCCA Opening Comments on ACR at 5 to 9; CBD Opening Comments on ACR at 12 and throughout; Joint Consumers at 20 to 21; UCAN Opening Comments on ACR at 28.

[122][128] UCAN Opening Comments on ACR at 28.

organizations representing low-income communities, to develop policies, rules, and regulations to reduce disconnections statewide.[~~123~~129]

Therefore, this decision initiates a Disconnections and Arrearages Working Group (D&A Working Group). We direct Energy Division, in coordination with Cal Advocates and other parties, to convene the D&A Working Group. The first D&A Working Group meeting should be held no later than 120 days after the effective date of this decision. At a minimum, the working group shall include representatives of each of the four Large Utilities, at least one representative of the Small and Multi-Jurisdictional Utilities, Cal Advocates, and any party to this proceeding that wishes to participate, individually or jointly with another party. Energy Division shall designate at least one representative to participate, and we expect staff from the Commission's Consumer Affairs Branch, Local Government and Community Affairs and Office of the Tribal Advisor to also participate in the working group.

We also direct Energy Division to conduct outreach to other state agencies to encourage participation in the working group including, but not limited to, the California Department of Social Services, the California Department of Community Services and Development, the California Department of Health Care Services, the California Department of Public Health, the California Department of Housing and Community Development, the Governor's Office of Tribal Affairs, and the California Energy Commission. The Commission's Office of the Tribal Advisor is directed to send out information regarding what the working is and how to participate in the working group to the list of California Native American Tribes maintained by the Office of the Tribal Advisor. This list

[~~123~~129] Public Utilities Code Section 718 (a).

is not exhaustive and the Energy Division should also seek participation from a wide range of public and community-based organizations with relevant expertise in providing support to vulnerable customers. The working group shall convene at a minimum, three times per year, with a public agenda noticed to this proceeding at least ten days prior to the meeting. Notice and information on how to participate in the working group shall also be provided to the Disadvantaged Communities Advisory Group, the Low-Income Oversight Board, and the Commission's ongoing Tribal Information Forums as directed by D.26-09-072.

The Commission will seek the Working Group's input on the best way to evaluate the full PIPP pilot program, design elements of the IBAMP pilots, and developing a common methodology and template for data reporting as suggested by Cal Advocates and UCAN.

Parties participating in the Working Group will be eligible to claim intervenor compensation for their participation, and awards will be granted subject to the statutory requirements and the Commission's determination that the intervenor's participation has made a substantial contribution.

5.3 Discussion of Ongoing Reporting Requirements

As this decision updates disconnection policies, the Commission will continue to monitor relevant metrics and provide opportunities to evaluate and discuss the resulting data. As the proceeding shifts to monitoring and assessment, however, monthly reporting is no longer necessary except for data used to assess the customer impacts of authorized increases to disconnection caps.

Accordingly, the Large Utilities shall file the data currently included in the Monthly Disconnection Reports on a quarterly basis, due and served on January 20, April 20, July 20, and October 20 of each year. Quarterly reports shall include

all data currently reported in Sections 1, 2, 5, 6, 7, and 8, except the "Number of customers requesting bill assistance," which the Large Utilities have consistently reported they cannot track as currently required. The reports shall also include the data on former PIPP participants required by 3.2.11. The IOUs may combine this information with the monthly data required to monitor and assess disconnection cap increases.

Although reports shall be filed quarterly, the data shall remain disaggregated by month to facilitate trend analysis. The Large Utilities are no longer required to report the data currently included in Sections 9-12 of the monthly reports, as that information is not expected to inform further Commission action in this proceeding.

6. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedures (Rules) allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

Members of the public left sixty-eight comments on the docket. These comments primarily raised concerns about high bills and highlighted the value of the various assistance programs the Commission has authorized.

7. Comments on Proposed Decision

The proposed decision of Commissioner Darcie L. Houck in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on ~~_____~~November 5, 2026

by CBD, CalCCA, Greenlining, the Joint Consumers, PG&E, SCE, SDG&E, SoCalGas, and UCAN, and reply comments were filed on ~~_____ by _____~~November 10, 2026 by Cal Advocates, CalCCA, the Joint Consumers, PG&E, SCE, SDG&E, SoCalGas, and UCAN.

PG&E, SCE, and SDG&E argue for raising the disconnections caps faster, while CalCCA, CBD, and Greenlining argue against any cap raise. The Joint Consumers argue the decision should include provisions for rolling back the initial 1% cap increase the PD authorizes for the electric IOUs. The Commission does not adopt any of these requests at this time. The Commission has the authority to increase or decrease the cap as it deems appropriate so no changes to this decision are necessary to clarify this capability.

PG&E and SCE ask the PD to clarify that if an IOU conducts a post-enrollment eligibility verification on an AMP customer and finds that the customer is not eligible for AMP, that the IOU may remove that customer from AMP. CalCCA and CBD argue that post-enrollment verification is unnecessary and redundant. Joint Consumers and CBD argue that the IOUs should check their own data first to see if AMP enrollees are currently enrolled in CARE or FERA to avoid requiring customers to provide the same data used to enroll in CARE or FERA and create unnecessary administrative burden. This decision clarifies that IOUs may remove ineligible customers from the AMP program, as that is the intent and purpose of the post-enrollment verification, and clarifies the Commission's intent for IOUs to align post-enrollment verification practices for AMP with the recommendation from Joint Consumers and CBD for IOUs to minimize the administrative burden for customers where appropriate, such as by checking whether a customer has recently verified CARE or FERA eligibility, in which case an additional verification process may not serve a clear purpose.

IOUs may identify mechanisms for limiting administrative burden in the Tier 2 AMP advice letter and the Disconnections and Arrearages Working Group may consider additional recommendations to minimize customer administrative burden.

PG&E, SCE, and SoCalGas request the PD allow the 120 days, instead of the proposed 60 days, to file their Tier 2 AMP advice letter. This decision adopts that request.

PG&E, SCE, SoCalGas ask that the PD grant the Large Utilities broader authority to implement deposit requirements, while CalCCA, CBD, and the Joint Consumers oppose deposits generally due to the potential for increased costs on customers who are unable to afford them. SDG&E requests the Commission to clarify that the decision authorizes but does not require the utilities to require deposits. The Commission affirms that the Large Utilities are authorized but not required to set deposit requirements. The Commission does not adopt the modifications requested by PG&E, SCE, and SoCalGas for broader authority to implement deposit requirements, at this time. While the Commission does not adopt the recommendations from CalCCA, CBD, and Joint Consumers to eliminate the authorization of deposits for customers disconnected two times or more in the prior twelve months for reestablishment of service, we clarify that only customers who are not enrolled in CARE or FERA may be charged for a deposit for reestablishment of service, at this time.

The Large Utilities recommend against a robust evaluation of the PIPP pilot. This decision, instead of ordering a third-party evaluation, seeks input from the Disconnections and Arrearages Working Group.

The Large Utilities request that the PD clarify that they may record the incremental costs they incur while implementing the AMP and PIPP directives

contained in this decision (e.g., from post-enrollment verification) to existing memorandum accounts. This decision adopts that recommendation.

SDG&E asks the Commission to clarify that the Large Utilities are authorized but not obligated to aggregate zip codes as described in Section 2. The decision already states that the zip code aggregation is optional.

Joint Consumers recommend the Disconnections and Arrearages Working Group agenda include regular reporting on arrearage reductions due to imposition of reestablishment deposits, data on the impacts of the PIPP phase-out on former PIPP participants, AMP enrollment or disenrollment, and disconnections. UCAN recommends that a common template across the Large Utilities for ongoing quarterly reporting be developed in collaboration with Energy Division to resolve inconsistencies in reporting between the IOUs. CBD recommends that comprehensive ongoing analyses be conducted on the impact of disconnections in Disadvantaged Communities, Tribal lands, and other ESJ communities. We agree that these are all important topics for the Disconnections and Arrearages Working Group to discuss and should be included in future working group agendas.

8. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Andrew Dugowson is the assigned ALJ in this proceeding.

Findings of Fact

1. The Commission opened Rulemaking 18-07-005 pursuant to Senate Bill 598 to address disconnection rates across California's electric and gas investor-owned utilities by adopting policies and rules that reduce disconnections and improve reconnection processes and outcomes for disconnected customers.

2. Residential electric and gas disconnections were rising prior to the opening of this proceeding, causing public health impacts, hardship and undue stress, increased health risks to vulnerable populations, and overreliance on emergency services and underutilization of preventive programs.

3. Residential rates for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (SoCalGas, together the Large Investor-Owned Utilities or Large Utilities) have increased significantly at a rate that outpaces inflation and multiple sources expect to continue to rise at such a trajectory.

4. Residential arrearages for the Large Utilities increased significantly beginning during the COVID-19 Pandemic and have remained high relative to the level observed in the first two years of this proceeding.

5. The root cause of disconnection is nonpayment of a customer bill, which may be the deliberate choice of a customer or the result of the customer's discretionary income being too low or essential energy usage needs being too high to enable the customer to pay a bill.

6. Nonpayment of customer bills reduces revenue available for utilities to pay for authorized costs and creates upward pressure on customer rates.

7. Commission Decision (D.)20-06-003 set annual residential disconnection rate caps for the Large IOUs that remain in place.

8. The disconnections rate caps reduce residential disconnections for nonpayment.

9. Increasing disconnection caps can enable utilities to compel payment of a greater share of customer arrearages, thereby reducing the growth of total arrearages.

10. SoCalGas disconnects customers at a lower rate than the other Large Utilities and has disconnected significantly fewer customers than its existing disconnection cap would allow.

11. PG&E, SCE, and SDG&E disconnect customers at a rate close to the maximum rate permitted by the existing disconnection caps.

12. PG&E, SCE, and SDG&E report high levels of customer arrearages, which could result in high levels of disconnections for nonpayment absent a disconnection cap.

13. There are multiple useful metrics to track whether an increase in disconnection caps causes unanticipated, widespread customer harm. These include: the share of customers disconnected for nonpayment who are not reconnected within 24 hours; the number of customers who are not reconnected within 24 hours; the number of customers with arrearages; the total amount of arrearages; customer participation in assistance programs; and the success rate of those programs.

14. Requirements for deposits to initiate or resume service can create financial hurdles for residential customers seeking to reconnect after a disconnection, but deposit requirements may also increase the rate at which customers pay their bills.

15. The independent evaluation of the Arrearage Management Plan (AMP) Pilot showed that the program had significant success in enabling customers to cost-effectively resolve arrearages without disconnection; indicated the pilot was less successful for customers with the lowest incomes or highest essential usage needs due to challenges remaining current on new bills charged using volumetric rates; and suggested that program success rates could be improved through modifications to the program design and customer education.

16. The independent evaluation of the Percentage of Income Payment Plan (PIPP) Pilot found that the pilot created significant benefits for participants but data did not demonstrate a statistically significant reduction in disconnections compared to a control group due in part to other temporary restrictions on disconnections for non-participants; found that the pilot was not cost effective in its current design and should not be expanded to all customers; and found that the pilot's design could be improved to be more cost-effective by increasing the percentage of income used to establish a participant's bill cap and by modifying program rules to more closely match the participant's subsidy to income.

17. The independent evaluation of the Community-Based Organization (CBO) pilot indicated that the Commission and stakeholders would benefit from gathering additional information on the CBO pilot before modifying the program.

18. Given the magnitude of changes adopted by this decision and the serious impacts that disconnections can have on residential customers experiencing disconnection as well as the customers who must pay for the accrued arrears, the Commission will benefit from monitoring trends in customer disconnections for nonpayment and arrearages for the foreseeable future in order to intervene to protect customer well-being and address unanticipated outcomes.

19. A working group is an appropriate mechanism to facilitate sharing of information on trends in customer arrearages and disconnections for nonpayment and coordinate action across entities with a role in preventing disconnections for nonpayment of vulnerable customers while reducing customer arrearages.

Conclusions of Law

1. It is reasonable to increase disconnection rate caps for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company by 0.5 percent.

2. It is reasonable to increase disconnection rate caps for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company by an additional 0.5 percent based on results of an initial 0.5 percent increase.

3. It is reasonable to remove Southern California Gas Company's disconnection cap pending a subsequent report demonstrating compliance with this decision and no significant harms to customer well-being.

4. It is reasonable to require Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company to each file and serve a Disconnection Cap Management Strategy compliance filing containing information on metrics to measure customer well-being and processes to ensure customers are afforded all required protections and assistance before disconnection.

5. It is reasonable to require Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company to each file and serve Tier 2 Advice Letters implementing revisions to AMP and making it permanent.

6. It is reasonable to require Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company to file and serve a joint Tier 2 Advice Letter implementing revisions to the Percentage of Income Payment plan pilot program and supplementary actions described in this decision.

~~7. It is reasonable to require Pacific Gas and Electric Company to retain a third-party firm to conduct a final evaluation of the PIPP program on behalf of all the Large Utilities.~~

7. ~~8.~~ It is reasonable to require Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company to provide disconnections reports on a quarterly, rather than monthly, basis, with updates described in this decision.

8. ~~9.~~ It is reasonable to require Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company to each file and serve proposals to create an Income-Based Arrearage Management Plan pilot in this proceeding and provide parties an opportunity for comment.

9. ~~10.~~ It is reasonable to require the Large Utilities to each file and serve a Tier 2 Advice Letter proposing a methodology to aggregate ZIP codes within the utility's service territory for the purpose of determining compliance with the cap on disconnection rates.

10. ~~11.~~ It is reasonable to require the Large Utilities to each file and serve a Tier 2 Advice Letter to require deposits for reestablishment of service for customers that have been disconnected two times or more in the 12 months preceding reestablishment of service.

11. ~~12.~~ It is reasonable to create the Disconnections and Arrearages Working Group.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company are each authorized to increase their

disconnections rate cap by 0.5 percent within 30 days of the compliance filing required by Ordering Paragraph 3.

2. Southern California Gas Company is authorized to remove its disconnections cap within 30 days of the compliance filing required by Ordering Paragraph 3.

3. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company shall file and serve a Disconnection Cap Management Strategy within 90 days of this decision including the following items:

a. Metrics that will be monitored to analyze whether an authorized increase in the disconnection cap is resulting in lower arrearages without disproportionately or inappropriately harming vulnerable customers. At minimum this shall include monthly reporting on achievement of significant reductions in customer arrearages; no worsening in customer reconnection statistics; and demonstration of customer success in accessing assistance program.

b. Identification of thresholds for all items in Ordering Paragraph 3(a) that, if crossed, would indicate the increase in allowable disconnections is not sufficiently lowering arrearages or is disproportionately or inappropriately harming vulnerable customers.

c. Strategy and plan to determine which customers the utility will initiate a collection and disconnection process in a given billing cycle and the objectives behind this prioritization strategy. This description must include a discussion of how the utility balances the objectives of disconnecting customers with the fastest accruing and/or largest arrearages and the greatest ability to pay while protecting the most vulnerable customers.

d. Strategy and plan to refine the utility's communication to customers regarding customer support programs. The

plan should emphasize reducing logistical and administrative burden associated with enrollment.

e. Strategy and plan to ensure that the IOU has fully carried out every step of the "checklist" consisting of all mandated resources, protections, and notifications that have been ordered by the Commission in this proceeding or elsewhere. This plan shall reference the table and information provided in this decision.

4. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company are ordered to appear at a workshop in this proceeding to review data and results from the first six months of implementation of each utility's Disconnection Cap Monitoring Strategy. Other parties to this proceeding shall have an opportunity to participate in the workshop to provide input on data and results of implementation of each utility's Disconnection Cap Monitoring Strategy. A workshop report shall be filed and served in this proceeding for comment by parties.

5. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company are each authorized to increase their disconnection caps by an additional 0.5 percent above the amount authorized in Ordering Paragraph 1 12 months after the initial 0.5 percent increase authorized in Ordering Paragraph 1.

6. No later than one year from the effective date of the increase authorized in Ordering Paragraph 2, Southern California Gas Company shall file and serve to this proceeding a compliance report providing information on customer arrearages and disconnections for nonpayment since the provisional elimination of its disconnection cap and either requesting authority to continue operating without a disconnection cap based on success in reducing arrearages while

minimizing harm to vulnerable customers or requesting authorization to operate under a specific disconnection cap.

7. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company are each authorized to file a Tier 2 Advice Letter proposing a methodology to aggregate ZIP codes within the utility's service territory with fewer than 1,000 residential customers into groupings consisting of 1,000 or more residential customers for the purpose of determining compliance with the cap on disconnection rates within ZIP codes. The Tier 2 Advice Letter shall demonstrate the proposed methodology will achieve the purpose of restricting the degree to which any individual community will experience a disproportionate level of disconnections compared to the rest of the utility's service territory.

8. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company shall not conduct disconnections in any ZIP code or ZIP code grouping established pursuant to Ordering Paragraph 5 that would result in an annual disconnection rate higher than 20 percent. The disconnection rate in a ZIP code or ZIP code grouping established pursuant to Ordering Paragraph 5 shall be calculated using the same methodology ordered in Decision 20-06-003, Ordering Paragraph 4.

9. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company are each authorized to file a Tier 2 Advice Letter to require deposits for reestablishment of service for customers that have been disconnected two times or more in the 12 months preceding reestablishment of service. Prior to submitting the Tier 2 Advice Letter, a utility shall meet and confer with parties to this proceeding to receive feedback on the proposal. The Tier 2 Advice Letter

shall not be filed more than 120 days after issuance of this decision to provide a meaningful meet and confer process with parties. The Tier 2 Advice Letter shall:

~~(a)~~ a. propose a methodology for determining the deposit amount based on the customer's average monthly bill during the 12 months preceding reestablishment of service;

b. ~~(b)~~ specify conditions under which the utility would use the deposit to defray costs of unpaid bills and conditions under which the deposit amount could be returned in full to the customer; and

~~(c)~~ c. include provisions to allow customers eligible for or enrolled in CARE, FERA, Medical Baseline or other assistance programs to make a reduced or zero upfront deposit to restore service.

10. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company shall, within ~~sixty~~120 days of the issuance of this decision, file and serve a Tier 2 Advice Letter implementing revisions to Arrearage Management Plan (AMP) described in this decision. These revisions include establishing AMP as a permanent program, implementing post-enrollment eligibility verifications, implementing procedures to provide customers with information prior to disconnection about the assistance programs and resources available to mitigate the impact of those disconnections and facilitate reconnection, and implementing changes to the reenrollment restrictions. This advice letter shall also include a plan to conduct ongoing evaluation of AMP's impact efficacy and success rates.

11. Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company shall, within 60 days of the issuance of this decision, file and serve a Tier 2 Advice Letter implementing the revisions to the Percentage of Income Payment Plan

(PIPP) pilot program and supplementary actions as described in this decision. These revisions include halting PIPP enrollments, conducting outreach to PIPP participants regarding the impending end of the program and the anticipated effect on the participants' bills and available assistance programs to mitigate that impact, implementing ~~a 12~~an 18-month transition to standard billing, and establishing a moratorium on disconnections for nonpayment for PIPP participants until three months after the end of the ~~twelve-month~~18-month transition. The Large IOUs shall also present these strategies to the Low Income Oversight Board, the Disadvantaged Communities Advisory Group, and Community Based Organizations (CBOs) that have participated in the CBO pilot program.

~~12. Pacific Gas and Electric Company (PG&E), on behalf of all the Large Investor Owned Utilities, shall retain a third-party firm to conduct a final evaluation of the Percentage of Income Payment Plan (PIPP) program based on 48 months of participant data. PG&E shall serve the final PIPP evaluation to the service list for this proceeding (and any successor proceeding) within eighteen months of the issuance of this decision.~~

12. ~~13.~~ Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company shall file and serve disconnections reports, pursuant to Ordering Paragraph 6 of D.18-12-013 on a quarterly, rather than monthly basis. The quarterly reports shall be updated to include information about the Arrearage Management Plan and Percentage of Income Payment Plan's (PIPP) effectiveness, including but not limited to: the number of former PIPP participants disconnected each month; the unique number of former PIPP participants disconnected to date; the unique number of former PIPP participants

disconnected more than once to date; the number of former PIPP participants enrolled in an assistance program; and a breakout of arrearages owed by former PIPP participants using the same format as the arrearage reporting for all other customers. This does not supersede the requirements established under Ordering Paragraph 1.

13. ~~14.~~ Pacific Gas and Electric Company, Southern California Edison Company San Diego Gas & Electric Company and Southern California Gas Company shall, within ~~six~~9 months of the issuance of this decision, jointly file and serve a proposal to create an Income-Based Arrearage Management Program pilot that contains the information described in this decision. Other parties to this proceeding may, but are not required to, file and serve comments on proposals by Large Investor Owned Utilities and/or alternative proposals to create an Income-Based Arrearage Management Program pilot.

14. ~~15.~~ The Disconnections and Arrearages Working Group is established, with membership consisting of the Large Investor Owned Utilities, at least one representative of the Small and Multi-Jurisdictional Utilities, any party to this proceeding that elects to serve as a member, and any governmental or community-based organization with a role in preventing disconnections for nonpayment and reducing customer arrearages.

15. ~~16.~~ The initial meeting of the Disconnections and Arrearages Working Group shall occur within 120 days of the issuance of this decision.

16. ~~17.~~ Within six months of this decision, Energy Division shall prepare a Resolution establishing a charter, meeting cadence, initial membership, and process for adding members to the Disconnections and Arrearages Working Group. The draft resolution shall be presented to the working group at the initial meeting to be held in accordance with Ordering Paragraph ~~16~~15 above.

This order is effective upon issuance.

Dated _____, at Sacramento, California

Attachment A: DACAG Letter

Summary report: Litera Compare for Word 11.6.0.100 Document comparison done on 11/17/2026 9:40:18 AM	
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