

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 14

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
George Vaughn, Director of Finance & Internal Operations

SUBJECT: Participation in CPUC Arrearage Management Plan

DATE: January 21, 2021

Recommendation

Adopt a Resolution to allow VCE to participate in the California Public Utilities Commission approved Arrearage Management Program and to inform PG&E of VCE's participation.

Background

On June 16, 2020, the California Public Utilities Commission (CPUC) issued Decision 20-06-003 to reduce residential customers' disconnections due to nonpayment of electric service. On December 17, 2020, the CPUC provided more details in Resolution E-5114: "Approval of Arrearage Management Plans for Large Investor-Owned Electric and Gas Utilities." As detailed in the Resolution, the Arrearage Management Program (AMP) is a 12-month plan program to help customers who have accumulated significant arrearages to eliminate that debt. The AMP will forgive 1/12th of the customer's arrearages after each monthly on-time payment. After 12 timely payments, the customer's debt will be fully forgiven.

Under the AMP, customers who miss two consecutive monthly payments or three non-consecutive monthly payments will be removed from the program but will not forfeit forgiven amounts associated with on-time bill payments. After a 12-month waiting period, the customer is free to reenroll if the stated program requirements are still met.

The AMP Resolution approves the following:

- Cost recovery for electric arrearages through the electric Public Purpose Program Charge (PPP) from all customers of both PG&E and VCE.
- Paying remittances to Community Choice Aggregators with customers enrolled in the AMP for costs of forgiving generation-related arrearages associated with those unbundled customers (PG&E will be required to track this amount and remit to CCAs)
- Requirement for PG&E to enroll CCAs in the AMP within 60 days of receiving notice of intent to participate

A customer is eligible for AMP if they meet all of the following criteria:

- The customer is enrolled in the California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) bill assistance programs for low-income customers.
- The customer has been a PG&E electric distribution customer for a minimum of six months.

- The customer has made at least one on-time payment within 24 months.
- The customer has an account balance that reaches at least \$500 in arrears (or \$250 for gas-only customers) and at least a portion of that must be 90 days old.

Analysis

Although VCE does not currently have the available data to estimate the short and long-term cash impacts of participating in the AMP, staff considered the following points when determining its recommended course:

- Without AMP participation, VCE is unlikely to recover significant portions of arrearages > 90 days from CARE and FERA customers.
- The amounts forgiven under the AMP will be refunded to VCE from PG&E via the PPP (methodology and timing is to be determined), thus there is a mechanism to recover forgiven arrearages.
- VCE customers pay the PPP and are therefore paying into the AMP forgiveness, so it's appropriate that it benefits VCE customers.
- It will assist customers who are struggling with arrearages, particularly during this ongoing time of COVID and recessionary factors.
- It provides needed support to emerging and historically marginalized communities.

Other CCA's have made public notification of their intent to participate in the AMP, including East Bay Community Energy, San Jose Clean Energy, CleanPowerSF, Redwood Coast Energy Authority, Central Coast Community Energy, and Peninsula Clean Energy.

Based on these factors, staff are recommending that VCE participate in this program to help support VCE customers challenged by the current COVID influenced economic situation.

Conclusion

VCE staff recommends that the Board approve VCE's participation in the AMP because it will enable VCE to give struggling customers assistance at no additional cost to VCE and its customers, perhaps even providing a mechanism to recover some otherwise unrecoverable costs.

AMP is also aligned with VCE's stated Objective 3.7 in its Five-Year Strategic Plan to "Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs." The AMP also allows for cost reimbursement to VCE and its customers.

Staff requests that the VCE Board adopt a Resolution to allow VCE to participate in the CPUC's approved AMP and to inform PG&E of VCE's participation.

Attachments:

1. Attachment A - Resolution Approving Participation in the Arrearage Management Program;
2. Attachment B – CPUC red-lined Resolution E-5114 outlining the terms of the Arrearage Management Program

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021-___

**A RESOLUTION OF THE VALLEY CLEAN ENERGY ALLIANCE
APPROVING PARTICIPATION IN THE ARREARAGE MANAGEMENT PROGRAM (AMP)**

WHEREAS, in Decision 20-06-003, the California Public Utilities Commission (CPUC) approved a new debt forgiveness payment plan program, referred to as the Arrearage Management Plan (AMP), to assist residential customers who have accumulated significant arrearages to pay down an eliminate that debt;

WHEREAS, in Resolution E-5114, the California Public Utilities Commission (CPUC) provided additional details and AMP clarifications, including recovery of costs through the electric Public Purpose Program Charge;

WHEREAS, participating in the AMP would provide VCE an opportunity to offer assistance to its customers that are experiencing high arrearages, with a focus on emerging and historically marginalized communities;

WHEREAS, CPUC Resolution E-5114 states that any CCA who provides notice of its intent to participate in the AMP to PG&E must be enrolled by PG&E within 60 days; and,

WHEREAS, the Board of Directors desires for VCE to participate in AMP.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. The Board approves VCE's participation in the California Public Utilities Commission-approved Arrearage Management Program.
2. The Board directs staff to inform PG&E of VCE's participation in the AMP as soon as practically possible and take all steps necessary for VCE to participate in the program.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of January 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Carson, VCE Chair

Alisa M. Lembke, VCE Board Secretary

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID: 18989
RESOLUTION E-5114
December 17, 2020

R E S O L U T I O N

Resolution E-5114. Approval of Arrearage Management Plans for Large Investor-Owned Electric and Gas Utilities

PROPOSED OUTCOME:

- Approves with modifications Arrearage Management Plans proposed pursuant to D.20-06-003 in Tier 2 Advice Letters
- Approves cost recovery for electric arrearages through the electric Public Purpose Program Charge from all customers.
- Approves cost recovery for gas arrearages through gas transportation rates from all customers.
- Approves paying remittances to Community Choice Aggregators with customers enrolled in Arrearage Management Plans for costs of forgiving generation-related arrearages associated with those unbundled customers.

SAFETY CONSIDERATIONS:

- There are no direct safety considerations associated with this resolution. The approved Arrearage Management Plans could result in forgiven arrearages for participants which in turn could potentially reduce disconnection of utility service for such participants. Disconnection of gas or electric service can lead to unsafe conditions.

ESTIMATED COST:

- This resolution is expected to result in costs to ratepayers ~~ranging from hundreds of thousands to totaling in~~ the low tens of millions of dollars ~~per utility~~, primarily due to the cost of forgiven customer arrearages. Costs may be substantially ~~lower~~ higher than forecasted, due to uncertainty regarding customer

behavior in response to a new program and the continuing effects of the COVID-19 pandemic on the global economy particularly in 2021.¹

- Additional utility staffing and Information Technology (IT) costs associated with implementation of Arrearage Management Plans are also anticipated. These are expected to be significant initially during manual implementation of the programs and then decline as enrollment and tracking processes are automated.

By Advice Letters:

PG&E 4308-G/5943-E, Filed on September 9, 2020.

SCE 4287-E, Filed on September 9, 2020.

SDG&E 2902-G/3602-E, Filed on September 9, 2020.

SoCalGas 5689-G, Filed on September 9, 2020.

SUMMARY

This Resolution approves with modifications the Arrearage Management Plan (AMP) proposals submitted by Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas), collectively "IOUs," pursuant to Decision (D.)20-06-003, which required submission of Tier 2 Advice Letters (ALs) detailing plans to establish AMP programs.

The arrearages are billed amounts for electric or gas service that customers owe to an IOU but have not paid. When customers are in arrears to their IOU, at some point the IOU may disconnect service due to the arrearage. Disconnection from electric or gas service may create unsafe conditions for customers, and reducing the number of customers in arrears and the amount of arrearages owed is anticipated to reduce the number of customers who could be disconnected for nonpayment.

¹ The uncertainty of cost impacts is due to the difficulty in forecasting the number of customers who will receive arrearage forgiveness and the magnitude of arrearages owed by those customers.

The AMP program approved by this resolution essentially forgives past due arrearages for participants in the program. Per this resolution, the IOUs are authorized to record costs associated with the uncollected, forgiven arrearages in a two-way balancing account and to recover the balance through the electric Public Purpose Program (PPP) Charge for electric arrears and gas transportation rates for gas arrears during an annual true-up process. In other words, unpaid arrearages that have been forgiven in accordance with AMP will be recovered from all classes of customers that currently pay the ~~PPP Charge~~electric PPP Charge or gas transportation rates.

In addition, IOUs are also authorized to track arrearages of unbundled customers who enroll in AMP and receive arrearage forgiveness. IOUs shall track the amount of arrearages owed by these customers to Community Choice Aggregators (CCAs) that are forgiven through AMP in the same balancing account used to track and recover the cost of all arrearages forgiven through AMP and shall make remittance payments to each CCA with customers enrolled in AMP to compensate CCAs for the cost of forgiven arrearages owed to the CCA by unbundled customers.

BACKGROUND

In 2018, the CPUC opened Rulemaking (R.)18-~~0507-007-005~~ to examine new approaches to disconnections for nonpayment. Disconnecting customers' electric or gas service can create unsafe conditions for customers who depend on electric or gas service to meet basic needs such as heating, cooking, and light. The compounding effects of disconnection include disruption of the customer's normal daily activities (e.g. potentially, the ability to maintain employment) as well as broad public health and social impacts associated with the lack of electric and gas service. The CPUC opened the rulemaking following legislative direction in Senate Bill 598 (Hueso, 2017) for the CPUC to enact new policies to reduce the level of disconnections by IOUs statewide.

Decision (D).20-06-003 adopted the AMP program to assist low-income IOU customers with unpaid electric and gas utility bills. The program provides customers an opportunity to receive forgiveness for past-due arrearages in return for on-time payment of current monthly bills. Customers enrolled in AMP will

receive forgiveness of 1/12 of their starting arrearage balance for every on-time payment of a current monthly bill, with a maximum possible amount of \$8,000 in total forgiveness per 12-month period. Only customers enrolled in either the California Affordable Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) programs are eligible for AMP, and customers must also owe at least \$500 in arrearages, or \$250 for gas-only customers, with some portion of the arrearage at least 90 days past due.

Customers enrolled in AMP who fail to make a current on-time monthly bill payment in two sequential months or three non-sequential months shall be removed from participation, but they will retain any arrearage forgiveness received through AMP prior to their removal from the program. Customers removed from the program involuntarily, through failure to remain current on monthly bills, or after completing 12 months of on-time monthly bill payments may re-enroll after a 12-month waiting period provided that they still meet the eligibility criteria at the time of re-enrollment.

Ordering Paragraph (OP) 83 of Decision (D.) 20-06-003 directed the IOUs to submit Tier 2 Advice Letters (ALs) within 90 days of its effective date to implement AMP programs for their customers. D.20-06-003 also established the AMP Working Group, co-led by the IOUs, the California Community Choice Association (CalCCA), and The Utility Reform Network (TURN), and OP 87 of D.20-06-003 tasked the AMP Working Group with evaluating potential options for cost recovery that would resolve concerns over potentially disproportionate costs allocated to certain CCAs resulting from arrearage forgiveness before IOUs would submit their Tier 2 ALs implementing AMP.

The AMP Working Group met four times in advance of the IOUs' submission of their ALs to discuss details of the program including options for cost recovery. At the last AMP Working Group meeting on August 28, 2020, each IOU proposed to track and recover costs for both unbundled and bundled customers through the existing PPP Charge. On September 9, 2020, the IOUs filed the above ALs, reflecting the input of the Working Group by proposing to recover costs of forgiven arrearages for both bundled and unbundled customers using the PPP Charge and subsequently remit to participating CCAs the amount of forgiven arrearages owed to each CCA.

All the IOUs proposed AMP programs in their Tier 2 ALs consistent with the eligibility and operational requirements established by D.20-06-003. Eligible customers must meet the following criteria: (1) be enrolled in either California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) for bill assistance, (2) have made at least one on-time bill payment within the previous 24 months, and (3) have at least \$500 in past-due arrearages (or \$250 for gas-only customers), some portion of which is at least 90 days old. Customers who enroll in AMP are subject to the following provisions and conditions:

- Customers are entitled to arrearage forgiveness equal to 1/12 of their beginning arrearage balance for every on-time payment of a current monthly bill up to a maximum total amount of \$8,000 over 12 months of payments.
- Customers who miss two consecutive monthly payments or three non-consecutive monthly payments will be removed from the program but will not forfeit forgiven amounts associated with on-time bill payments.
- Customers who exit the program either for non-payment or successful completion of all 12 monthly payments may re-enroll after a 12-month waiting period.
- Customers who receive unbundled electric service from a CCA are eligible for participation in AMP, but may only receive forgiveness for the portion of their arrearage owed to the IOU, unless the customer's CCA voluntarily participates in the program to forgive generation-related costs. IOU customers that receive generation from a CCA still pay the IOU for transmission and distribution costs, and the AMP covers costs attributable to these IOU services.
- Customers who receive gas service through a Core Transport Agent (CTA) may participate in AMP only for arrearages owed to the IOU for distribution-related costs if the IOU is the billing agent for those costs.

- Customers participating in Net Energy Metering (NEM) are not eligible for participation at this time. Parties discussed options for allowing NEM customers to enroll in AMP during the AMP Working Group meetings, but agreed that more discussion would be necessary before establishing a framework for NEM customers to enroll in AMP given differences in billing practices between the IOUs.

All IOUs proposed in their ALs to recover costs for forgiven arrearages through the PPP Charge. At the four AMP Working Group meetings, IOUs and stakeholders discussed options for ensuring adequate cost recovery and proportional allocation of costs for unbundled customers shared by IOUs and CCAs. At the fourth and final AMP Working Group meeting on August 28, 2020, parties agreed the most reasonable option to ensure adequate cost recovery was for IOUs to jointly recover both IOU and CCA costs for forgiven arrearages through the PPP Charge and to subsequently remit to CCAs the amount of recovered costs attributable to generation-related CCA costs. This option was preferred by stakeholders out of concern that alternative options, such as requiring CCAs to track and recover costs from their own customers directly, would be overly burdensome to implement, disproportionately costly to small CCAs, and could deter CCA participation in AMP.

The IOUs proposed to record the cost of forgiven debt in each utility's Residential Uncollectibles Balancing Account (RUBA). This residential balance will be transferred to the PPP adjustment mechanism during the annual true-up process before being recovered from all customers. In addition, the IOUs will also recover costs associated with generation-related forgiven debt for unbundled customers and will provide remittance payments to relevant CCAs to compensate each participating CCA for the cost of forgiving generation-related debt under AMP.

The IOUs propose to track and recover implementation related costs for AMP, such as staff workload and IT costs, using memorandum accounts authorized by D.20-06-003.

NOTICE

Notice of AL 4308-G/5943-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B. Notice of AL 4287-E was made by publication in the Commission's Daily Calendar. SCE states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B. Notice of AL 3602-E/2902-G was made by publication in the Commission's Daily Calendar. SDG&E states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B. Notice of AL 5689-G was made by publication in the Commission's Daily Calendar. SoCalGas states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

CalCCA protest of PG&E AL 4308-G/5943-E

PG&E's AL 4308-G/5943-E was timely protested by the California Community Choice Association (CalCCA). CalCCA argues that PG&E's AL 4308-G/5943-E proposal that third party cost recovery be addressed during a later phase of this proceeding renders it noncompliant with OP 87 of D.20-06-003. Specifically CalCCA asserts that OP 87 required the IOUs to propose a mechanism in their Tier 2 Advice Letters for proportional allocation of recovered AMP costs between CCAs and IOUs following discussion within the AMP Working Group.²

CalCCA also objected to PG&E's proposal that prior to Commission approval of the cost recovery mechanism, individual CCAs be required to track and recover costs of unbundled customer generation-related arrearages forgiven under AMP. The CCAs argued that this proposal could force CCAs with high AMP participation to recover AMP costs from only their own customers and increase rates significantly. CalCCA requested clarification of when PG&E intends to receive notification from participating CCAs of their intent to participate, as CCA participation in AMP is voluntary.

² CalCCA Protest to PG&E AMP Advice Letter in response to Decision 20-06-003, in AL 4308-G/5943-E, dated September 29, 2020

CalCCA also argued~~s~~ that PG&E had~~s~~ not explained what customer information it will share with participating CCAs to track the status, and associated costs, of unbundled customers enrolled in AMP. This information includes the number of customers eligible for AMP, account numbers of customers enrolled in AMP, and account numbers for customers who have missed one payment, and the frequency with which PG&E will report such information to CCAs. CalCCA indicated its members would require additional information, such as the starting arrearage balance of customers participating in AMP and the dollar amount of arrearage forgiveness already processed, to implement PG&E's proposal for individual CCAs to track and recover costs from their own customers, if AMP were implemented prior to receiving explicit Commission approval.

In response to CalCCA's protest, PG&E argued~~s~~ AL 4308-G/5943-E ~~is~~ was compliant with OP 87 because it addresses cost recovery for arrearages forgiven in PG&E's territory. PG&E proposes that individual CCAs track and recover unbundled customer forgiven arrearages, if AMP enrollment began prior to Commission authorization of its proposal for cost recovery. PG&E requests that CCAs notify PG&E of their voluntary participation within 45 days of submission of AL 4308-G/5943-E (October 26, 2020) because PG&E needs sufficient time to allocate resources for participating CCA customers. To CalCCA's request for more frequent sharing of customer information to track the status and costs associated with unbundled customers enrolled in AMP, PG&E responds that it will work directly with CCAs to address concerns over frequency of information sharing for unbundled customers. PG&E stated~~s~~ that the information sharing described in AL 4308-G/5943-E is sufficient for tracking and recovering unbundled customer costs from participating in AMP.

CalCCA protest of ALs SCE 4287-E and SDG&E 2902-G/3602-E

SCE's AL 4287-E and SDG&E's AL 2902-G/3602-E were timely protested by CalCCA, which requested that SCE and SDG&E clarify how frequently remittances recovered for generation-related arrears would be rendered to CCAs. CalCCA also requested that SCE and SDG&E be required to share specific customer information with CCAs at least weekly and objected to SDG&E's proposal to share customer information through the regular data request process. Finally, CalCCA requested that SCE clarify whether its proposal that CCAs

notify it of intent to participate within 45 days of AL 4287-E refers to submission or approval.

SCE responded to CalCCA's protest and indicated that costs for forgiven arrearages under AMP would only be recovered in the subsequent year after the customer has received forgiveness in an annual true up process. SCE also advised that Customer Service Re-Platform implementation would force the company to implement AMP manually first, and SCE's existing billing system will treat arrearages forgiven due to on-time bill payment as a customer payment. This will allow SCE to remit payments for generation-related forgiven costs within a week of a customer's on-time payment. Accordingly, SCE will remit payments to CCAs under the manual system for many months before seeking cost recovery through the PPP Charge.

Regarding frequency with which unbundled customer information would be shared with CCAs, SCE argues that monthly sharing of information is sufficient since payments will be made monthly and the number of participating customers for any given CCA is likely to be small. Finally, SCE clarified it is requesting that participating CCAs notify SCE of their intent to participate within 45 days of AL 4287-E's submittal (October 24, 2020) to ensure SCE has sufficient time to prepare for managing the cases of unbundled customers participating in AMP. SCE specifically indicated that allowing CCAs to notify SCE of their intent to participate 45 days *after* Commission approval of AL 4287-E could occur on the same day that AMP enrollments begin.

SDG&E responded to the protest of CalCCA and clarified that its proposed mechanism for cost recovery would result in monthly remittances to CCAs as costs are incorporated into rates through the PPP charge and collected from customers monthly.³ SDG&E indicated that remitting payments on a more frequent basis than monthly would be unworkable and unnecessary to ensure cost recovery, and that it would share unbundled customer information with participating CCAs on an ongoing monthly basis since customers are billed monthly. SDG&E further indicated sharing information more frequently during replacement of its Customer Information System would be overly burdensome

³ CalCCA Protest to Southern California Edison's and San Diego Gas and Electric's AMP Advice Letters in response to Decision 20-06-003, dated September 29, 2020.

because the reports would be created manually during the system replacement. SDG&E pledged to continue working with CCAs in its territory to meet additional needs for information sharing should such need arise.

DISCUSSION

The CPUC has reviewed the ALs and the protests and has determined that they are compliant with the AMP program implementation directives and eligibility and operational criteria set forth in D.20-06-003. The IOU cost recovery proposals are discussed here and approved with noted clarifications.

Pursuant to OP 87 of D.20-06-003, the AMP Working Group met four times to discuss proposals for appropriate cost recovery, which were submitted for socialized cost recovery via the PPP charge. The Working Group determined that the framework of recovering IOU and CCA costs jointly through the PPP charge, with CCA costs remitted by IOUs after cost recovery, was reasonable. Under this framework, IOUs will record all arrearages forgiven under AMP within the RUBA. During the annual true-up process, each IOU will adjust its PPP charge to recover these costs from all customers. Subsequently, IOUs will remit revenue equal to the recovered costs of generation-related arrears for each participating CCA in its territory on a monthly basis.

In AL 4308-G/5943-E, PG&E requested that the Commission provide guidance on the customer classes from which to seek recovery for AMP costs. PG&E noted that CARE costs are recovered from all customers, while FERA costs have historically been allocated only to residential customers. Resolving this issue requires a policy determination by the CPUC as to whether to allocate costs only to the residential customer class, or to all customer classes. Allocating these costs to only residential customers could increase the number of disconnected residential customers by increasing bills for those customers by a greater incremental quantity than if the costs were allocated across all customer classes. In addition, spreading these costs over all customer classes is consistent with the historic approach to recovering uncollectible arrearages through the [electric](#) PPP

Charge.⁴ Moreover, since it is the intent of this proceeding and the AMP programs specifically to reduce disconnections of residential customers and manage arrearages, it makes sense to recover AMP costs from all customer classes through the PPP Charge or gas transportation rates as well. Therefore, the CPUC finds that it is reasonable to recover the cost of forgiven AMP debt from all customers.

CalCCA protested PG&E's proposal to require participating CCAs to track and recover costs of unbundled customer generation-related arrearages before the Commission has formally approved cost recovery via the PPP charge. PG&E responded that its proposal only requires CCAs to track and recover costs of forgiving arrearages owed to the CCA, not costs of arrearages owed to IOUs. Furthermore, PG&E noted that this proposal is only intended to apply to AMP costs incurred prior to CPUC approval of the proposal for joint cost recovery through the PPP charge and subsequent remittance payments to participating CCAs. PG&E additionally indicated its proposal to address its joint cost recovery proposal during a subsequent ratesetting phase of this proceeding reflects its intent to enable unbundled customers to participate in AMP as soon as feasible.

We reject CalCCA's arguments and approve PG&E's proposal to recover costs using the PPP charge and remit the portion of arrearages attributable to CCA costs to the relevant CCA. We find this reasonable because CalCCA's own protest endorsed PG&E's proposed solution to recover costs using the PPP charge and remit the portion of arrearages attributable to CCA costs to the relevant CCA. CalCCA's protest indicated that its objection was only applicable to PG&E's proposed alternative intended to take effect in the absence of CPUC approval of the proposal for joint cost recovery using the PPP charge. Since this resolution provides that approval, CalCCA's objections are moot.

CalCCA requested clarification of when PG&E intended to receive notification from participating CCAs of their intent to participate. Like SCE, PG&E indicated that a CCA seeking to participate should notify PG&E within 45 days of submittal of AL 4308-G/5943-E (October 26, 2020) to provide sufficient time for PG&E to allocate resources and make preparations to track costs and billing

⁴ Traditionally, utility arrearages are written off as uncollectible, evaluated in General Rate Cases, and recovered from all customer classes through the PPP Charge.

information for unbundled customers participating in AMP. However, SDG&E and SCE did not directly address the timeline for a CCA notifying its local IOU that it intends to participate in the AMP program. To date, a number of CCAs have conveyed publicly via the service list in this proceeding that they intend to participate in AMP, meeting PG&E and SCE's requested timing for advance notification.⁵ However, setting a one-time deadline for advance notification when new CCAs are continually being formed or when existing CCAs were not in a position to rapidly meet the IOUs' requested deadlines is needlessly arbitrary. It is reasonable for IOUs to request advance notification to prepare for other CCAs that decide to participate in AMP. We direct the IOUs to meet a 60-day timeline following notification from other CCAs that it intends to participate in AMP in the future. Since the IOUs only requested 45 days of advance notification for the first CCAs that would participate in AMP, 60 days of advance warning in the future should be enough to accommodate other CCAs once the program is already operating.

CalCCA requested clarification from PG&E regarding the type and frequency of information it intended to share with CCAs. This issue was also raised in CalCCA's protest of SCE AL 4287-E and SDG&E's AL 3602-E/2902-G, in which CalCCA requested that information be shared at least weekly with CCAs. PG&E, SCE, and SDG&E all indicated they would continue working with CCAs in their territories to deliver any information needed to track unbundled customers participating in AMP. However, we find CalCCA's proposal (as described in their comments on this Draft Resolution and discussed further below) to allow CCAs to avoid errors by receiving the information they need in an existing weekly report to be a reasonable solution. Therefore, we will require the IOUs to include information on a CCA customer's AMP enrollment status, amount of forgiven arrears, and number of missed payments in the weekly reports known variously as the "4013," "Customer List," or "Customer Reconciliation Report." ~~However, providing reports weekly or even more frequently would be unnecessarily labor intensive, especially during the manual phase of implementation, since customers are billed monthly and would only experience a change in program status or arrearage amount on the same basis. At this time, we conclude that monthly reporting of the requested information should be~~

⁵ These CCAs include the California Choice Energy Authority, Western Community Energy, and the Clean Power Alliance of Southern California.

~~sufficient for tracking and recording costs associated with unbundled customers participating in AMP, which all IOUs have indicated is workable.~~

CalCCA protested SCE's AL 4287-E and SDG&E's AL 3602-E/2902-G requesting clarification of how frequently each IOU intended to remit payments of costs associated with unbundled customers participating in AMP that IOUs have recovered on behalf of participating CCAs. SCE and SDG&E both replied by indicating that cost recovery would be sought through an annual true-up process that would adjust monthly rates, meaning that cost recovery would begin in the subsequent year after AMP has begun, and payments would be remitted on a monthly basis as customer bills containing the adjusted PPP charge are paid to the IOU. The Commission finds that this is a reasonable remittance schedule for IOUs to provide recovered costs to participating CCAs and directs PG&E to follow the same remittance schedule to ensure consistency across IOUs.

PG&E, SCE, and SDG&E requested that customers participating in Net Energy Metering (NEM) be excluded from participation in AMP during initial implementation due to the complexity of resolving differences between the way AMP would function for most customers compared to NEM customers. We agree that integrating NEM customers in an AMP framework will require more discussion, so we will prohibit them from participating in AMP at this time.

PG&E and SoCalGas both requested that customers receiving gas service from Core Transport Agents or receiving Core Aggregation Transportation service only be eligible for arrearage forgiveness under AMP for transportation costs owed to the IOU, rather than being eligible for forgiveness for arrearages owed to the third party. The Commission finds that this is a reasonable solution to the issue of third party gas costs because the issue of costs owed to Core Transport Agents was not addressed in D.20-06-003. We direct that costs for gas service owed to third parties other than the IOUs are not eligible at this time for arrearage forgiveness under AMP. While SDG&E did not directly address the issue in its AL 2902-G/3602-E, SDG&E indicated at the fourth AMP Working Group meeting on August 28, 2020 that it does not bill for third parties providing Core Aggregation Transportation service and therefore is not authorized or able to waive past-due charges on behalf of these providers. It is therefore reasonable

to exclude gas arrearages of CTA-served customers from SDG&E's AMP program as SDG&E is not in a position to administer the program.

The IOUs should begin enrolling customers ~~30~~45 days after the effective date of this resolution. In a letter dated August 13, 2020, the Energy Division Director indicated to the IOUs "An expeditious implementation of this program is a critical facet of the CPUC's on-going effort to reduce disconnections among residential customers," and conveyed that IOUs should be prepared to implement AMP plans by the end of 2020. Accordingly, all four IOUs proposed to implement their AMP programs the later of 90 days from the date of the letter (November 11, 2020) or 45 days following the Commission's approval of the utility's AL. It is reasonable for the IOUs to request preparation time after AMP program proposals have been approved. Therefore, in order to ensure customers may begin obtaining the benefits of arrearage forgiveness as quickly as is feasible, we direct the IOUs to begin enrolling customers ~~30~~45 days after the effective date of this resolution.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review. ~~Please note that comments are due 20 days from the mailing date of this resolution.~~ Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments ~~on November 16, 2020, and will be placed on the Commission's agenda no earlier than 30 days from today.~~

The Commission received six sets of party comments. One set of comments was submitted jointly by three parties, the National Consumer Law Center, the Center for Accessible Technology, and The Utility Reform Network, urging adoption of the Draft Resolution in full. The remaining five sets of comments addressed specific aspects of the Draft Resolution and are discussed below.

Cost to Ratepayers

PG&E, SCE, and SDG&E raised the concern that estimated costs of program implementation could be higher than the low millions of dollars per utility that was projected during the AMP Working Group meetings. Specifically, PG&E, SCE, and SDG&E reported that arrearages for customers who would be eligible for AMP have grown substantially compared to the amounts reported at the July 30, 2020, AMP Working Group meeting. We agree with the utilities that growth in the number of customers eligible for AMP as well as the magnitude of arrearages potentially eligible for forgiveness would increase the estimated cost associated with this resolution to a range of tens of millions of dollars.

Participation of Direct Access Customers and Customers Served by Energy Service Providers

PG&E and SCE requested modification of the resolution to accommodate participation by customers of load-serving entities (LSEs) other than IOUs and CCAs, such as residential Direct Access (DA) customers. SCE indicated that it bills DA customers directly on behalf of LSEs, and “does not see any operational distinction to allow AMP participation for CCA customers but not DA customers.”⁶ SCE also reported a LSE serving residential DA customers in SCE territory notified SCE of its intent to participate in AMP on October 23, 2020.

The CPUC supports allowing as many residential customers as possible to participate in AMP, and we do not foreclose the possibility of allowing DA customers to participate in AMP in the future. However, D. 20-06-003 does not authorize participation of residential DA customers in AMP, despite explicitly indicating the CPUC’s intent to include CCA customers in AMP. LSEs serving residential DA customers have not been parties to R.18-07-005, have not participated in the AMP Working Group process, and have not directly commented on the proposal to date, unlike CCAs, which have been involved in the stakeholder process for AMP from the outset. Therefore, we will reject this request at this time.

Temporary Remittance Process for Southern California Edison

⁶ SCE Comments on Draft Resolution E-5114 dated December 7, 2020, Page 4

SCE commented regarding its process for paying remittances to participating CCAs for forgiven arrearages during its Customer Service Re-Platform (CSRP). SCE clarified that its proposed temporary process for manually provided remittances to participating CCAs will continue even after AMP enrollment and program operation processes have been automated following CSRP. SCE reported the temporary process would continue because the modifications to SCE's billing platform would require separate changes to automate remittance payments to CCAs in addition to the changes required to automate AMP enrollment and basic program operation. We acknowledge SCE's clarification and agree with their proposed change reflecting that SCE may remit payments for generation-related forgiven arrears to the CCAs on an earlier basis.

Eligibility of Third-Party Charges, Taxes, and Fees for Arrearage Forgiveness

PG&E, SCE, SDG&E and SoCalGas raised the issue of whether third-party charges, taxes, and fees collected by IOUs from customers on behalf of a third party, such as a local government, would be eligible for arrearage forgiveness alongside the rest of a customer's past-due bill. PG&E specifically requested guidance on this matter without expressing a position. SDG&E argued the Draft Resolution does not preclude including third-party charges in a customer's eligible arrearage balance and reported that it intends to include these charges in customer's eligible arrearage balance unless the CPUC provides contrary guidance. SoCalGas supports including third-party charges in a customer's eligible arrearage balance and that it proposes to continue treating these charges as uncollectible bad debt for the purpose of remittance payments to third parties. SCE supports including third-party charges in a customer's eligible arrearage balance and requested revision of the Draft Resolution to reflect this.

We agree that unpaid third-party charges, fees, and taxes appearing on a customer's bill constitute a portion of that customer's total arrearage, and therefore these charges should be forgiven at the same time and subject to the same conditions as the rest of a customer's arrearage. The utilities should recover the cost of these third-party charges, fees, and taxes through the electric PPP charge for electric charges and through gas transportation rates for gas charges. Furthermore, the utilities should continue following their existing practices for

ensuring that third-party charges, fees, and taxes associated with uncollectible “bad debt” are remitted to the appropriate entities.

Eligibility of Master Meter Customers

SCE commented regarding the eligibility of residential customers served by a master metered account for AMP. SCE reported that it is unable to identify individual customers served by a master metered account, making it impossible to: (1) determine whether such customers are in fact eligible for AMP or (2) distinguish between arrearage amounts owed by different customers served by the same master metered account. SCE requested that the Draft Resolution be modified to specify that customers served by master metered accounts shall not be eligible for AMP.

We acknowledge SCE’s concern regarding the feasibility of implementing AMP for master metered customers, and we agree with the proposed modification. However, as it is the CPUC’s intent that as many otherwise-eligible customers be authorized to participate in AMP as possible, we do not preclude the possibility of allowing residential customers served by a master metered account to participate in AMP in the future, and we will continue to work with IOUs and other stakeholders to identify a feasible approach to allow these customers to do so. At this time, residential master metered accounts shall not be eligible for participation in AMP.

Implementation Date

PG&E, SCE, SDG&E, and SoCalGas requested that the implementation date be changed from 30 days after approval of the resolution to 45 days after approval. The IOUs indicated this change was necessary to provide sufficient time to prepare staff to administer a new program manually and noted that the original deadline for implementation would require staff to carry out much of that preparation during the holidays. The IOUs also noted that the AMP Working Group had agreed that an implementation deadline of 45 days following approval of the Tier 2 ALs would be appropriate. Due to these operational challenges and the prior agreement among AMP Working Group members, we

will grant this request and require the IOUs to begin enrolling eligible customers in AMP within 45 days following the approval of this resolution.

Eligibility of CTA Customers for Forgiveness of Gas Distribution Charges Only

SoCalGas and PG&E commented on the eligibility of gas charges owed by CTA customers to CTAs for arrearage forgiveness. SoCalGas requested clarification that CTA customers may only receive arrearage forgiveness for the portion of their arrearage owed to the IOU for distribution related costs, not for the portion of their arrearage owed to the CTA for gas procurement charges. PG&E clarified that it supports allowing forgiveness of gas procurement charges for CTA customers when PG&E is the billing agent on behalf of the CTA.

We agree with SoCalGas’s recommended revision clarifying that only distribution-related charges owed by CTA customers to an IOU should be eligible for arrearage forgiveness, and we reject PG&E’s request to allow forgiveness of gas procurement charges owed to CTAs. As it is the CPUC’s intent to enable as many eligible customers to participate in in AMP as fully as possible, we do not foreclose the possibility of including these charges as allowable for forgiveness in the future.

Approval of Residential Uncollectibles Balancing Account Advice Letters

SoCalGas and SDG&E commented regarding their pending ALs establishing the Residential Uncollectibles Balancing Act (RUBA). Both IOUs noted that implementing AMP will require them to record costs associated with participating customers in the RUBA, meaning that the AL must be approved before they can implement AMP. The CPUC appreciates this concern and expects that these ALs will be approved prior to the new implementation deadline 45 days after final approval of this resolution.

Recovery of Costs for Gas Customer Arrearage Forgiveness Through Transportation Rates

In its comments, PG&E requested that the Draft Resolution be revised to direct the IOUs to recover costs associated with forgiven gas arrearages using gas transportation rates instead of the gas PPP Charge. PG&E indicated it supported the proposed framework of socializing costs across all customers for recovery, but noted that some customers do not pay the gas PPP Charge, meaning that cost recovery through that vehicle would not allow PG&E to recover costs from all customers. We agree with PG&E's concern and direct the IOUs to recover the cost of forgiven gas arrearages through gas transportation rates on an equal cents per therm basis.

Clarification of Remittance Process to Third-Party Service Providers

PG&E commented seeking clarification regarding the remittance process to third-party service providers such as CTAs and CCAs. PG&E requested that language directing IOUs to align the frequency of their remittance payments to CCAs be modified to clarify that third-party service providers other than CCAs, such as CTAs and ESPs may also participate in AMP and therefore receive remittance payments. PG&E also requested clarification that the annual true-up to allow cost recovery of forgiven arrearages should occur on a continuous basis rather than only one time.

The CPUC supports allowing as many residential customers as possible to participate in AMP, and we do not foreclose the possibility of allowing residential customers of CTAs, ESPs, and other third-party service providers to participate in AMP in the future. However, CTAs, ESPs, and other third-party service providers have not been parties to R.18-07-005, have not participated in the AMP Working Group process, and have not directly commented on the proposal to date, unlike CCAs, which have been involved in the stakeholder process for AMP from the outset. Therefore, pending an opportunity to solicit comment from stakeholders on the feasibility and appropriateness of including residential customers of third-party service providers to participate in AMP, we will reject this request at this time. We agree with PG&E's requested clarification regarding the ongoing, rather than one-time, nature of the annual true-up to reflect the previous year's forgiven arrearages.

Temporary Waiver of Account and Arrearage Age Requirements to Accommodate SDG&E Billing System Upgrade

SDG&E commented to highlight its request in AL 3602-E/2902-G to temporarily suspend eligibility requirements related to the age of a customer’s account and arrearage. SDG&E indicated it plans to suspend the requirement that a customer’s account have recorded at least one full on-time bill payment in the previous 24 months once SDG&E transitions to its new Customer Information System in April 2021 due to technical difficulties incorporating this requirement during the system change. SDG&E also indicated it plans to waive the requirement that a portion of a customer’s arrearage be at least 90 days old during the first 90 days of the program’s operation, allowing customers with large arrearages less than 90 days old to participate in the program at its outset. SDG&E’s comment did not request modification of the resolution to accommodate these waivers. We believe SDG&E’s request to temporarily waive these requirements is reasonable.

More Frequent Reporting of Unbundled Customer Information to Community Choice Aggregators

CalCCA commented regarding how frequently IOUs should be required to report information about unbundled customers to CCAs for cost tracking and customer assistance purposes. CalCCA argued that receiving these reports on a monthly basis, as the Draft Resolution required, could result in miscommunications between the IOU and CCA, errors in reconciling customer accounts, and mistaken referrals of customers to collections for apparent nonpayment. CalCCA recommended the CPUC require IOUs to modify existing regular weekly customer reports IOUs provide to CCAs for reconciliation purposes to indicate AMP enrollment status.

We appreciate the logistical challenges for IOUs to implement AMP manually and are sensitive to their concerns about potential workload impacts from requiring excessive reporting. However, we find CalCCA’s proposal to be a reasonable solution, allowing CCAs to receive the information they need to avoid errors by providing that information in an existing weekly report. Therefore, we will require the IOUs to include information on a CCA customer’s

AMP enrollment status, amount of forgiven arrears, and number of missed payments in the weekly reports known variously as the "4013," "Customer List," or "Customer Reconciliation Report."

FINDINGS

1. Decision (D.)20-06-003 directed 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) to file Tier 2 ALs to implement Arrearage Management Plans (AMPs).
2. PG&E, SCE, SDG&E, and SoCalGas (collectively, the IOUs) filed Tier 2 ALs on September 9, 2020 proposing to implement Arrearage Management Plan (AMP) programs that comply with the eligibility and operational requirements of D 20-06-003.
3. D.20-06-003 ordered the IOUs to propose a method for cost recovery in ALs addressing the proportional recovery concerns raised by California Community Choice Association (CalCCA) in the Arrearage Management Working Group.
4. The IOUs proposed in their ALs to recover costs for arrearages forgiven through an AMP plan using the existing electric Public Purpose Program (PPP) Charge, which would be adjusted annually and recovered from all customers.
5. It is reasonable for the IOUs to request that any Community Choice Aggregator (CCA) seeking to allow its customers to participate in AMP programs notify the utility 60 days in advance of the CCA's customers being eligible to enroll in an AMP program.
6. It is reasonable for the IOUs to provide unbundled customer information for those participating in AMP programs to the customer's CCA on a monthly weekly basis using existing reports known variously as the "4013," "Customer List," or "Customer Reconciliation Report." ~~and attempt to meet additional requests from participating CCAs to share information that are necessary to track and recover costs for unbundled customers participating in AMP programs.~~
7. It is reasonable for the IOUs to provide remittances for generation-related costs for unbundled customers receiving arrearage forgiveness to

participating CCAs on a monthly basis once the PPP charge has been adjusted to recover these costs from customers.

8. Customers receiving Net Energy Metering are not eligible for arrearage forgiveness under AMP programs until issues related to their participation can be discussed in greater detail.
9. It is reasonable that charges owed to third party gas providers, such as Core Transport Agents, for service such as Core Aggregation Transportation will not be eligible for forgiveness of costs other than transportation-related gas costs owed to PG&E and SCG.
10. It is reasonable to exclude Core Aggregation Transportation customers in SDG&E territory because SDG&E does not bill on behalf of third-party gas providers and therefore does not have arrearages from customers of these companies to forgive.

10.11. It is reasonable for IOUs to recover costs from forgiven customer bills attributable to third-party taxes, charges, and fees from electric customers through the electric PPP Charge and from gas customers through gas transportation rates.

THEREFORE IT IS ORDERED THAT:

1. The requests of Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) to implement Arrearage Management Plan (AMP) programs as requested in PG&E AL 4308-G/5943-E, SCE AL 4287-E AL SDG&E 3602-E/2902-G, and SoCalGas 5689-G are approved as clarified in this resolution.
2. PG&E, SCE, and SDG&E,~~and SoCalGas~~ are authorized to include costs for forgiven arrearages through AMP plans in their annual adjustments of their electric Public Purpose Program (PPP) charge and recover those costs from all customers accordingly.
- 2.3. PG&E, SCE, SDG&E, and SoCalGas are authorized to include costs for forgiven gas arrearages through AMP plans in their annual adjustments of their gas transportation rates and recover those costs from all customers accordingly.

~~3.4.~~ PG&E, SCE, SDG&E, and SoCalGas are authorized to provide monthly remittance payments to any Community Choice Aggregator (CCA) that has elected to participate in a utility's Arrearage Management Plan program equal to forgiven customer arrearages associated with generation-related costs borne by the Community Choice aggregator and recovered through the Public Purpose Program charge.

~~4.5.~~ PG&E, SCE, SDG&E, and SoCalGas shall request 60 days of advance notification from any Community Choice Aggregator in the utility's service territory seeking to participate in the AMP program after each utility has begun enrolling customers in AMP plans.

~~5.6.~~ PG&E, SCE, SDG&E, and SoCalGas shall provide modify existing weekly unbundled customer reports, various known as "4013," "Customer List," and/or "Customer Reconciliation Report," to include each CCA customer's AMP enrollment status, amount of forgiven arrears, and number of missed payments information on unbundled customers participating in AMP plans to the customer's CCA at least monthly that is necessary to track and recover costs for unbundled customers participating in AMP programs.

~~7.~~ After the first annual adjustment of the Public Purpose Program (PPP) Charge rates to recover costs of forgiven arrearages, PG&E, SCE, and SDG&E, and SoCalGas shall provide remittance payments to participating CCAs on a monthly basis for costs recovered through the PPP rates charge for generation-related costs associated with arrearages forgiven under an Arrearage Management Plan for customers of the participating Community Choice Aggregator.

a. Subsequent adjustment of rates will occur on an annual basis.

b. SCE may remit payments for generation-related forgiven arrears to the CCA on an earlier basis.

~~6.~~

~~7.8.~~ Customers receiving Core Aggregation Transportation service may enroll in AMP subject to the following conditions:

a. PG&E and SoCalGas customers receiving Core Aggregation Transportation service from third-party gas providers, including Core Transport Agents, shall only be eligible for forgiveness of gas charges owed to PG&E and SoCalGas when either company is the billing agent for the customer.

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b. Customers of SDG&E receiving Core Aggregation Transportation service from Core Transport Agents shall not be eligible for forgiveness of gas arrearages.

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9. PG&E, SCE, SDG&E, and SoCalGas shall begin enrolling eligible customers in AMP programs within ~~30~~45 days of the effective date of this decision.

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10. Residential master metered accounts shall not be eligible for participation in AMP at this time.

8,11. Costs attributable to third-party taxes, charges, and fees, such as utility user tax, constitute a portion of a customer's arrearage and should be forgiven pursuant to successful completion of the AMP, with the cost of these forgiven arrears recovered from electric customers through the electric PPP Charge and from gas customers through gas transportation rates.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 17, 2020; the following Commissioners voting favorably thereon:

Rachel Peterson
Acting Executive Director