

# Low Income Oversight Board

## Low Income Energy Assistance Programs (LIEAP) and Water & Climate Change Subcommittee Meeting

March 3<sup>rd</sup>, 2021

Webex Online Meeting

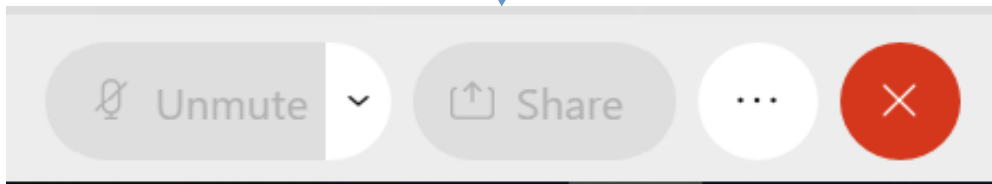


California Public  
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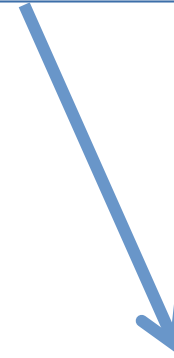


# Webex Participant Guide

All attendees will be automatically muted and have video disabled



Click to see the participants



Click to see the Q&A and enter questions



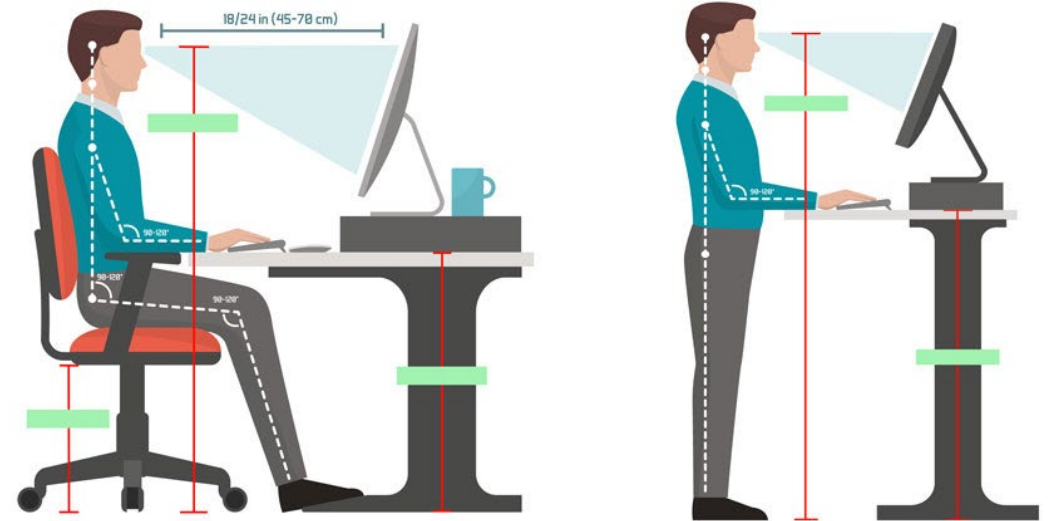
# Meeting Logistics

## Online only

- Audio through computer or phone
  - Phone: 1-855-282-6330
  - Access Code: 187 604 2924
- **This meeting is being recorded**

## Safety

- Note surroundings and emergency exits
- Ergonomic Check



# Welcome & Introductions

# Public Comment

# Resolution M-4849

## Protecting Customers During the COVID-19 Pandemic

**(Originally presented by Rachel  
Peterson, CPUC Executive Director at  
February 11, 2021 Voting Meeting)**



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# Extending Customer Protections Through June 30, 2021

- Resolution M-4842, adopted April 16, 2020, directed energy, water, and communications corporations to apply emergency customer protections during the COVID-19 pandemic for one year with an option to extend.
- The regional stay-at-home order and overnight curfew were lifted on January 25, 2021.
- California has recovered less than half of the non-farm jobs it lost in the first two months of the COVID-19 pandemic.
- With 99.6 percent of California's population in the most restrictive reopening tier, California's economic recovery is months away.
- **Resolution M-4849 extends the emergency customer protections through June 30, 2021 in response to the ongoing economic hardship faced by Californians.**

# Examples of Customer Protections

- Electric and Gas:
  - Suspend disconnections for non-payment
  - Implement payment plans
  - Suspend CARE and FERA program removals, and increase outreach
- Water:
  - Work cooperatively with affected customers to resolve unpaid bills
  - Provide reasonable payment options to customers
  - Minimize disconnections for non-payment
- Communications
  - Support low-income residential customers by increasing LifeLine program outreach and delaying LifeLine renewals



# Transition Plans: Help Customers Prepare

- Transition plans from electric, gas, and water utilities (Class A & B):
  - Communicate with customers about programs to manage utility bills
  - Marketing, education, and outreach (ME&O) strategy
  - Specific metrics to help the Commission assess each utility's success in guiding customers through the transition
- Schedule:
  - 2/25/2021 – Drafts via Tier 2 Advice Letter
  - 3/11/2021 – Present to Low-Income Oversight Board
  - 4/1/2021 – Final filing using feedback and best practices from other IOUs' plans
- Proactive: Launch implementation well before protections expire
- Flexible: Incorporate new information in ME&O strategy should federal relief funds become available
- Tracking costs: Utilities directed to leverage existing ME&O budgets; track incremental costs of transition plans against prior established COVID memorandum accounts

# Moratorium and Arrearage Overview

# Background and Context for New Rulemaking on Small Business and Residential Arrears (R.21-02-014)

Ben Menzies, Regulatory Analyst, Cost and Rates Team, Energy Division

Except as noted, all data drawn in this presentation is from the monthly disconnection reports filed by large utilities in R.18-07-005.

January 2021 data is from the reports filed on February 22, 2021.



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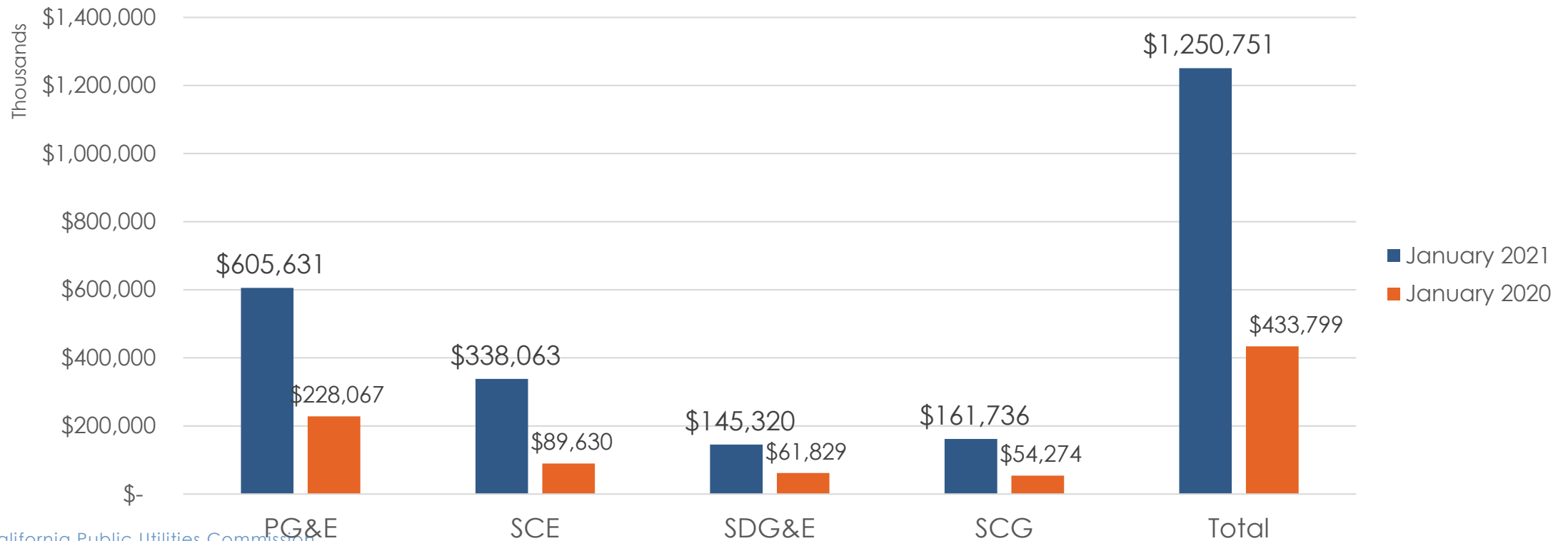
# New Order Instituting Rulemaking: Addressing Energy Utility Customer Bill Debt

- Customer arrearages have significantly increased since the start of the COVID-19 pandemic and continue to increase.
- The Commission approved Resolution M-4849 to extend through June 30, 2021 (at least) the utility disconnections moratorium.
- After the moratorium, customers with high arrears will risk disconnection.
- This proceeding examines whether it is reasonable to provide any additional relief to certain customers, to reduce customer bill debt and reduce the risk of disconnection.
  - And, if so, what form, to whom, and how much?

# Residential Arrears Are Up

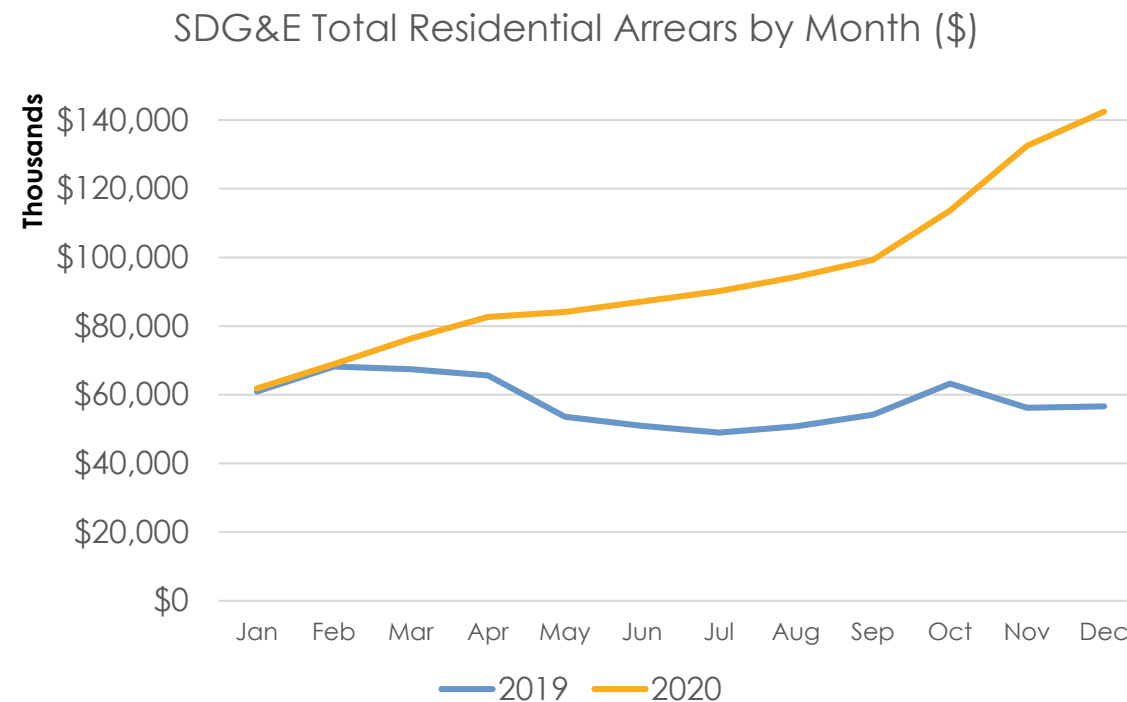
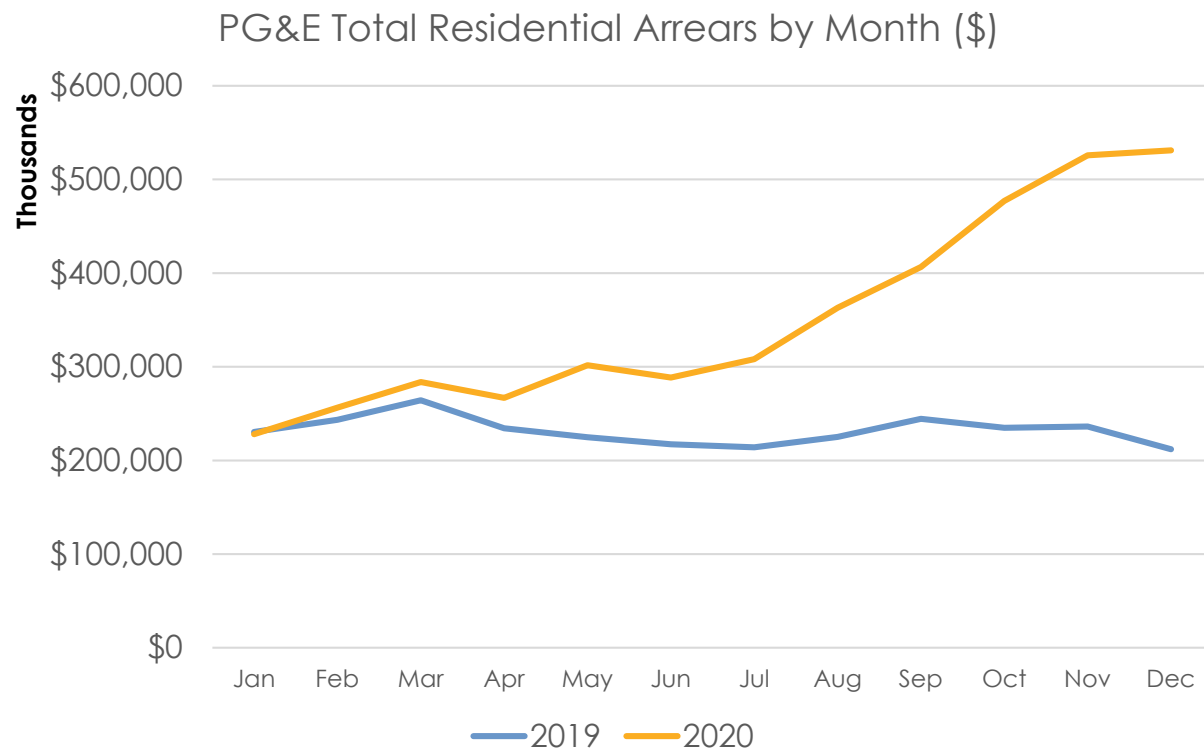
- January 2021 residential arrears were much higher than January 2020 across the large utilities.

Total January Residential Arrears by IOU, 2020 vs 2021



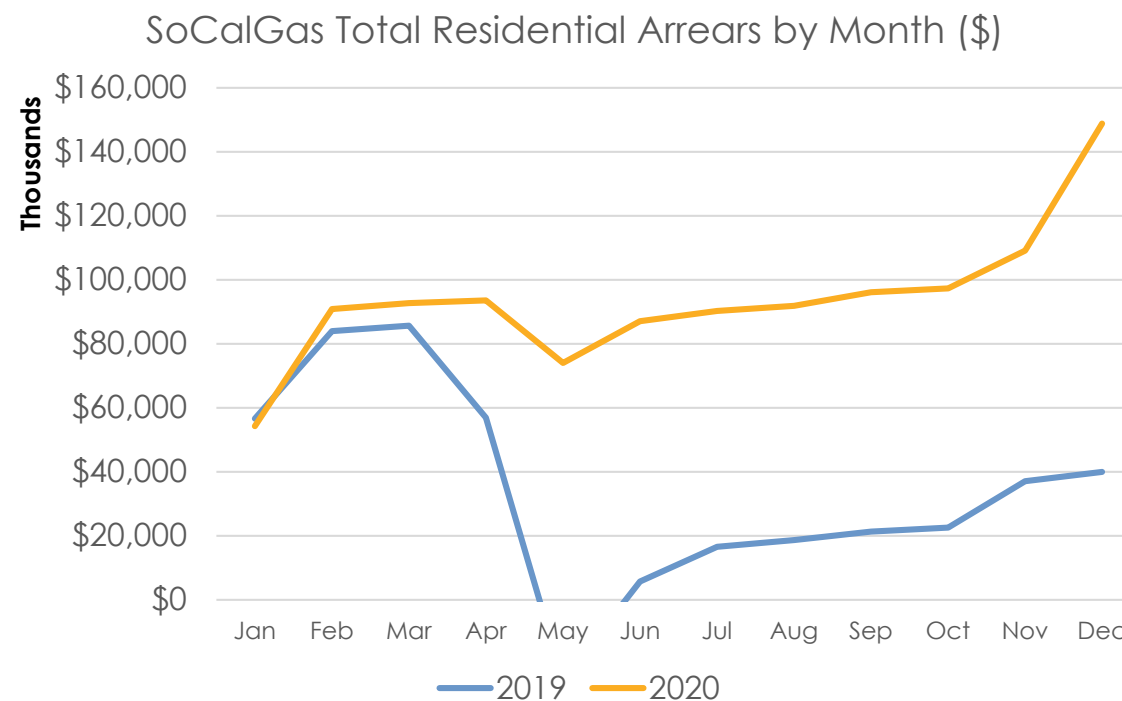
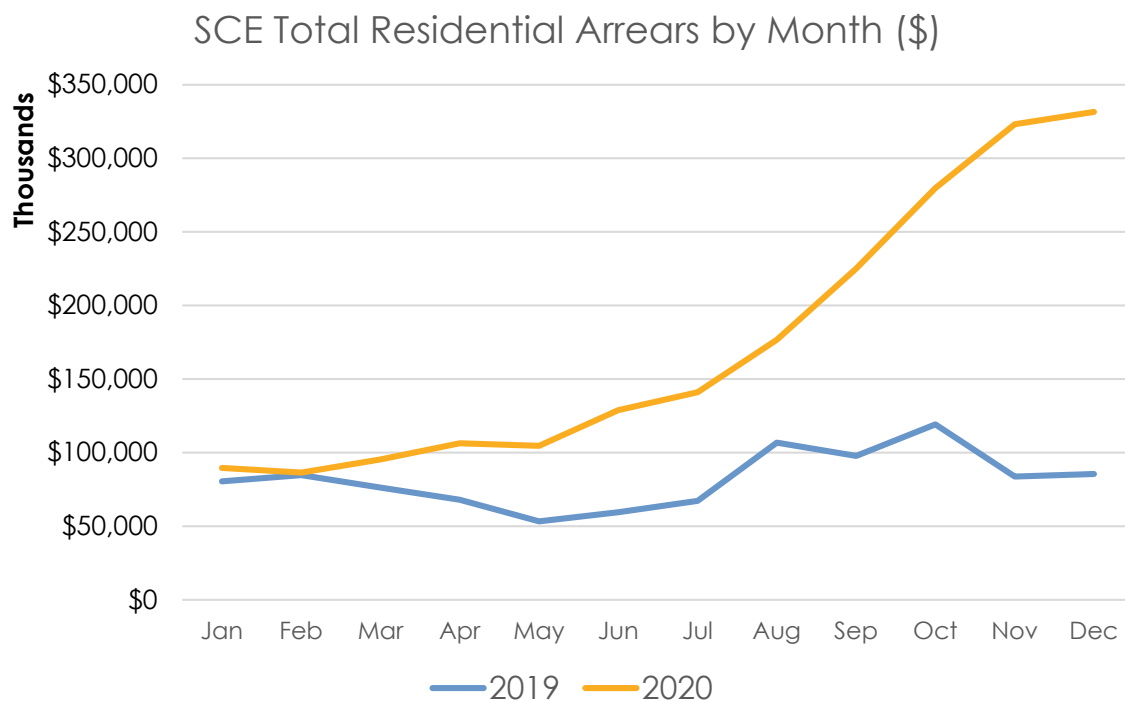
# Residential Arrears Were High in 2020

- Throughout 2020, residential customer arrearages soared compared to 2019 (and previous years)



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# Characteristics of Recent Residential Arrearages

Data from most recent monthly disconnection reports filed by large utilities in R.18-07-005 on February 22, 2021 (except as noted).



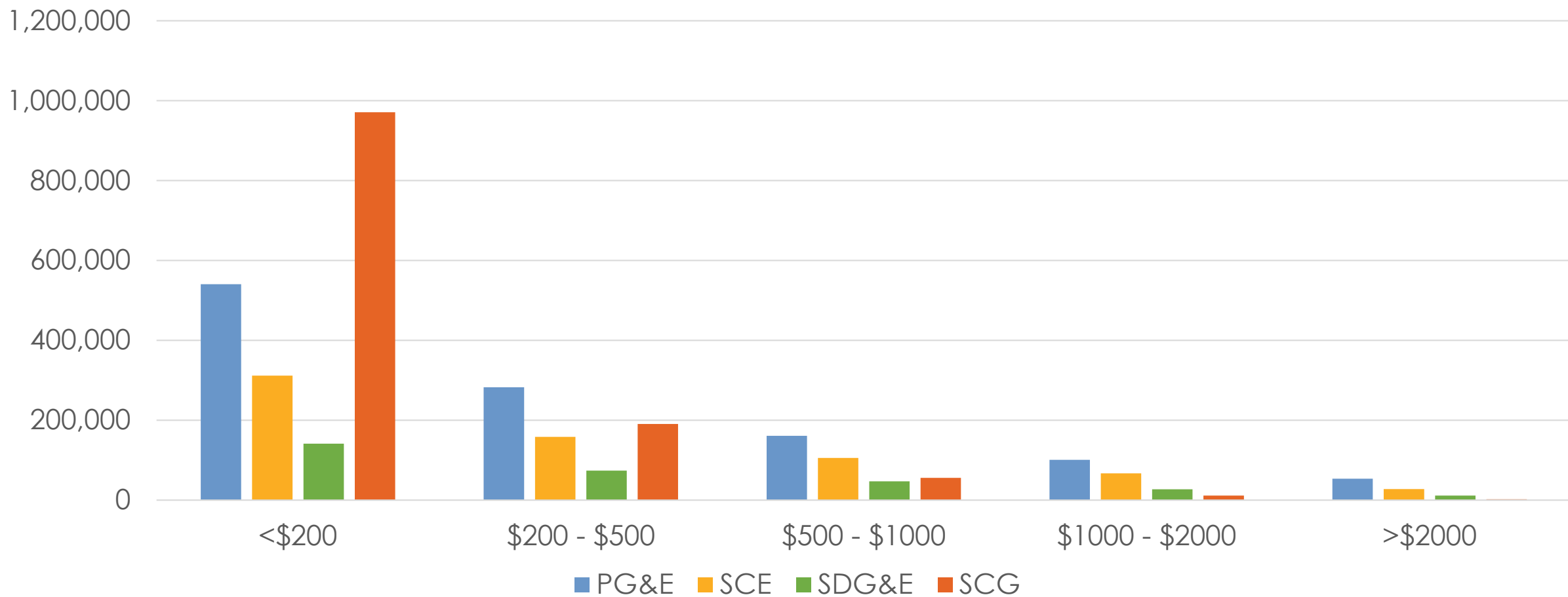
# Higher Arrears Translated to More Customers in Arrears

- As arrearages have increased, average per-customer amounts have also increased

Utility	Total in Arrears	Total Customers in Arrears	Average Arrearage, Jan 2021	Average Arrearage, Sept 2020*	Average Arrearage, Sept 2019*
PG&E	\$ 605,631,339	1,139,330	\$531.57	\$394.13	\$213.03
SCE	\$ 338,063,289	670,734	\$504.02	\$367.75	\$250.23
SDG&E	\$ 145,319,987	301,354	\$482.22	\$362.88	\$202.72
SCG	\$ 161,736,454	1,231,738	\$131.31	\$69.56	\$13.60
<b>Total</b>	<b>\$ 1,250,751,068</b>	<b>3,343,156</b>	<b>\$412.28</b>	<b>\$298.58</b>	<b>\$169.90</b>

\* Calculated using dollar value of total arrears reported in monthly R.18-07-005 reports divided by number of unique customers in arrears for September 2019 and September 2020, which utilities submitted in response to Energy Division data request in advance of November 12, 2020 workshop on customer arrears.

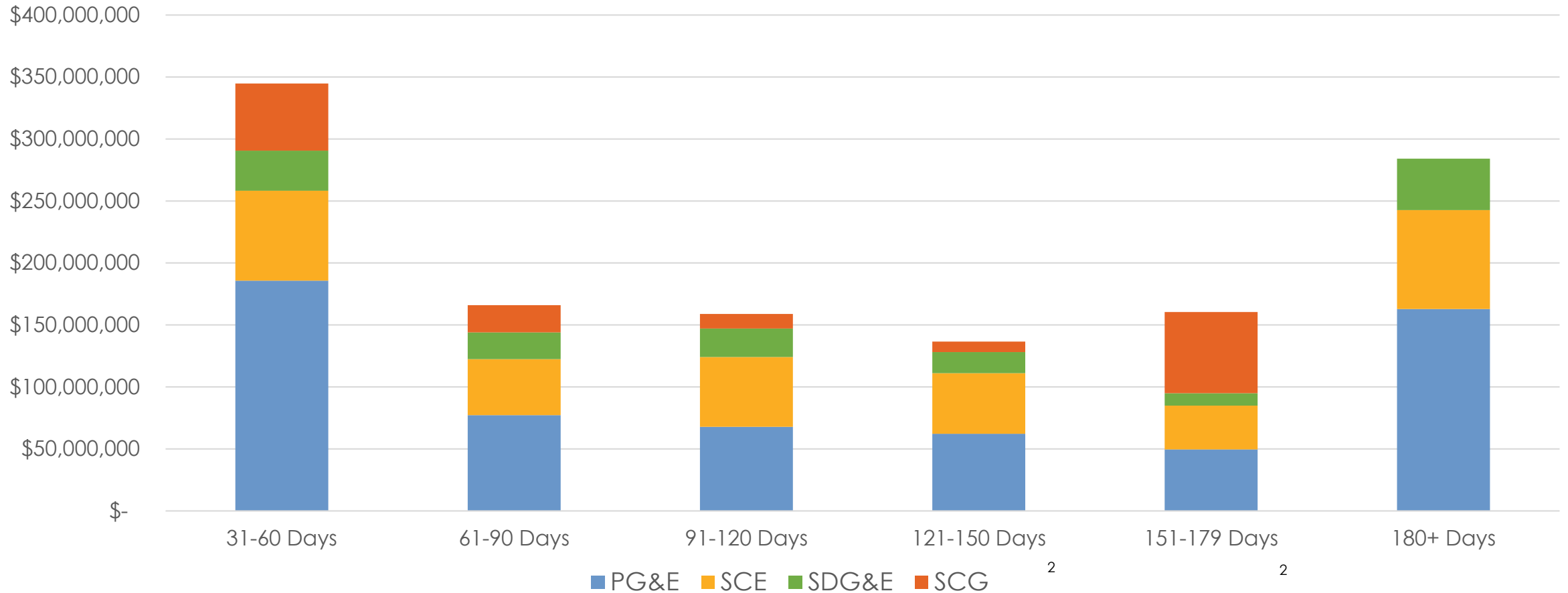
# Most customers owe less than \$500



# Number of Customers by Amount Owed

Utility	<\$200	\$200 - \$500	\$500 - \$1000	\$1000 - \$2000	>\$2000
PG&E	540,758	282,634	161,210	101,005	53,723
SCE	311,754	158,486	105,746	67,062	27,686
SDG&E	141,483	73,999	47,148	27,319	11,405
SCG	971,057	190,895	55,941	11,415	2,430
<b>Total</b>	<b>1,965,052</b>	<b>706,014</b>	<b>370,045</b>	<b>206,801</b>	<b>95,244</b>

# Highest aggregate amounts are oldest and newest



<sup>2</sup> SoCalGas tracks customers 121+ days late using categories "121-147 days late" and "147+ days late," so for SoCalGas these totals are reflected in the "121-150 Days" and "151-179 Days" totals respectively.

# Scope, Straw Proposal, and Schedule

# Issues Identified in Order Instituting Rulemaking

- Is it reasonable to develop arrearage relief to assist customers with arrearages that have accumulated during the COVID-19 period?
- If we should provide relief, how should we structure it, and who should be eligible?
- How would we fund this relief?
- How should we coordinate any relief with other customer programs and COVID response measures?
- What are the concerns and considerations unique to the small and multi-jurisdictional utilities and their customers?

The Appendix to the OIR includes some straw proposals that provide examples of how the Commission could provide relief, and rough estimates of associated cost.

# Straw Proposal for Comment

Eligibility	Benefit	Estimated Cost
<p><b>Any residential or small business customer with at least \$1,000 of arrears that has a hardship</b></p>	<p>One time bill forgiveness of \$200, enrollment in payment plan.</p>	<p>PG&amp;E: \$30,945,600            SCE: \$18,949,600            SDG&amp;E: \$7,744,800            SoCalGas: \$2,769,000</p>
<p><b>Eligibility above, and Medical Baseline customers and/or customers enrolled in CARE or FERA, and/or customers eligible for LIHEAP</b></p>	<p>Benefit above, plus a monthly credit, for up to 12 months, each month customer makes on time payment of their arrearage balance in the amount of 50% of the paid arrearage balance.</p>	<p>PG&amp;E \$70,787,467            SCE: \$31,497,395            SDG&amp;E \$14,881,992            SoCalGas: \$2,770,662</p>

# Some customers have developed very large balances

- The increasing number of customers with large arrearages account for an outsized proportion of the total arrearages
- The share of total residential arrearages for each IOU in January 2021 by various categories of customers with arrears is broken down below

Category of Customer Arrearage	PG&E	SCE	SDG&E	SoCalGas
CARE/FERA Customers >\$1000 in Arrears	26.04%	21.10%	21.10%	22.97%
Medical Baseline >\$1000	6.19%	0.77%	3.21%	3.21%
CARE/FERA 120+ Days Late	20.25%	23.38%	23.87%	22.61%
All Customers >\$2000	35.80%	27.21%	26.59%	5.57%



# Schedule in Order Instituting Rulemaking

Event	Date
Comments on OIR	March 3, 2021
Prehearing Conference	March 8, 2021
Scoping Memo and Ruling	March 11, 2021
Workshop	March 26, 2021
Concurrent briefs on scoped issues	April 15, 2021
Proposed decision	May 21, 2021
Commission decision	June 24, 2021

**Questions?**



# Quarterly Board Meeting Preparation

# IOU Presentation format for 3/11

- How to prioritize Q&A and discussion
- Process for how the board will provide feedback and recommendations to the IOUs and Commission

# Advice Letters

- Comments
- Key concerns
- Proposed solutions
- DRAFT Recommendations

# Closing Remarks