



# Low-Income Oversight Board

## Letter on Resolution M-4849 and Related Matters

March 19, 2021

The Honorable President and Commissioners  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
*Sent via Email*

### **Subject: LIOB Recommendations Pursuant to Resolution M-4849 and Related Matters**

Dear President Batjer and Commissioners:

The Low-Income Oversight Board (LIOB) is pleased to provide its recommendations pursuant to Resolution M-4849 and related issues. The LIOB finalized these recommendations through a process that included a joint *Low-Income Energy Assistance and Water and Climate Change Committee* meeting on Wednesday, March 3, 2021 and a Low-Income Oversight Board Meeting on Thursday, March 11, 2021. The recommendations below are in no order of prioritization.

While all of the recommendations included in this letter are consistent with the LIOB Charter, statute and most importantly the issues outlined in the Resolution, many of the recommendations are beyond Resolution M-4849's limitations. Where possible, the Board worked with Commission staff and the utilities to specify where additional measures outside of the scope of the Resolution may be necessary to mitigate the potential for disconnections and other impacts of transitioning from the emergency customer protections enacted at the onset of the Pandemic to normal service.

The LIOB would also like to thank the Commission and their staff for all of their efforts in response to the COVID-19 Pandemic to date and the transparent and inclusive process outlined in this Resolution. Additionally, the Board thanks the utilities and other stakeholders for their work to protect the most vulnerable during this unprecedented time.

### **Background**

The LIOB is a statute-mandated board with a mission to advise the California Public Utilities Commission on low-income electric, gas and water customer programs and to serve as a liaison for the Commission to low-income customers and representatives. The LIOB's vision is to maximize the benefits of utility, state and federal low-income programs to improve the health, safety and comfort of low-income customers while reducing energy consumption and greenhouse gas emissions. Other responsibilities include advising on certain aspects of the Lifeline Program related to coordinated outreach with the CARE program and a statutory requirement to assist in periodic assessments of low-income rate payer need (the "LINA" study).

To meet its statutory obligation to advise on Resolution M-4849, the LIOB scheduled a joint *Low-Income Energy Assistance and Water and Climate Change Committee* meeting, to receive a briefing on Commission and related response efforts to the COVID-19 Pandemic, arrearages and discuss subject areas for the Board to include in this recommendation letter at the next LIOB meeting. The outcome of that meeting and those deliberations are reflected in the language below. These recommendations were approved at the Low-Income Oversight Board Meeting on Thursday, March 11, 2021.



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Approved at LIOB Meeting on March 11, 2021

### LIOB Recommendations Pursuant to Resolution M-4849 and Related Matters

#### 1. Extreme Climate Protections

According to the draft transition plans, existing policy ensures that if temperatures are forecasted to be above 100 degrees or below 32 degrees on a 72-hour-look-ahead period, Investor Owned Utilities (IOUs) shall not disconnect the household. As evidenced by recent events in Texas and others across the nation, not having power during an extreme climate crisis, can directly impact the ability to sustain life through that crisis.

An article in the Washington Post dated February 19, 2021 and entitled, [Meteorologist for Texas grid operator warned of the winter storm’s severity: NOAA highlighted the threat beginning Feb. 5, with forecasts taking on greater urgency over time](#), noted that this extreme climate event was predicted by the National Oceanic and Atmospheric Administration (NOAA) far in advance of 72 hours. The article cited in part that:

*As early as Feb. 5, **10 days** before the Arctic air moved into the South, the National Oceanic and Atmospheric Administration (NOAA) highlighted the risk of unusually cold weather and winter storms across the central and southern United States.*

*Maps produced by NOAA’s Climate Prediction Center showed an 80 percent chance of below-average temperatures from Feb. 11 to 15, from Texas north to the Dakotas, with slightly lower chances of unusual cold stretching from coast to coast.*

While the article goes on to mention that this level of accuracy in a ten-day forecast is unusual, a seven-day forecast has the same level of accuracy at 80%. As illustrated in the image below, a joint NOAA and NASA administered website built for educators called “SciJinks – It’s all about the weather,” cites that seven-day forecasts are accurate about 80% of the time.

90% accurate					80% accurate		50% accurate		
Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed
							?	?	?
76°	74°	70°	70°	71°	76°	75°			



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The website's question and answer subpage on the topic states the following:

*How Reliable are the Weather Forecasts?*

*A seven-day forecast can accurately predict the weather about 80 percent of the time and a five-day forecast can accurately predict the weather approximately 90 percent of the time. However, a 10-day—or longer—forecast is only right about half the time.<sup>1</sup>*

The NOAA weather forecast on February 5<sup>th</sup> did not call for an extreme climate event 72 hours into the future, but did cite one as early as the 11<sup>th</sup>, six days later. With the risk of extreme climate events increasing, along with the increasing accuracy of long-term forecasts, the LIOB believes households should be protected from disconnections during these scenarios to the greatest extent possible as part of the transition off of emergency customer protections and thereafter.

### LIOB Recommendations

- a. The LIOB recommends that all transition plans include a 7-day or 168 hour-look-ahead period, where if temperatures are forecasted to be above 100 degrees or below 32 degrees, the household shall not be disconnected. The LIOB requests this to be in effect through December 31, 2021.
- b. The LIOB also requests the Commission to pursue all other appropriate procedural avenues to make this best practice a permanent policy thereafter.
- c. While not within the scope of the Resolution, the LIOB asks the Commission to work with the utilities to develop an “emergency restoration policy,” that would temporarily restore service to any household already disconnected when an extreme climate event is predicted in the immediate future.

*\*These recommendations above are made with the assumption that restoring and/or maintaining power would not conflict with a Public Safety Power Shutoff scenario.*

### 2. Increase CARE Subsidies for the Most Vulnerable to 50% as Part of AMP

The Board understands from its briefings that some households may not be able to pay their bill even with enrollment into Arrearage Management Plan (AMP) and CARE. Section 739.1(c)(1) of the California Public Utilities Code, which relates to the CARE program states, “The average effective CARE discount shall not be less than 30 percent or more than 35 percent of the revenues that would have been produced for the same billed usage by non-CARE customers.” Based on the advertisements from a sampling of the IOU websites, there appears to be diversity by utility in how this is implemented. [PG&E](#) advertises discounts starting at 20%, [SCE](#) advertises discounts at “about 30%,” while [SDG&E](#) states CARE offers “30% or more off your bill.” [SoCal Gas](#) offers a discount of 20%. Section 739.1 of the California Public Utilities Code also states that, “The commission shall ensure that the level of discount for low-income electric and gas customers correctly reflects the level of need.” Understanding the revenue model for the CARE program, the LIOB believes that in

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<sup>1</sup> Source: <https://scijinks.gov/forecast-reliability/#:~:text=The%20Short%20Answer%3A,90%20percent%20of%20the%20time.&text=A%20seven%2Dday%20forecast%20is,that%20range%20are%20less%20reliable.>



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extreme cases of need where the tools provided in the draft transition plans would likely not prevent a disconnection, the Commission should utilize the administrative avenue it determines most appropriate to ensure utilities may grant up to a 50% discount for households at the highest risk of disconnection.

### LIOB Recommendations

- a) The LIOB recommends that the Commission instruct utilities to include CARE discounts of up to 50% for households at the highest risk of disconnection as part of their transition plans or other appropriate process. This recommendation is only for households believed to be at high risk of a future disconnection absent of this measure.

### **3. CARE Data Sharing for Water Utilities**

The Board understands from the Draft Advice Letters, the aforementioned Committee Meeting briefing and meetings with Class A and Class B water utilities, that receiving CARE data on a regular quarterly basis would enable better planning, outreach and the overall reduction for the potential of disconnections for their low-income customers. It is additionally understood following discussions with Commission staff and IOUs that there is an active proceeding (R1706024) that could create this policy. The Board additionally understands that provided confidentiality concerns are worked through in good faith by all parties, there is also nothing preventing the implementation of CARE data sharing as specified to protect low-income households as a *best practice* as part of the utility transition plans.

### LIOB Recommendations

- a) The LIOB recommends that the Commission instruct electricity and gas utilities to share their CARE data with Class A and Class B Water Utilities at intervals of no less than a quarterly basis as part of their transition plans.
- b) The Board further encourages the Commission to pursue all avenues to make this practice a permanent policy to ensure low-income households have access to all programs that may reduce their utility costs. This includes allowing utilities the resources to build the necessary systems for implementation and management.

### **4. Marketing and Outreach**

Draft IOU transition plans describe various marketing, education, and outreach strategies and approaches designed to promote customer awareness of assistance programs to help manage their utility bills, changes to programs that they are currently enrolled in, and provide forewarning of plans to end the disconnection moratorium and other emergency protections. While the LIOB applauds the detailed and comprehensive nature of the marketing, education, and outreach proposed by IOUs, the Board identifies the need for plans to outline specific marketing plans and budgets for targeting customer segments considered hard-to-reach, underserved, and those residing in areas designated as low-income or disadvantaged communities. Furthermore, the Board holds the view that IOU marketing, education, and outreach plans should reflect deliberate attempts to leverage community-based organizations and human services agencies located within



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these areas to promote direct messaging campaigns and extend enrollment opportunities in IOU programs under capitation and other agreements or partnerships with IOUs.

These collective resources and strategies will help to ensure community-based organizations serve an instrumental role in serving as both a trusted messenger and provider of energy assistance to community members experiencing financial challenges with managing their home energy expenses during the COVID-19 pandemic. With IOU arrearages exceeding \$1.25B, and more than 3.3 million IOU customers' bills behind in payment, the Board views it essential that Marketing and Outreach budgets be scaled appropriately to ensure timely and effective communication to all customers on the availability of energy assistance programs to help manage the financial burden of home energy and utility plans for ending emergency protections. To strengthen marketing, education and outreach plans with a focus on the hardest to reach populations, the Board recommends these actions outlined below.

### LIOB Recommendations

- a. The Board recommends the Commission to direct IOUs transition plans to require separate and distinct marketing, education, and outreach plans for targeting hard-to-reach customers, including those residing on tribal lands and within communities designated as low-income, disadvantaged, and/or underserved. Plans should disclose geographical detail to identify the areas the specific targeted outreach and marketing plans will encompass.
- b. The Board recommends the Commission extend flexibility for IOUs to increase marketing, education, and outreach budgets *by 50% for the transition period*, to ensure marketing and outreach plans are adequately scaled and incorporate the needed enhancements to effectively serve hard-to-reach customers and underserved communities. In extending this flexibility, the Commission shall require IOUs to identify financial and contractual resources extended to human services agencies and community-based organizations specifically targeting and serving hard-to-reach customers and underserved communities.
- c. The Board recommends the Commission direct IOUs to develop reporting mechanisms to track expenditures and outcome results from partnerships with community-based organizations and human services agencies specifically targeting hard-to-reach customers and underserved communities.

### **5. Define and Measure Success**

The Draft Advice Letters' transition plans each outline approaches to minimize disconnections and impacts of transitioning off of Emergency Customer Protections. As part of each utility's respective "progress tracking and reporting plan," as cited in the Resolution, the LIOB believes it is important to *define success* and measure the effectiveness of each program action or measure towards the goals stated in that definition. This will enable the Commission and Board the ability to monitor the outcomes of these measures, recommend changes and utilize the data presented to better plan for future emergencies.



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### LIOB Recommendations

- a) The LIOB recommends the Commission direct utilities to provide no less than quarterly reports to the LIOB that at a minimum provide the following information as part of their transition plans:
  - What number and percentage of disconnections were households enrolled in AMP?
  - What number and percentage of disconnections were households enrolled in CARE where applicable?
  - What number and percentage of disconnections were households enrolled in CARE and AMP?
  - What number and percentage of disconnections were households that received assistance from the LIHEAP program?
  - What percentage and number of households enrolled in AMP were referred to the following programs:
    - ESA
    - LIWP
    - LIHEAP
    - Other Programs
  - What were the median and average lengths of disconnections?
  - What were the median and average arrearage amount and time past due from a disconnection?
- b) The LIOB further recommends the Commission to direct all utilities to include their definition of success in their transition plans so this can be measured with the data presented in answering the above. If possible the Board requests utilities coordinate their definition of success to ensure uniformity in outcome evaluation.

### 6. Aliso Canyon Best Practices

The negative impacts of the Pandemic to personal finances and employment continue to disproportionately affect California's low-income communities. Next to the cost of housing, utilities are one of the largest costs to the household. The LIOB recognizes this fiscal burden as a significant factor contributing to the enormous utility arrearages that currently exist, as outlined by the staff report during the February 11, 2021 Commission meeting. In addition to the tools listed in the Draft Advice Letters, the LIOB believes that reducing the monthly cost (energy burden) in these homes is an additional critical step for these populations to engage in a successful transition. A reduced monthly cost will also increase the likelihood of a successful Arrearage Management Plan, which requires that the low-income customer keep current with their ongoing utility bills.

There is precedent for an emergency action by the CPUC regarding ESA program measures and program management. The Aliso Canyon Emergency Decision 16-04-040 suspended the three measure minimum rule and go-back vs. new touch eligibility policies. These and other barriers create complexities of shifting program budgets, targets and objectives that generate a lack of a consistent ESA program response to low-income ratepayers. Other program cost-effectiveness guidelines (barriers) exist that should be revised to assist our low-income customers with the priority of reducing energy burden and therefore enabling these low-income households to stay current with their AMP and their current bill.



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### LIOB Recommendations

- a) The LIOB recommends that the Commission direct the IOUs to enhance Energy Savings Assistance (ESA) with emergency energy cost reductions measures that ensure a minimum of 10% savings to low-income ratepayer bills as part of their transition plans or other appropriate process.

### **7. Coordination with LIHEAP**

The coordination of the low-income programs of the large investor-owned utilities and the federal Low-Income Home Energy Assistance Program (LIHEAP) has long been a goal of the CPUC and CSD and a strategy emphasized in many of the IOU transition plans. It has also been an area of consistent engagement for the LIOB. In order to optimize the best use of limited LIHEAP funding, IOUs should seek to execute more effective targeting of LIHEAP services to low-income utility customers' companies at-risk of service disconnection due to nonpayment, and ensure local administrators of LIHEAP services are better positioned and resourced to facilitate timely enrollment in other complimentary IOU assistance programs using a streamlined intake process. By executing these strategies, IOU transition plans will avail a more complete form of energy assistance delivery for specific at-risk customers during a pivotal time as IOUs seek to transition from the utility disconnection moratorium period. The Board offers the following recommendations for improving IOU coordination with LIHEAP and leveraging partnerships with local LIHEAP administrators to achieve improved service outcome results in further reducing the disconnection of low-income IOU customers.

### LIOB Recommendations

- a. The Board recommends the Commission direct IOUs to establish data sharing agreements between Local Service Providers (LSPs), CSD, and IOUs to effectively target LIHEAP assistance to at-risk customers (i.e. customers at-risk of losing services due to nonpayment) as part of their transition plans.
- b. The Board recommends the Commission direct IOUs to explore opportunities for and fund joint program enrollment pilots with LSPs to facilitate enrollment of at-risk low-income IOU customers in LIHEAP and IOU CARE Medical Baseline, Percentage of Income Payment Plans (PIPP), and the Arrearage Management Program (AMP) using a single streamlined intake process as part of their transition plans. CSD, working together with selected LSPs, would participate in the development and administration of such pilots.

### **8. Referral to Weatherization and Other Programs as Part of AMP**

The Board believes that employment and economic challenges of low-income households mandate that California's low-income energy assistance programs be functioning at full capacity and effectiveness. While incomplete, end of year 2020 data indicates that there were more households in energy utility arrearages than were households enrolled in the CARE and ESA programs. It is nevertheless reasonable to assume that there are thousands of new households in need due to COVID. These households could significantly benefit from low-income energy assistance programs that include ESA, LIHEAP, SOMAH, and CSD's LIWP low-income



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solar programs. To best succeed in preventing disconnections and reduce energy burden (promote economic stability for households), it is necessary to explore what changes can be implemented by IOU program administrators. These changes should include realistic eligibility guidelines, enhanced enrollment practices and more effective overall program(s) design and program penetration, but could start with the simple inclusion of a referral from ESA and other weatherization programs as part of the AMP enrollment process.

#### LIOB Recommendations

- a) The LIOB recommends that the Commission direct IOUs to include a referral to ESA, LIWP, and other weatherization programs in the AMP enrollment process, as part of their transition plans.
- b) The LIOB recommends that the Commission direct IOUs to work closely with SOMAH, LIWP, CARE and ESA service providers, CBOs and community stakeholders, to construct enrollment best practices with improved outreach, program eligibility and tailored household energy assessments to better target ratepayer investments that enhance energy savings and reduce energy burden.

Should you have any questions regarding this matter, please contact the Energy Division or the LIOB Chair at Benito.LIOB@gmail.com or 510.569.5862.

Thank you for your attention and consideration.

Kind Regards,

Benito Delgado Olson  
LIOB Chairperson

Maria Stamas  
LIOB Vice Chairperson

Jason Wimply  
CSD Appointee

Patricia Watts  
Weatherization Contractor Representative

Robert Castaneda  
Public Member Position

Lourdes Medina  
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