CPUC: Reject Increase of Utility Disconnections and Re-Establishment Deposits

Affordable Energy Campaign
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PROTECT OUR COMMUNITIES FOUNDATION

November 19, 2026

Commissioner Darcie Houck
California Public Utilities Commission
505 Van Ness Avenue, San Francisco, CA 94102

RE: Affordable Energy Campaign Comments on Disconnections Proposed Decision

Dear Commissioner Houck,

On behalf of the 25 undersigned environmental, environmental justice, consumer advocacy, and economic justice organizations working to make energy affordable for California families, we write to provide our input on the Proposed Decision Addressing Disconnection Caps, Disconnection Pilots, and Identifying Remaining Issues ("PD"). We advance policies that reduce costs for customers and vulnerable communities, deploy clean energy in ways that support high-road jobs and a strong, skilled workforce, and modernize regulatory structures to better align with affordability, safety, community resilience, and reliability.

Introduction/Background

Disconnections for nonpayment are still rising. The Large Utilities (PG&E, SCE, SDG&E, and SoCalGas) disconnected approximately 317,000 households in 2024.[1] In 2025, they disconnected approximately 451,026 households. Although arrearages have "more or less hit an equilibrium or steady state over the past year,"[2] as the purpose of this proceeding, per SB 598, is to "reduce the overall number of disconnections," it is important for the Commission to acknowledge that disconnections have increased by a startling 42% between 2024 and 2025.

While the PD recognizes that fixing the root cause of disconnections—escalating unjust and unreasonable rates—is not within the scope of this proceeding, given these realities, it is critical that the Commission utilize the full scope of its authority to continue to maintain the basic protections that are in place, including retaining the caps on disconnections, continuation of the arrearage management plan, percentage of payment income plan and to explore further protections and innovations.

Maintain—Do Not Increase—Caps on Disconnections

The Affordable Energy Campaign urges the Commission to maintain the current caps on disconnections to avoid significant harm to vulnerable households and communities. We should keep the caps to protect those most in need.

The PD proposes conditionally lifting SoCalGas's disconnection cap and increasing the caps for PG&E, SCE, and SDG&E by 0.5 percentage points, with a potential additional 0.5

[1] CPUC, Q1 2026 Status Update: California Large IOU Arrearages and Disconnections Data + AMP and PIPP Reviews.
[2] *Id*., slide 3.

percentage-point increase beginning January 1, 2028. The PD's justifications for expanding disconnection authority are insufficient to support the resulting risks to customers.

First, the PD claims that increasing caps is necessary to reduce arrearages, and uncollectible amounts paid for by other ratepayers. However, the only suggestion that increasing caps reduces arrearages comes from the Large Utilities themselves, who argue in favor of increasing the disconnections caps. But even the PD recognizes *the Large Utilities provide no evidence for this assertion.*

Instead, the PD directs 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." This *post-hoc* approach is not sufficient.

Indeed, if anything, the current record includes evidence to the contrary. "The IOUs' assertion that disconnection caps are driving the increases in arrearages is not only unsupported but also contradicted by empirical evidence."[3] Such evidence includes: "a clear trend of decreasing arrearages since the IOUs reinstated disconnections after the moratorium initiated during the pandemic," "SCE estimates that arrearages would only reduce by 14% if its disconnection caps were increased by 250%," and "PG&E's data show[ing] that the number of customers in arrears is essentially the same in 2025 compared to 2019."[4] With this already established evidence, and no other evidence to the contrary, provisionally increasing the caps is not sound public policy.

Second, the PD reasons that increasing disconnection caps is permitted as "the statewide level of disconnections was reduced by January 1, 2024, and remains lower than 2017, the year in which [SB 598] was enacted."[5] But D.20-06-003 established the disconnections caps as part of the Commission's goal to "strive for a disconnection rate of zero."[6] The Commission adopted the disconnections caps to implement SB 598.[7] SB 598 requires: "[t]he [C]ommission . . . develop policies, rules, or regulations with a goal of reducing . . . the statewide level of gas and electric service disconnections."

The disconnection caps themselves—i.e., capping disconnections at 2017 levels—are the primary mechanism by which the reduction has been—thus far—achieved. Exacerbating this factual error, to show this reduction, the Commission compares the number of disconnections for nonpayment in 2025 with the number of disconnections for nonpayment in 2015 and not 2017.[8] Even if relying on a reduction from 2015 levels of disconnections were sufficient, the estimate of 816,000 disconnections in 2015 alone is not sufficient to show that the Commission has met the requirements of SB 598. No parties to the proceeding have had the opportunity to investigate

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[3] Joint Post-Workshop Comments of The Utility Reform Network, Center for Accessible Technology, and National Consumer Law Center (March 25, 2026).
[4] *Id.* at 3-4.
[5] PD at 21.
[6] D.20-06-003 at 33.
[7] D.20-06-003, Conclusion of Law 5 ("The rules adopted in this decision recognize the intent and directives set forth in Senate Bill 598, as described in the Order Instituting Rulemaking for this proceeding.")
[8] *See* PD Section 1.3.

whether using this broad data point for 2015 shows whether the Commission has met SB 598's goals. For instance, this broad data point likely does not include spikes due to the advent of Smart Meters enabling then-unprecedented rates of disconnection due to the then-innovative lack of need for a field visit to disconnect electric service, and is not sufficiently granular, lumping together all "electric and gas utility service," and further not differentiating between CARE/FERA and non-CARE/FERA customers.

The PD's minimal analysis of whether SB 598 has been met sits in stark contrast to the PD's own recognition of increasing disconnections and other consequences of the statewide affordability crisis: "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."[9]

The Commission should not put the cart before the horse, and should revise the PD to, first and foremost, evaluate the disconnections caps (and any associated impacts on arrearages) with evidence obtained from the Disconnection Cap Working Group, and then only if appropriate as a result of that evidence, consider any changes to the caps at that stage.

As the PD notes, PG&E, SCE and SDG&E are disconnecting customers "at or near their authorized rates and report significant numbers of customers with large arrearage balances beyond the caps."[10] Raising the disconnections cap is reasonably likely to increase disconnections, and such consequences should require at least some evidence, which the Commission's proposed provisional, and hence post-hoc, approach lacks.

Do Not Reinstate Re-Establishment Deposits.

"Establishment and re-establishment 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."[11] D.20-06-003 further established that the Commission has "seen no evidence regarding the benefit [that] deposits have on keeping residential customers current on their bills,"[12] and found that "the Commission should take action to reduce the financial burdens caused by deposits."[13] But the Large Utilities still have not provided a sufficient basis to authorize unnecessarily punitive reconnection fees, which also runs contrary to the Commission's ESJ Action Plan. From a procedural standpoint, D.20-06-003 further states that "the utilities may file applications in two years to present evidence that the elimination of deposits is not beneficial to households establishing service or seeking to reestablish services."[14] No such filing has occurred.

[9] PD at 19.
[10] PD at 27.
[11] PD at 38, citing D.20-06-003, Findings of Fact 7-8.
[12] D.20-06-003 at 44.
[13] D.20-06-003, Finding of Fact 8 (emphasis added).
[14] D.20-06-003 at 44.

Instead, SCE makes an unsupported claim on the Assigned Commissioner's Ruling that, as a result of not requiring a deposit "at least 15 percent of customers that do not reconnect after disconnection (or 2 percent of all disconnected accounts) have opened a new account at the same address."[15] This is a mere assertion unsupported by any data, and further, an inference of fraud without any supporting evidence connecting this (unsupported) "estimate" to the lack of prior payment of a re-establishment of service deposit. SCE then suggests that "deposits have reduced uncollectible expense by nearly 30 percent," citing to their Workshop presentation slide.[16] The 29 or nearly 30% that the PD relies upon is based on this single statement from SCE, again unsupported by any additional data, and from an unspecific date range "prior to D.20-06-003."[17] Certainly, it was not during the time of California's current affordability crisis. There is insufficient evidence warranting reinstatement of unnecessarily punitive deposits for re-establishment of service for non-CARE/FERA customers.

Extend the Percentage of Income Payment Plan (PIPP) Glide Path

While the Affordable Energy Campaign is disappointed that the Commission will sunset the PIPP program, the Campaign strongly supports the need for disconnections protections for "families with very low incomes who cannot afford monthly payments under AMPs," which should include an "income-based program that charges customers a fixed monthly amount [to] help them stay current on bills."[18] The Affordable Energy Campaign agrees that the "Commission should therefore continue developing approaches that allow 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,"[19] and strongly supports the establishment of "an Income-Based Pilot within the now-permanent Arrearage Management Plan program."[20]

The Affordable Energy Campaign also agrees with the authorization of a glide path for current PIPP participants and subsequent coordination with the to-be-developed Income Based AMP (IBAMP) pilot.[21] The Commission, however, should extend the glide path to match with the authorization of this pilot. As the PD correctly observes, there is "no alternative to PIPP beyond a constant cycle of unpaid bills, disconnection, and partial repayment,"[22] and as the Public Advocates Office warns, at the conclusion of the PIPP pilot, "the approximately 14,500 participants will experience higher energy bills as they return to paying their full bill. The average participant will see an annual increase of about $753 on their electric and gas bills."[23] As the new phase of the proceeding is to be scoped "no later than 6 months" from the issuance of the decision, it may not be feasible to have IBAMP ready in time prior to the end of the currently proposed 12 month glide path. To protect vulnerable customers most at risk of disconnection, the Commission should therefore extend the glide path to end at the authorization of IBAMP.

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[15] SCE Opening Comment on ACR at 3.
[16] *Id.* at Attachment A, A7.
[17] PD at 38.
[18] *See e.g.* PD at 54, citing Workshop Report II.
[19] PD at 60.
[20] PD at 61.
[21] PD at 69.
[22] PD at 72.
[23] Public Advocates Office Opening Comments on Ruling Setting Workshop at 17.

Require the Large Utilities to Leverage Community Based Organizations to Assist in Cross-Enrollment During the PIPP Glide Path.

As the PD notes, allowing PIPP to sunset may be both "confusing and financially challenging."[24] Certainly, the process of how bill caps are gradually lifted is not yet established and will inevitably be confusing. As the PD finds, "PIPP participants transitioning out of the PIPP pilots will require significant support to avoid increasing the risk of disconnection."[25] While the Affordable Energy Campaign supports the direction for Large Utilities to continue with planned outreach to PIPP participants, and presenting such strategies to the Low-Income Oversight Board, the DAC Advisory Group, and CBOs that have participated in the CBO pilot program, the Large Utilities' current outreach is not sufficient in terms of both language access and cross-enrollment in various energy efficiency programs to help mitigate the harms of rising and mounting bills. As additional evidence for this deficit, the evaluation of the DAC Single-Family Solar Homes program noted "internal issues leading to low ESA outreach" at SCE and SDG&E."[26]

Better coordination with ESA and other energy efficiency programs has similarly been a recurring theme throughout this phase of the proceeding, including a recommendation from the DAC Advisory Group to "further strengthen the integration with Energy Savings Assistance."[27] The Commission should include mechanisms to ensure that the Large Utilities actually incorporate and operationalize feedback received from advisory bodies and CBOs. The Affordable Energy Campaign proposes leveraging CBOs to assist in this critical outreach.

Especially for cross-enrollment purposes, the CBO Pilot successfully increased enrollment in energy efficiency programs, including ESA, LIHEAP, and other assistance programs.[28] It is wholly consistent with the timeframe established within the PD to, following the workshop on the CBO Pilot Final Evaluation, include lessons learned and best practices, in particular for cross-enrollment, and embed these best practices in the Tier 2 PIPP Transition Advice Letter to ensure adequate notice and assistance to the most vulnerable customers at risk of disconnection and mounting arrearages.

Make the Arrearage Management Plan (AMP) Program Permanent But Do Not Require CARE/FERA Verification.

The Affordable Energy Campaign supports the Commission's proposal to make AMP a permanent program, but objects to the newly added, overly-burdensome, and duplicative post-enrollment eligibility requirement to verify enrollees' CARE/FERA status.

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[24] PD at 61.
[25] PD at 64.
[26] Verdant DAC-SASH Evaluation at 77, *available at* https://www.calmac.org/publications/DAC_SASH_Final_0501_CALMAC.pdf.
[27] *See* PD at 58-59.
[28] PD at 74-75.

Customers enrolled in CARE/FERA already face significant administrative burdens. For example, they must complete post-enrollment income verification under strict deadlines; missing these timelines results in immediate de-enrollment. At least 54% of customers de-enrolled in CARE are, in fact, eligible customers.[29]

As the PD correctly finds, a "voluminous record [demonstrates] that, in most cases, customer nonpayment is driven by underlying financial hardship rather than a conscious intent to avoid payment."[30] By introducing additional verification steps, the decision unnecessarily increases the administrative hurdles for low-income customers, directly undermining the Commission's explicit mandate for Large Utilities "to reduce the administrative burden of their programs."[31]

Furthermore, this new layer of verification is duplicative; Large Utilities already host and maintain the data necessary to internally verify a customer's CARE/FERA status. As the Large Utilities are tasked with administering, funding, marketing, and enforcing CARE/FERA, Large Utilities are already well aware of which customers are enrolled in CARE/FERA.[32]

Removal of this added post-enrollment verification also aligns with a recommendation from the Low Income Oversight Board: for the Commission to develop a "framework to facilitate the cross-system sharing of energy, water, and telecommunication customer data between utility company administrators for purposes of providing streamlined enrollment, improving program marketing and outreach, and program evaluation."[33] The Commission should not require this additional burden on AMP enrollees.

Adopt the Recommendations of the DAC Advisory Group.

The Affordable Energy Campaign thanks the Commission for continuing this proceeding and concurs with the recommendations of the DAC Advisory Group to establish formal monitoring and accountability frameworks, including:

- Setting clear goals related to disconnections reduction
- Weighting the need to act on arrearages against an IOU's overall level of collections

[29] The Public Advocates Office, CARE Income Verification: A case study using the CalFresh Confirm Hub, (December 15, 2023) at slide 5, *available at* https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2023/12/Item-04_Cal-Advocates-CARE-and-CalFresh-Presentation.pdf.
[30] Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs, Proposed Decision of Commissioner Darcie L. Houck (October, 16, 2026) at 12, *available at* https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M623/K836/623836264.PDF.
[31] *Id*. at 48.
[32] California Public Utilities Commission, CPUC Continues Low Income Energy Programs To Benefit Consumers, (June 3, 2021) *available at* https://www.cpuc.ca.gov/news-and-updates/all-news/cpuc-continues-low-income-energy-programs-to-benefit-consumers.
[33] Low Income Oversight Board Report to the Legislature, SB 1208 Report, (May 31, 2023) at 36, *available at* https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2023/06/Final-Report-Draft-6-7-23.pdf

- Allocating any over-collected funds to programs benefitting ratepayers in DACs with multiple disconnections, such as funding relevant customer generation, electrification, or decarbonization programs; CARE, FERA, or ESA enhancements; direct bill credits; or disconnection assistance pilot programs discussed in more detail in subsequent sections

- Providing a public, online dashboard on all available, similar, and appropriate metrics below in an easily downloadable format:

    - Disconnections by month and IOU
    - Number of homes with repeat disconnections
    - Average and range of duration of disconnection
    - By location: in DACs, on tribal lands, by city and county, and by Census tract
    - Across CARE, FERA, ESA, customer generation, and other relevant program Participants
    - Key performance indicators related to the Arrearage Management Plan and the continued evaluation of the Percentage of Income Payment Plan to inform the to-be-developed Income Based Arrearage Management Plan.

Thank you for considering our input on these important protections. The Affordable Energy Campaign appreciates the Commission continuing this critical proceeding and looks forward to participating in future phases.

Sincerely,

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Honorable Xavier Becerra, Governor-Elect, State of California