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January 29, 2021

President Marybel Batjer
Commissioner Martha Guzman Aceves
Commissioner Clifford Rechtschaffen
Commissioner Genevieve Shiroma
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94105

Re: Resolution M-4849: Authorization and Order Directing Utilities to Extend Emergency Customer Protections to Support California Customers Through June 30, 2021, And to File Transition Plans for the Expiration of the Emergency Consumer Protections

Dear Commissioners:

Free Energy Savings Company LLC, d/b/a Quality Conservation Services ("QCS") respectfully submits this letter in response to the comments on the Commission's Draft Resolution M-4849 ("DR") filed by The Utility Reform Network, National Consumer Law Center, and Center for Accessible Technology (collectively the "Joint Consumers") and by each of the four energy IOUs (Pacific Gas & Electric ("PG&E"), Southern California Edison ("SCE "), Southern California Gas ("SCG"), and San Diego Gas & Electric ("SDG&E"), collectively known herein as the" IOUs".

QCS is concerned about the impact of these plans on California's low-income families, and we have identified a number of issues that negatively impact those families. We recognize that these efforts will also affect many non-low-income households, but our concern here is with the low-income community. QCS is a licensed residential contractor providing Energy Savings Assistance ("ESA") services to the low-income customers of PG&E, SCE, and SCG, as well as Southwest Gas. As such, we believe we have an insight and perspective that may help improve the efforts that the above-listed parties have commented upon.

Basis For QCS Reply Comments

The programs proposed by the Comments above are long on efforts to postpone the massive financial impacts of utilities on their customers during the Pandemic emergency and also have a number of good ideas about how to spread out that damage once the Emergency is declared over. However, it is *very* short on efforts actually to *reduce* the financial impacts that will occur. For example, there are many suggestions on eliminating penalties for utility bills unpaid during the Pandemic and some good ideas about how to spread the payment of those built-up bills after the Pandemic over a year (or possibly more).

There are some very minor efforts to reduce some fees and penalties, such as waiving deposits and forgiving disconnection charges and late fees, etc. (DR, p. 5). However, these are *de minimus* compared to the total potential arrearages that low-income families will be expected to pay after the Emergency.

Given the dire economic impact of the Covid Emergency, well described by the DR (p. 2-4) and others in their Comments, and considering that it has had a disproportionate impact on low-income households, that a reasonable yet conservative estimate of low-income arrearages would be about a third of a family's energy bills during an 18-month pandemic (thus equivalent to about 6 months of billing). To expect that low-income family, hopefully, able to struggle its way out of an economic hole, to repay this, even over a 12-month period, is unreasonable.

This is a low-income family that struggled to pay 100% of their energy bills during normal times. Adding six months' worth of back bills to be repaid over 12 months would require them to now pay an energy bill 150% of their "normal" bill. Even spreading it over two or more times this repayment period would be an extraordinary accomplishment. This is equivalent to a rate increase for these low-income families equal to 20% or 25% or 50% at one time. No one would think this was reasonable.

It may be that middle- and upper-income families can handle such massive utility bill increases, but we do not think we should plan to do that for low-income families.

A Missed Solution: Offer ESA Benefits

What is needed is to reduce the total amounts owed during the Emergency, thus reducing the problem itself.

The solutions supported and implemented to date by the IOUs do little to deal with this. Other approaches are needed beyond spreading an ever-increasing arrearage problem over a longer time period. There are some references to this need in the Joint Consumer comments, particularly in their call to "highlight the importance of enrolling customers ... in other ongoing support programs that will help them manage and afford their bills." (Joint Consumers, p. 5)

The Commission itself invited alternative approaches for "new" activities as well as "resumed" activities (DR, p. 2). However, the IOUs presented little innovation, although the Joint Consumers (p.6) correctly emphasized the need to enroll eligible customers in CARE and FERA.

The IOUs also mention CARE and FERA and support ideas that might result in some marginal increases in participation but have not mentioned use of what is by far strongest third-party CARE enrollment -- the ESA program.

For example, PG&E is the only IOU that reports the number of CARE customers enrolled through its ESA Contractors: 18,648 in 2020, about 21.6% of the ESA customers treated. To compare, this is more than seven times as much as the combined total of 2,476 CARE enrollments produced by PG&E's 50 Capitation contractors, plus the combined LIHEAP programs serving PG&E customers, plus the entire REACH effort. (Source: PG&E's Monthly ESA-CARE Report for December 2020).

Applying PG&E's 21.6% CARE enrollment rate to the 262,300 ESA homes treated[1] by the four IOUs during 2020, ESA produced nearly 57,000 new CARE customers last year. Applying this to the total goal numbers in the Covid-shortened program for those IOUs would result in 93,400 new CARE enrollments.

CARE provides a utility bill discount of 20% - 35%. When combined with ESA energy savings, which conservatively provide 5% - 10% savings, it means that a typical CARE-ESA low-income family would reduce their utility bills by at least a third. This would completely offset most if not all of the incremental arrearage burdens, especially if we can provide these services early enough to also reduce the energy costs while the Pandemic is underway and the arrearages are piling up. Even better, these benefits will continue to help the low-income families long after those arrearages have been recovered.

ESA: #1 for Low-Income Marketing, Education, and Outreach (ME&O)

ESA is by far the largest, most extensive, and most effective low-income ME&O tool under the Commission's aegis. However, it was ignored for this purpose by the IOUs and by the Joint Consumers in their comments. ESA regularly reaches over 250,000 certified low-income homes each year. It reaches into every geographic niche in the state, a multi-lingual effort, specializing in hard-to-reach, low-income neighborhoods, disadvantaged communities, and communities of color. It provides for one-on-one conversations and energy education opportunities.

As it does to support the CARE program, ESA can and should be used to spread information and enroll low-income households in the various other Commission-approved programs of special benefit to low-income families. This includes those suggested by the Joint Consumers (p.6), such as the CAP effort for water customers and the new Arrearage Management Programs ("AMP"). Equally important, there are numerous energy efficiency, clean energy, and resiliency programs that are provided free to income-qualified households and/or those living in distressed, disadvantaged, or fire threatened neighborhoods that should be offered these energy-bill-reducing programs.

Currently, ESA Contractors are not allowed to promote or offer or enroll for programs outside of ESA (the major exception being CARE). We understand and support this general provision as a reasonable protection for low-income families. However, it is certainly reasonable that an exception be made for Commission-approved programs - and particularly during this Covid Emergency and its recovery period. We also believe that those programs' budgets should bear their share of any reasonable costs of providing this service, and it does not fall upon an already limited ESA budget to cover.

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[11] Source: Each of the IOU's December 2020 Monthly ESA-CARE Report, ESA Table 2. Note, there is some overlap of SCE numbers with those of other IOUs, also, this does not include the enrollments completed by the SMJU ESA programs.

Not using the very effective ESA program outreach and education to realize the goals of the Commission's effort to provide customer protections for low-income families is a terrible opportunity to waste. Although IOUs were specifically instructed to "indicate how the energy savings assistance program can be deployed to assist customers" (DR, p. 6), no mention was made by the IOUs of the extraordinary opportunities to use this vehicle to help so many families.

ESA Program Maintained, Not Cut, During Emergency

While the ESA effort is an extraordinary program on its own to address the economic hardships of paying utility bills during the Emergency and during its aftermath, most of the IOU programs are being cut in the midst of this Emergency, some significantly. Most of the IOUs have taken advantage of the Covid-based delays in the Commission's review of proposed budgets for 2021 and beyond to seriously reduce ESA's budgets until such time as the Commission can reach and implement a final decision. Of course, there was no examination of the opportunity cost resulting from reducing the ESA program on other low-income programs, especially CARE.

To overcome this issue and allow for ESA to continue to provide such outstanding support during the Emergency, we recommend and ask that the IOUs be instructed to maintain the same level of funding for ESA as was approved and planned for 2020, before Covid. Certainly, no one can legitimately claim that the need is less today than it was at the end of 2019. The IOUs can set a minimum goal for the various ESA contractors, but the Contractors should be encouraged, if funds are available, to exceed that number and treat as many low-income homes as possible during the Emergency. Setting a not-to-exceed maximum number while there are funds still available is certainly not productive.

We also believe that ESA should be targeted to low-income families in arrears, in the same manner as some IOUs targeted customers not yet treated to better meet the 2020 Outreach Goals. And there are no doubt available procedures to cross-match untreated customers with various public assistance programs, perhaps handled through some third party to preserve anonymity.

We also ask that all IOUs report the extent of ESA enrollments for CARE and each of the other programs, as PG&E has been doing for a number of years.

Conclusion

QCS appreciates the opportunity to provide reply comments on this very important area of interest to the low-income families we serve. We believe that ESA can be a powerful tool to help these low-income families reduce their potential energy costs and their potential arrearages. Please be assured of our full cooperation to discuss and review any further developments as to how to help concerning these topics.

Respectfully submitted,

/s/Allan Rago

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