

Mitigating Rate Impacts for Consumers

December 2020

Water, energy, and telecommunications are essential services. It is important to the California Public Utilities Commission (CPUC) to ensure that these services are affordable, which is why the CPUC is taking a number of actions to consider the rate impacts of the programs and policies it creates. The economic impacts of the COVID-19 pandemic have made this more critical than ever. The CPUC's actions include:



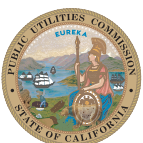
- **MORATORIUM ON DISCONNECTIONS:** Since the start of the COVID-19 pandemic, the CPUC has placed a moratorium on utility disconnections of residential and small business customers for non-payment. The moratorium will continue until at least mid-April 2021.



- **PERMANENT DISCONNECTIONS CAP:** The CPUC established a declining permanent cap on the number of residential customers that the four large energy utilities can disconnect. For example, Pacific Gas and Electric Company's (PG&E) cap starts at 4 percent of PG&E's accounts and decreases to 3.5 percent by 2024. This new cap will begin after the moratorium on disconnections is lifted in April 2021.



- **12-MONTH PAYMENT PLANS:** After the moratorium is lifted, the four large energy utilities must offer 12-month payment plans to residential customers who are in arrears. Also, the four large energy utilities cannot disconnect customers who are on such plans and are keeping up with their payments.
- **ARREARAGE MANAGEMENT PAYMENT (AMP) PROGRAM:** This program will be available to participants on residential low-income programs, such as CARE, and have past due bills exceeding \$500. Participants in AMP will have their past due bills forgiven by 1/12th for each month they keep current in paying their monthly energy bill. After a year on the program, their entire past due amount will be forgiven up to a maximum of \$8,000. The program is expected to begin enrollment in early 2021.
- **ELIMINATION OF DEPOSITS AND RECONNECTION FEES:** The CPUC directed the four large energy utilities to cease collecting deposits from residential customers upon requests for the start or re-start of service. The amount of the deposit is approximately twice the average amount of a customer's monthly bill. The four large energy utilities were also prohibited by the CPUC from collecting reconnection fees from residential customers who are seeking to reconnect for service.
- **ENERGY BILL REDUCTIONS:** The CPUC requires utilities to take steps to enroll more customers in the state's energy rate reduction program for income-qualified households, [CARE](#), which provides a discount on electric and natural gas bills. As a result, PG&E has enrolled 180,000 more customers into the CARE program since March 2020.
- **WORKFORCE SUPPORT:** The CPUC has established a program to support the workforce while in-home energy efficiency upgrades for income-qualified households were suspended. Over three months, when the program was available, 65 large investor-owned utility contractors accepted advance payments to support labor expenses until the workforce could resume in-home treatments.



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- **AFFORDABILITY PROCEEDING:** Through its [affordability proceeding](#), the CPUC has developed three metrics that look at utility costs for all sectors—energy, water, and telecommunications, including broadband—and place them in the context of household income and housing costs to better understand what households can really afford. The efforts are focused on the lowest income households—the bottom 20 percent of the population by income. The affordability metrics are an important step towards better understanding impacts to our most vulnerable households when evaluating proposed projects and spending requests from utilities.
- **REDUCING THE HIGH USER CHARGE (HUC):** The High User Charge (HUC) is an extra charge (\$ per kWh) residential customers must pay if their electricity usage exceeds 400 percent of their baseline. The HUC was originally set at 75 percent of the next highest electricity rate (also known as the Tier 2 rate) but in May 2020, the CPUC lowered the HUC to 25 percent of the next highest electricity rate for the period from June 1 to October 31, 2020. In September 2020, the CPUC extended the HUC reduction until further notice.
- **EXPEDITING DISBURSEMENTS OF CLIMATE CREDITS:** The CPUC ordered the utilities to modify the timing of the Residential Climate Credit disbursements. Specifically the CPUC ordered SCE, PG&E, Pacific Power and Liberty to advance the October Credit and apply it to customer bills in spring and summer months rather than have customers wait until fall (San Diego Gas & Electric was not directed to advance the Credit because they had already been authorized in 2019 to distribute it in August and September rather than April and October). The amount of California Climate Credit for 2020 can be found in: [California Climate Credit](#).

The CPUC continues to consider ways to reduce costs and save customers money. Stay involved by following us on [Twitter](#), [Facebook](#), and [Instagram](#). For more information on the CPUC, please visit www.cpuc.ca.gov.