

ALJ/ECL/pc

Decision 89 11 018 NOV 3 1989

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's )  
 Own Motion to Comply With Senate )  
 Bill 987 and Realign Residential ) I.88-07-009  
 Rates, Including Baseline Rates, ) (Filed September 29, 1989)  
 of California Energy Utilities. )

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**OPINION ON PETITION FOR  
 MODIFICATION OF DECISION 89-09-044  
 AND ON NOTIFICATION OF PROGRAM COSTS**

The Commission issued Decision (D.) 89-09-044 in this proceeding on September 7, 1989. The decision stated that a utility may not require an applicant to provide his or her social security number or ask the applicant's racial identity.

Pacific Gas and Electric Company (PG&E) filed its "Petition for Modification of Decision 89-09-044" on September 29, 1989. The decision authorized PG&E and Pacific Power and Light Company (PP&L) to use the services of the State of California Department of Economic Opportunity (DEO) to verify the eligibility of Low Income Ratepayer Assistance (LIRA) Program applicants.

PG&E states that clarification of D.89-09-044 is needed to enable DEO to provide that service. Specifically, PG&E asserts that the DEO requires an applicant's social security number to access the income data stored in the State of California's Medical Eligibility Data System (MEDS) for that individual.

Also, since the Commission contemplated that the DEO's outreach to potential LIRA applicants would be consolidated with the DEO's High Energy Assistance Payment (HEAP) outreach program, DEO has combined the two application forms. According to PG&E, the DEO is required by federal law to solicit optional racial information about the customer on its HEAP application form. Since the application form is consolidated, this means that applicants

for the LIRA Program would be asked to specify their race, at their option.

PG&E also requests clarification regarding the 15% LIRA discount to Tier 1 and Tier 2 energy rates and applicable customer charges adopted in D.89-09-044. The utility asks whether the 15% discount is to be calculated on the regular residential rate including or excluding the LIRA surcharge once the surcharges are established.

The DEO, through its attorney, wrote a letter in support of PG&E's petition. It stated that the MEDS uses social security numbers to identify a customer and to verify his or her categorical eligibility. According to DEO, the federal law which funds HEAP requires DEO to collect the racial information.

PP&L responded in support of PG&E's petition. PP&L is in the final stages of negotiating an agreement for verification and certification services to be provided by DEO. It is in the same position as PG&E with regard to whether DEO's application forms comport with D.89-09-044.

No other response to PG&E's petition has been received. In comments filed on October 16, 1989, PG&E clarified that although it has stated that it would not use the social security information "for any purpose other than its use by DEO for income verification," PG&E will cross match social security numbers of persons whom DEO has found to be eligible against the social security numbers of applicants in other households already on the LIRA Program. This cross matching is intended to ensure that an applicant is not seeking low-income rate eligibility for more than one household. PG&E also stated that the only way to avoid the collection of optional racial information would be to distribute completely separate application forms for the LIRA and HEAP programs. This would be burdensome to PG&E's ratepayers. It could increase PG&E's average cost for processing LIRA applications, and

it would result in more administrative burden to DEO's existing HEAP outreach channels and waste already-printed application forms.

Discussion

DEO Required Information

D.89-09-044 expressly provided that LIRA application forms were not to request social security numbers and racial information because there was nothing on the record to demonstrate the relevance of such information to the LIRA Program. PG&E and DEO have explained how that information is needed to achieve the goals the Commission had in mind when it authorized PG&E to use DEO to verify ratepayer eligibility. Therefore, PG&E and PP&L are authorized to request an applicant's social security number and the applicant's racial identity on an optional basis on their LIRA application forms. However, this authorization applies only so long as PG&E and PPL are authorized to use DEO to verify ratepayer eligibility.

PG&E and PPL shall use an applicant's social security number only to establish whether the applicant is categorically eligible for the LIRA Program, to determine whether a ratepayer's household in which the applicant resides is eligible for a LIRA discount, and for no other reason. The utility shall not disclose the applicant's social security number or ethnic identity to any person or entity besides DEO for any purpose.

Calculation of LIRA Discount

Ordering Paragraph 1 of D.89-09-044 states, "The LIRA rate shall be 85% of the main residential rate...." The discount must be calculated on the residential rate before the surcharge is calculated and added to the residential rate. This is the only way LIRA participants would be exempted from the surcharge, consistent with Ordering Paragraph 8. Since the LIRA rate is to be 85% of the main residential rate, a 15% discount must be calculated on the volumetric charge, any customer charge, and any applicable minimum.

bill. That is, the discount applies to all components of the main residential rate.

Notification of LIRA Costs

This order also addresses the question of how ratepayers should be apprised of the cost of the LIRA Program. Ordering Paragraph 3 of D.89-09-044 ordered the respondent utilities and the Commission staff to explore methods for notifying non-participating ratepayers of their contribution to the low-income program. The Commission Advisory and Compliance Division (CACD) convened a workshop for this purpose on September 27, 1989. The alternatives discussed were: (1) modification of previously-required bill inserts to quantify the cost of the program, (2) distribution to all customers of a new bill insert which specifies the LIRA surcharge when each utility's surcharge becomes effective, (3) itemization of the LIRA surcharge as a separate charge on each customer's bill, (4) dissemination of news releases, posting in utility offices, and media advertising, and (5) revision of tariff pages to show the LIRA surcharge.

After discussion of the above alternatives among the utilities, the Commission's Consumer Affairs Branch, and CACD, CACD compiled its workshop report. CACD recommends that all utility ratepayers be apprised of the cost of the LIRA Program through bill notices. Although modification of the December 1989 bill insert would be the most cost effective method, timely modification of notices in response to this decision would not be possible. CACD recommends that these notices be issued at the time residential energy rates are revised; the LIRA surcharge would be known at that point, and ratepayers would be advised how they could calculate the costs which they bear. This method was recommended because it provides individual ratepayer notification, which alternatives such as press releases and tariff amendments do not. CACD recommends that residential and non-residential customers receive the same notice.

Bill inserts are flexible enough to effectively communicate the necessary information. All the utilities were unanimous that a bill insert was an essential part of any notification strategy, except for San Diego Gas & Electric Company (SDG&E), which was indifferent.

Bill notices avoid the problem of customer refusal to pay surcharges which have been separately identified on the bill. PG&E, SDG&E, Southern California Edison Company, CP National, and Southwest Gas Corporation all opposed itemization of the surcharge. Southern California Gas Company alone favored itemization. Utilities should be granted the choice between using bill inserts, itemization, or both, if they so choose. If a utility opts to notify its customers that charges are being added to their bill in such a manner as to raise awareness of the charge, utilities should be encouraged to do so.

Therefore, the respondent utilities will notify non-participant ratepayers of their contribution to the costs of the LIRA Program through bill inserts issued when the LIRA surcharge is established. The same notice shall be sent to both residential and non-residential customers. Ratepayers who have a special need to itemize the cost of the LIRA Program may consult their utility customer representatives, who will provide tariff assistance.

For all of the above reasons, D.89-09-044 should be modified consistent with the foregoing discussion.

#### Findings of Fact

1. PG&E filed its Petition for Modification of Decision 89-09-044 on September 29, 1989 seeking clarification that:

- a. PG&E's LIRA application form could request an applicant's social security number, because that number is used by the DEO to verify the income information of each person on the state's MEDS data base.
- b. PG&E's LIRA application form could request applicants to provide their racial

ORDER ON PETITION FOR  
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AND ON NOTIFICATION OF PROGRAM COSTS

IT IS ORDERED that:

1. Pacific Gas and Electric Company and Pacific Power and Light Company may request applicants for the LIRA rate to provide their social security number and, at their option, to provide their racial identity on the application for LIRA benefits only so long as PG&E and PP&L are authorized to use DEO to verify the eligibility level of LIRA applicants.

2. PG&E and PPL shall use an applicant's social security number only to establish whether the applicant is categorically eligible for the LIRA Program, to determine whether a ratepayer's household in which the applicant resides is eligible for a LIRA discount, and for no other reason. The utility shall not disclose the applicant's social security number or ethnic identity to any person or entity besides DEO for any purpose.

3. The LIRA rate shall be calculated on the main residential rate before the LIRA surcharge is calculated and added to the rate. The LIRA discount shall apply to all the components of the main residential rate, including the volumetric charge, the monthly customer charge, and any applicable minimum charge.

4. The respondent utilities shall notify ratepayers of the cost of the LIRA Program by enclosing a notice in customer bills during the billing cycle, or itemizing the cost on the customer bill, following the establishment of LIRA surcharge in the appropriate rate proceeding. Identical notices shall be sent to all ratepayers. The proposed bill insert must be submitted to the Public Advisor's Office for final review and must include the following:

- a. A statement that the LIRA Program was established pursuant to a change in state law, and that under the LIRA Program ratepayers who meet household income

# **CORRECTION**

**THIS DOCUMENT HAS  
BEEN REPHOTOGRAPHED**

**TO ASSURE**

**LEGIBILITY**

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Bill notices avoid the problem of customer refusal to pay surcharges which have been separately identified on the bill. PG&E, SDG&E, Southern California Edison Company, CP National, and Southwest Gas Corporation all opposed itemization of the surcharge. Southern California Gas Company alone favored itemization. Utilities should be granted the choice between using bill inserts, itemization, or both, if they so choose. If a utility opts to notify its customers that charges are being added to their bill in such a manner as to raise awareness of the charge, utilities should be encouraged to do so.

Therefore, the respondent utilities will notify non-participant ratepayers of their contribution to the costs of the LIRA Program through bill inserts issued when the LIRA surcharge is established. The same notice shall be sent to both residential and non-residential customers. Ratepayers who have a special need to itemize the cost of the LIRA Program may consult their utility customer representatives, who will provide tariff assistance.

For all of the above reasons, D.89-09-044 should be modified consistent with the foregoing discussion.

Findings of Fact

1. PG&E filed its Petition for Modification of Decision 89-09-044 on September 29, 1989 seeking clarification that:
  - a. PG&E's LIRA application form could request an applicant's social security number, because that number is used by the DEO to verify the income information of each person on the state's MEDS data base.
  - b. PG&E's LIRA application form could request applicants to provide their racial



identity, at their option, because the LIRA application will be consolidated with the HEAP application distributed by DEO and federal law requires the DEO to solicit this information in its HEAP application.

- c. The LIRA rate shall be set at 85% of the pre-surcharge main residential rate.

2. PP&L filed comments in support of PG&E's petition, since it is in the final stages of negotiations for DEO to verify the financial eligibility of LIRA applicants and the same DEO requirements would apply to its LIRA Program.

3. DEO filed comments in support of PG&E's petition and verified the DEO's use of an applicant's social security number and optional racial information.

4. The LIRA applicant's social security number must be provided to DEO in order to use the state's MEDS data base and thereby enable DEO to confirm the categorical eligibility of an applicant for LIRA benefits.

5. LIRA applicants may be asked their racial identity, since the Commission intended to achieve greater outreach and administrative efficiency by allowing consolidation of the HEAP and LIRA applications, and federal law requires the DEO to solicit the racial identity of a HEAP applicant on an optional basis.

6. The LIRA rate is to be calculated on the main residential rate before the LIRA surcharge is calculated and added to the rate in order to carry out the Commission's directive that LIRA customers themselves are not to fund the program.

7. The most reasonable method of notifying ratepayers of the cost of the LIRA Program is by allowing utilities the option of using bill inserts, or itemization on the bill, or both, at the discretion of the utility.

Conclusion of Law

PG&E's petition to modify D.89-09-044 should be granted.

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IT IS ORDERED that:

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2. PG&E and PPL shall use an applicant's social security number only to establish whether the applicant is categorically eligible for the LIRA Program, to determine whether a ratepayer's household in which the applicant resides is eligible for a LIRA discount, and for no other reason. The utility shall not disclose the applicant's social security number or ethnic identity to any person or entity besides DEO for any purpose.

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4. The respondent utilities shall notify ratepayers of the cost of the LIRA Program by enclosing a notice in customer bills during the billing cycle, or itemizing the cost on the customer bill, following the establishment of LIRA surcharge in the appropriate rate proceeding. Identical notices shall be sent to all ratepayers. The proposed bill insert must be submitted to the Public Advisor's Office for final review and must include the following:

- a. A statement that the LIRA Program was established pursuant to a change in state law, and that under the LIRA Program ratepayers who meet household income

eligibility guidelines qualify for a 15% discount in their energy bills.

- b. Explanation that the program is funded by a surcharge assessed on each unit of energy consumed and that all customers except for certain wholesale and large contract customers pay the surcharge rate.
- c. Itemization of the new residential rate and the LIRA surcharge rate as established in the appropriate proceeding.
- d. Instructions, with reference to the customer's bill, for calculating the amount paid by the customer to fund the LIRA Program.

This order is effective today.

Dated November 3, 1989, at San Francisco, California.

G. MITCHELL WILK  
President  
FREDERICK R. DUDA  
STANLEY W. HULETT  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

- 8 -

*Wesley Franklin*  
WESLEY FRANKLIN, Acting Executive Director  
JB

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Bill notices avoid the problem of customer refusal to pay surcharges which have been separately identified on the bill. PG&E, SDG&E, Southern California Edison Company, CP National, and Southwest Gas Corporation all opposed itemization of the surcharge. Southern California Gas Company alone favored itemization. This is the most costly option because billing system changes are required, foreseeable customer complaints would increase administrative expense, and there may be a loss of revenues from customers dissatisfied with the surcharge. This is a problem encountered when city taxes, Public Utilities Commission surcharges, and the legislatively-mandated steel surcharge are separately stated on the monthly bill. The Consumer Affairs Branch confirmed that customers who disagree with itemized charges, such as SDG&E's customer charge, have withheld payment of their utility bills. The resultant shortfall of surcharge revenues would then have to be reallocated to customers who have paid their fair share. We are reluctant to create this situation.

Therefore, the respondent utilities will notify non-participant ratepayers of their contribution to the costs of the LIRA Program through bill inserts issued when the LIRA surcharge is established. The same notice shall be sent to both residential and non-residential customers. Ratepayers who have a special need to itemize the cost of the LIRA Program may consult their utility customer representatives, who will provide tariff assistance.

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in order to carry out the Commission's directive that LIRA customers themselves are not to fund the program.

7. The most reasonable method of notifying ratepayers of the cost of the LIRA Program is by bill notice circulated when the LIRA surcharge has been established in the appropriate rate proceeding.

Conclusion of Law

PG&E's petition to modify D.89-09-044 should be granted.

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Commissioners