

Decision 84 01 064*Jan 19, 1984***ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation to establish a)
 standard limited volume of gas)
 and electricity for those medical)
 conditions and uses specified by)
 the Legislature (Public Utilities)
 Code Sec. 739 as amended: 1982)
 Stats. Chapter 1541).)

OII 83-01-01
 (Filed January 19, 1983)

William. A. Claerhout, Attorney at Law, for
Southwest Gas Corporation; Arthur C. Fegan,
 for CP National Corporation; Margaret A.
Glodowski, Attorney at Law, for Sierra
Pacific Power Company; John R. Bury, David N.
Barry, III, Richard K. Durant, James M. Lehrer,
 and Carol B. Henningson, Attorneys at Law, for
Southern California Edison Company; Robert M.
Loch, Thomas D. Clarke, and Jeffrey E.
Jackson, Attorneys at Law, for Southern
California Gas Company; Peter W. Hanschen,
A. Kirk McKenzie, and Michael S. Hindus,
 Attorneys at Law, for Pacific Gas and Electric
Company; Lorie Harris and John Melnichuk, for
Pacific Power & Light Company; and Maya Sanchez
 and Michael R. Weinstein, Attorneys at Law,
 for San Diego Gas and Electric Company;
 respondents.

Lloyd Burton, for Disability Rights Education &
Defense Fund; and David L. Landes and Susan
Keller for Community Network for Appropriate
Technology; interested parties.

Freda Abbott, Attorney at Law, and S. Robert
Weissman, for the Commission staff.

O P I N I O NAssembly Bill 2443

On January 19, 1983 we issued our order instituting this
 proceeding for the purpose of establishing a standard limited
 allowance of gas and electricity at baseline (lifeline) rates for
 certain medically related energy requirements specified by the

Legislature in Public Utilities (PU) Code § 739 as amended in 1982 by Assembly Bill (AB) 2443, the "Sher bill".

AB 2443 modifies § 739 to require, among other things, that:

"The commission shall establish a standard limited allowance which shall be in addition to the baseline quantity of gas and electricity for residential customers dependent on life support equipment, including, but not limited to, emphysema and pulmonary patients. A residential customer dependent on life support equipment shall be given a higher energy allocation than the average residential customer."

AB 2443 provides that this amendment to the lifeline provisions of the PU Code shall be implemented on a utility-by-utility basis by the Commission's order resulting from the utility's first general rate proceeding decided on or after January 1, 1983, with an effective date of not earlier than January 1, 1984.

The Sher bill defines life-support equipment as follows:

"Life support equipment means that equipment which utilizes mechanical or artificial means to sustain, restore, or supplant a vital function, or mechanical equipment which is relied upon for mobility both within and outside of buildings. 'Life support equipment,' as used in this subdivision, includes all of the following: all types of respirators, iron lungs, hemodialysis machines, suction machines, electric nerve stimulators, pressure pads and pumps, aerosol tents, electrostatic and ultrasonic nebulizers, compressors, IPPB machines, and motorized wheelchairs."

The bill further provides that the limited allowance over the baseline quantity shall be made available to paraplegic and quadriplegic persons as well as multiple sclerosis patients in view of the increased energy requirements for their heating and/or cooling needs.

As used in the act:

"Baseline quantity means a quantity of electricity or gas for customers to be established by the commission based on from 50 to 60 percent of average residential consumption of these

commodities, except that, for residential gas customers and for all-electric residential customers, the baseline quantity shall be established at from 60 to 70 percent of average residential consumption during the winter heating season. In establishing the baseline quantities, the commission shall take into account climatic and seasonal variations in consumption and the availability of gas service. The commission shall review and revise baseline quantities as average consumption patterns change in order to maintain these ratios."

Procedural Summary

The Order Instituting Investigation (OII) designated as respondents all electric and gas corporations under the Commission's jurisdiction, and it ordered them to furnish data requested by the Commission staff. A prehearing conference was held on February 14, 1983, and four days of hearing were held in San Francisco before Administrative Law Judge Haley in July, when the matter was taken under submission subject to the filing of opening briefs on September 19 and reply briefs on October 3, 1983.

Of the respondent utilities, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), Southern California Gas Company (SoCal Gas), and San Diego Gas and Electric Company (SDG&E) participated actively throughout the proceeding.

CP National Corporation (CPN), Pacific Power and Light Company (PP&L), and Sierra Pacific Power Company (Sierra) entered statements of their respective positions and made recommendations, but they limited their participation to the requirements of the OII.

In addition to the Commission staff, the other parties who actively participated in the hearings were the Community Network for Appropriate Technologies of Sonoma County (CNAT), the Disability Rights Education and Defense Fund (DREDF), and the Santa Cruz County Commission on Public Health (CPH).

The Commission received evidence concerning the recommendations of each of the participating respondents, CNAT, DREDF, and the staff. The baseline allowance recommendations of PG&E, SDG&E, and the staff are nearly identical.

CNAT and DREDF have, in accordance with Rule 76.23 of the Commission's Rules of Practice and Procedures, filed notices of intent (NOIs) to claim compensation for the costs each incurred through participation in its investigation.

Present Medical Lifeline Allowances

Medical energy allowances at lifeline rates are now determined according to the individual customer's needs. There are currently about 12,000 electric customers and 12,500 gas customers receiving additional energy allowances for medical reasons from California public utilities. These allowances now vary widely, especially for electric service where they range from 1 kilowatt-hour (kWh) per month to in excess of 4,700 kWh per month. For gas service, the medical allowances range from 5 therms per month to 100 therms per month.

About 60% of the present medical electricity allowances being provided are in the form of allotments for specific life-support devices. These allowances are determined individually based upon the energy consumption of the particular devices and their estimated monthly hours of use. The allowances are provided year-round, except for some seasonal heating and cooling allowances that are provided principally for devices giving needed comfort to patients with certain respiratory, cardiac, and arthritic conditions.

For Edison the average per customer medical allowance for electricity is about 195 kWh per month. For PG&E, the comparable figure is somewhat lower, but the allowances generally fall within the 150 to 200 kWh per month range. Compared to the average electricity use for all residential customers, the figures for the two utilities show an average monthly incremental energy use for

customers with medical lifeline allowances of from 150 to 220 kWh in winter and about 240 kWh in summer.

The record shows that there are now almost as many levels of medical device allowance as there are customers. Table I compares the lowest and highest levels of allowance being provided for the principal support devices by the larger respondent utilities.

TABLE I

LIFE-SUPPORT DEVICE ALLOWANCES

<u>Electric Devices</u>	<u>No. of Devices</u>	<u>Lowest Allowance (kWh)</u>	<u>Highest Allowance (kWh)</u>
<u>PG&E</u>			
Air Conditioning	704*	20	1,520
Dialysis machines	174	15	2,920
Heating	172*	25	1,330
Motorized wheelchairs	1,126	2	782
Respiratory devices	1,774	1	1,259
Suction machines	54	4	796
<u>SDG&E</u>			
Air cleaners & purifiers	163	5	1,218
Air conditioning	866	3	2,202
Dialysis machines	14	50	788
Heat	601	5	3,000
Oxygen concentrator	249	6	1,240
IVAC, lamps, etc.	6	10	1,185
Respirators	113	2	861
<u>Edison</u>			
Air conditioners	144	1	4,700
Dialysis machines	98	3	1,404
Compressors	29	2	1,037
Heat pump (A/C & S/Heat)	1	4,320	4,320
Oxygen concentrators	462	10	1,242
Respirators	1,026	1	1,242
- Suction machines	157	1	1,158
<u>Gas Devices</u>			
		<u>(Therms)</u>	<u>(Therms)</u>
<u>PG&E</u>			
Air conditioning	0	0	0
Space heating	776*	5	55
<u>SDG&E</u>			
Air conditioning	0	0	0
Heating	403	N/S	N/S
<u>SoCal Gas</u>			
Air conditioning	4	50	100
Heating (All standard allowances)	0	0	0

*Excludes customers who are eligible for standard allowances.

(N/S: Not stated)

According to recent customer samples provided by the utilities, many of the electricity allowances for operation of medical devices substantially exceed the customers' total energy needs. For example, Exhibit (Exh.) 18A shows that the particular customer who receives the highest monthly lifeline allowance on the PG&E system for a medical device (2,920 kWh for a dialysis machine) used in total barely one-third of that amount of electricity over a continuous 12-month period.

Similarly, Edison shows in Exh. 2 that it has 27 customers who receive lifeline medical allowances in excess of 1,000 kWh per month. A sampling compiled by Edison on 14 such customers indicates that the majority did not use their full allotment. For example, one customer who receives 4,320 kWh per month (for a combined heat pump-air conditioner allowance) used only an average of 1,750 kWh during the summer months and 2,200 kWh during the winter months.

About 90% of all current gas medical allowances (as well as the remaining 40% of the electricity allowances) are provided as standard space conditioning allowances (as opposed to device-based allowances). For paraplegic, quadriplegic, and hemiplegic persons, these may take the form of standard supplemental allowances. For persons having multiple sclerosis, they may be either standard supplemental space-heating allowances or standard supplemental air conditioning allowances. For some utilities, the allowances are differentiated by climatic zone.

The space-heating medical allowances are designed to provide temperatures of approximately 72 degrees Fahrenheit (°F), compared to the 68°F temperature contemplated in the design of the monthly standard space-heating allowances, which vary by zone from 110 to 210 kWh and from 15 to 35 therms. For air conditioning, the standard electricity allowances range from 46 to 200 kWh per month. Because of the relatively limited use of gas for residential air conditioning, only about 80 customers, statewide, receive medical

allowances for gas air conditioning. For these customers, SoCal Gas provides a standard monthly allowance of 50 therms based upon the difference-in-usage principle.

The Major Issues

The following is a list of the major issues presented in this proceeding:

1. Form of the Allowance

Should there be a single standard baseline allowance at lifeline rates for electricity and one for gas...or should a more customized approach be used, with the allowances being more nearly fitted to the individual customer's particular medical needs?

2. Size of the Allowance

If the principle of single standard baseline electricity and gas allowances is adopted, what should be the size of each of these allowances?

3. Climatic Zones and Seasonal Differentiation

Should the Commission's medical lifeline program provide for: (1) an allowance which would vary by climatic zones; and (2) an allowance for all life-support devices and a separate allowance for space heating in winter and/or air conditioning in summer?

4. Hardship Mechanism

Should the decision provide for a hardship mechanism in respondents' tariffs which would permit additional medical allowances to be furnished at lifeline rates in those instances where it can be demonstrated that genuine hardship would otherwise result?

5. Outreach

Have the utilities demonstrated that their medical lifeline outreach programs have been adequate, or should the Commission impose additional requirements to assure public awareness of the availability of medical baseline allowances?

6. Certification

What certification procedure should the Commission establish as a condition precedent to a consumer receiving a medical baseline allowance of gas or electricity?

7. Revenue Effects

What are the revenue effects of the medical lifeline allowances and how should these effects be accommodated in the rate-fixing process?

8. Compensation for Intervenors

Two public interest groups have filed NOIs to claim compensation for their participation in this proceeding. To what extent, if any, should they be awarded compensation under Article 18.6 of the Commission's Rules of Procedure?

Recommendations of the Respondents

Table II compares the recommendations of the four major respondent utilities, all of whom favor the medical lifeline format based upon a standard allowance as opposed to the present customized arrangements.

As shown in Table II, the recommendations of PG&E and SDG&E are quite similar in form and magnitude. For electricity, both propose a standard medical allowance of 500 kWh per month; for gas, PG&E recommends an allowance of 25 therms per month and SDG&E suggests 20 therms. Both utilities propose to furnish the standard allowances without climate zoning on a year-round basis so as to minimize impacts upon present customers and to simplify administration of the program. Both PG&E and SDG&E recommend a hardship mechanism which would assure that customers with extraordinary life-support requirements receive adequate lifeline allotments of energy.

TABLE II
COMPARISON OF STANDARD MEDICAL
ALLOWANCES RECOMMENDED BY RESPONDENTS

<u>Utility and Recommendation</u>	<u>Proposed Quantity</u>	<u>Total Residential Revenue (M\$)</u>	<u>Impact of Proposal (\$)</u>	<u>Percent of Residential Revenue</u>
<u>PG&E</u>				
a. Standard Allowance for Electricity	500 kWh	1,265,243	635,000	.050
b. Standard Allowance for Gas	25 TH	944,072	86,000	.009
<u>Edison</u>				
Standard Allowance for:				
a. Life-Support Equipment	200 kWh			
b. Space Conditioning				
Summer	200 kWh			
Winter	150 kWh	1,233,338	253,600	.021
<u>SoCal Gas</u>				
Standard Allowance for:				
a. Life-Support Equipment	N/R			
b. Space Conditioning (Summer Cooling and Winter Heating)	35 TH	1,235,682	139,000	.0113
<u>SDG&E</u>				
a. Standard Allowance for electricity	500 kWh	428,242	135,000	0.032
b. Standard Allowance for gas	20 TH	185,370	15,000	.008
N/R = No Recommendation.				

Based upon experience with its present practices, SoCal Gas recommends the retention of seasonal differentiation in the medical allowance. SoCal Gas proposes a single standard space-heating allowance of 35 therms per month for qualified medical lifeline customers during the winter season and a single standard allowance of

35 therms per month during the summer for those qualified customers who use gas for space cooling. SoCal Gas makes no recommendation with respect to a standard allowance for life-support equipment because these devices are almost exclusively electrically operated. However, SoCal Gas proposes that its present hardship arrangements be maintained to provide additional allotments to its few customers who have unusually large gas needs for life-support devices.

Edison makes a two-part recommendation. It proposes that the Commission authorize: (1) one (and only one) standard medical allowance of 200 kWh per month year-round for customers requiring the use of one or more life-support devices;¹ and (2) one standard winter heating allowance of 150 kWh per month and/or one standard summer cooling allowance of 200 kWh per month for customers having medical space-heating requirements. Edison does not support the concept of a special consideration or hardship provision for customers having unusually large medical energy requirements. It is Edison's position, based upon its experience in administering medical lifeline allowances, that its proposal will meet the medical energy needs of the average disabled customer and that such a single allowance will promote customer understanding and contribute to ease of administration.

CPN and PP&L recommend that their present arrangements for three separate medical allowances (life support, heating and cooling) be retained. PP&L, however, notes that the single standard allowance would avoid much of the record-keeping expenses attendant upon the hand billing it finds necessary for its medical customers.

Sierra considers that a standard medical space-heating allowance would be justified year-round in its service territory. It is Sierra's position that, if a standard medical cooling allowance is adopted, it should be provided during the summer months only. Sierra

¹ The 200 kWh recommendation is based on Edison's current average life-support allowance of 196 kWh per month.

observes, however, that if it were to furnish all use of electricity to its medical lifeline customers at baseline rates year-round, its incremental annual revenues loss would amount to only \$3,600 over and above the \$10,500 impact it sustains under the existing program.

Recommendation of Public Participants

CPH recommends that qualifying disabled persons should receive medical lifeline allowances for the energy used by their primary space-heating devices. CPH's representative testified that, based upon his personal experience and his conversations with other physically handicapped persons, he believes that handicapped customers should receive disability energy allotments which would increase their gas baseline allowances by 85% for gas heating and 75% for electric heating.

DREDF recommends that a medical lifeline program be adopted whereby eligible customers would receive a customized allowance consisting of multiples of the tier-one rate block of energy. The multiplier would be based upon the disabled customer's historic use of gas and/or electricity. DREDF contends that its recommendation is superior because it would not reduce the medical entitlements of current recipients. DREDF further recommends that allowances should be provided for each disabled member of a household, rather than on the basis of one allowance per household.

CNAT addresses the additional energy needs of disabled persons for space heating and cooling. CNAT emphasizes that their problem is aggravated because many are economically disadvantaged and are forced to live in poorly insulated housing. CNAT points out that quadriplegics generally suffer from a dysfunction of the autonomic nervous system and thus require increased heating in winter and greater cooling in summer. CNAT accordingly supports a year-round energy allowance for space conditioning, and it urges the Commission to establish a program which would provide utility-subsidized insulation for the homes of the eligible disabled. CNAT further

supports a more comprehensive outreach by the utilities to attain more complete participation by the disabled community in medical lifeline programs. It is CNAT's position that the present level of outreach is inadequate and should be improved.

Recommendation of the Commission Staff

The staff recommendation is very similar to that of PG&E and SDG&E. The staff proposes that the Commission adopt a single standard limited medical allowance to be determined according to the kind of energy that the life-support equipment uses, i.e. electric or gas. Where justified a standard monthly medical allowance of 500 kWh and/or 25 therms would be available year-around. For customers whose medical needs are confined to winter or summer, the staff would make them available for the one season only.

The staff also recommends that the Commission establish a hardship clause for disabled persons who have extraordinarily high life-support energy requirements.

Form of the Allowance

An extensively developed issue on this record relates to the form, or structure, of the medical baseline allowance to be adopted. Should we, as urged by the four major utilities and the staff, establish a program which provides for a standard medical allowance? Or should we, as favored by the participating public interest groups, as well as some of the other respondent utilities, continue some form of the present system of customized allowances which are often closely fitted to the individual customer's medical energy requirements?

PU Code § 739(b) as amended by the Sher bill states:

"The Commission shall establish a standard limited allowance which shall be in addition to the baseline quantity of gas and electricity for residential customers dependent on life support equipment. ... A residential customer dependent on life support equipment shall be given a higher energy allocation than the average residential customer." (Emphasis added.)

The Legislature's language is unequivocal. The statute directs us to establish a standard limited allowance for residential customers dependent on life-support equipment. The plain meaning of these words requires us to develop a limited allowance and to grant that same limited allowance to all life-support equipment customers irrespective of their individual and differing medically-related energy requirements.

Prior to amendment by the Sher bill, § 739(b) provided that "a customer dependent on life support equipment shall be given a higher energy allocation than the average residential user in accordance with the type of equipment he or she uses. Consideration shall be given to the energy requirements of the specific type of equipment used and the frequency and duration of its usage." This language is the basis of current tariffs under which the customer may receive medical allowances tailored to the energy needs of his particular life-support equipment. However, the wording of the Sher bill explicitly eliminates customized medical allowances, and it directs that customers dependent upon life-support equipment shall receive a standard allowance. Accordingly, we will comply with the Legislature's obvious intent, and we will structure the medical lifeline program upon the concept of a single standard allowance per qualifying customer.

Size of Allowance

For electricity, PG&E, SDG&E, and the staff each recommend a standard medical baseline allowance of 500 kWh. For gas, PG&E and the staff recommend a standard medical baseline allowance of 25 therms; SDG&E recommends 20 therms.

Table III shows by utility: (1) the total number of qualifying medical customers; (2) the number of such customers whose present monthly allowance exceeds 500 kWh or 25 therms; (3) the percentage of the total whose monthly allowance exceeds 500 kWh or 25 therms; and (4) the total number of qualifying medical customers as a

percentage of total utility customers. As can be seen from Table III, on a statewide basis, a 500 kWh standard medical allowance would meet or exceed the current electricity allowances of over 93% of all present medical lifeline customers, and 25 therms would equal or exceed the gas allowances of more than 96% of present medical customers.

TABLE III
MEDICAL USE PATTERNS

Utility	Total No. of Qualifying Medical Customers	No. of Medical Allowances Exceeding 500 kWh or 25 Therms/Mo.	Percentage Exceeding 500 kWh or 25 Therms/ Mo.	Qualifying Medical Customers as Percentage of Total Customers
<u>Electricity</u>	(1)	(2)	(3)	(4)
CPN	20	0	0.00%	0.25%
PG&E	5,348	256	4.79	0.18
PP&L	66	1	1.51	0.25
SDG&E	2,205	221	10.02	0.32
Sierra	12	1	12.00	0.04
Edison	4,350	300*	6.90	0.15
SoCal Water	4	0	0.00	N/S
Total	12,005	779	6.49%	
<u>Gas</u>				
PG&E	4,294	130	3.03	0.18
SDG&E	1,364	184**	13.49	0.31
SoCal Gas	6,900	100	1.45	0.20
SW Gas	93	0	0.00	0.20
Total	12,651	414	3.27%	

*Estimated maximum number of customers with use over 500 kWh/month; includes 133 customers whose allowances are known to exceed 500 kWh.

**Number of customers whose allowances exceed 20 therms/month.

It is thus apparent that standard medical allowances of 500 kWh and 25 therms would disadvantage relatively few of today's medical customers. The distribution of allowances is so skewed that

disproportionate increases over and above the 500 kWh/25 therms level would be required to accommodate even an additional 1% increment at the present medical allowance levels.

Our view is that standard medical allowances of 500 kWh and 25 therms of gas are not large amounts in terms of per household consumption. At worst, some portion of the allowances may be used for nonmedical purposes. However, the evidence strongly suggests that medical customers are not given to wasteful use of household energy. In view of the needs addressed, we are of the opinion that it is preferable to err by a small amount on the side of generosity than to be unnecessarily stinting to no overall economically measurable purpose. Accordingly, we will adopt as the standard baseline medical allowance 500 kWh for electricity and 25 therms for gas.

Climatic Zones and Seasonal
Differentiation

PG&E, SDG&E, and DREDF propose that single standard medical allowances for electricity and/or gas be provided on a year-round basis. They do not recommend separate allowances for life support and space conditioning, nor do they recommend that the standard allowances be varied by climatic zone or differentiated by season.

As discussed earlier, Edison proposes a two-part medical electricity allowance. The first part would provide a standard life-support allowance and the second part would, for qualifying customers, provide additional allotments of electricity which Edison terms "winter and summer space-conditioning allowances." The space-conditioning allowances would be provided to paraplegic and quadriplegic persons during the winter months and to multiple sclerosis patients during the winter and summer months. Other persons with qualifying space-conditioning requirements would receive the same winter and/or summer allowances. Edison's proposed space-conditioning allowance would not vary by climatic zones.

SoCal Gas and the Commission staff propose to do away with the use of climatic zones, but, as discussed previously, each

proposes the retention of seasonal differentiation in the medical lifeline allowances.

It is our opinion that the language of the Sher bill directs us to establish one standard medical baseline allowance for electricity and one standard medical baseline allowance for gas and that these allowances should not vary according to a customer's geographical location within California or the time of year. As we read § 739 as amended, the differentials in energy use caused by climatic zone and season are to be accounted for in the nonmedical baseline allowances.

It was clearly the Legislature's intent to simplify administration of the lifeline program. Our adoption of a single standard medical allowance which does not vary by season or climate will achieve that intent. We are, therefore, rejecting those proposals which would reimpose a complex system of allowances having seasonal and climatic distinctions.

Hardship Mechanism

PG&E estimates that replacement of its current complicated system of medical lifeline allowances with single standard monthly allowances of 500 kWh and 25 therms would adversely impact 5% of its disabled electric customers and 3% of its disabled gas customers. PG&E's estimate is in substantial agreement with the staff, which estimates that, statewide, more than 1,000 customers would lose a portion of their present medical lifeline allowance. Newly disabled persons would also be adversely impacted because it may be assumed that roughly the same proportion of such persons would find the new standard medical allowances insufficient to meet their medical end-use energy needs.

Three of the major respondents look favorably upon establishment of a hardship mechanism which would ensure that these customers would continue to receive affordable energy to meet their life-support and comfort requirements. PG&E proposes to mitigate

hardship by offering appropriate multiples of the standard medical baseline allowance to qualifying cases. SDG&E states that it would support any reasonable hardship mechanism consistent with § 739(b). SoCal Gas recognizes that a certain few gas customers have medical life-support energy needs that could result in extremely high gas bills. SoCal Gas would provide an additional allowance on a case-by-case basis in hardship cases. Only Edison among the respondents does not recommend establishing a tariff mechanism which would allow additional medical allowances in hardship cases. The Commission staff favors establishment of a hardship mechanism.

As discussed previously, DREDF, in its recommendations regarding the structuring and size of the standard baseline medical allowance, takes the position that the allowance should be constituted of multiples of the tier-one rate block of energy according to the disabled person's individual needs, with no current disabled customer receiving less than his present allowance. DREDF further urges that allowances be provided for each disabled member of a household rather than one allowance per household. As we perceive DREDF's objective, that objective may in large part be satisfied through the application of an appropriate hardship mechanism to the form of standard single allowance per household for each energy commodity that we are adopting.

The Legislature's intent in enacting in amending § 739(b) was clearly: (1) to simplify the administration and the form of the medical lifeline allowance and (2) to continue to alleviate the cost burden being borne by the disabled in meeting their energy requirements for life-support and reasonable comfort. It is our opinion that the requirement for a hardship clause is implicit in AB 2443. Absent a hardship clause, the reasonable energy requirement of those whose needs are greatest will not be reasonably met by our adoption of a standard baseline medical allowance. A hardship clause, therefore, seems to us to be consistent with the language and

intent of § 739(b). We believe that our adoption of standard monthly baseline allowances of 500 kWh per household for electricity and 25 therms for gas will reasonably meet the requirements and objectives of § 739(b). The evidence indicates that the administration of the hardship clause will not be unduly burdensome to the utilities or costly to the ratepayers.

Outreach

CNAT and DREDF contend that the current methods of the utilities for notification of customers and enrolling them in the medical lifeline allowance program are inadequate and should be revised.

From our review of the evidence in this proceeding, we conclude that none of the current outreach programs of the respondent utilities is seriously deficient. The utilities use several methods for alerting potential recipients of medical lifeline benefits of the existence of the energy allowance, including: (1) bill inserts, (2) information pamphlets in local offices, (3) media publicity, (4) community presentations, (5) word of mouth, and (6) contacts with medical associations and groups.

To assure the continued effectiveness of the utilities' outreach efforts we will direct that all California gas and/or electric utilities annually provide written notice to each residential customer of the availability of medical energy allowances to qualifying persons. Furthermore, the utilities should take reasonable steps to inform customers who qualify for medical baseline allowances of the assistance provided under various utility conservation programs. This assistance includes low-interest or zero-interest loans, rebates, and direct weatherization.

Certification

PG&E proposes that any customer certified by a physician as requiring additional energy to support a medical end-use should be entitled to receive the standard limited allowance. PG&E points out the difficulties inherent in adopting specific criteria, consistent

with § 739, which would identify the type of illnesses and/or life-support equipment that would qualify a person to receive the standard medical allowance. As examples of the difficulties, PG&E cites the following questions:

- "1. Should pools and spas qualify as life-support equipment, just as kidney dialysis machines and iron lungs now do?
- "2. Should persons with arthritis be eligible to receive the allowance, or should it be limited to persons who are paraplegic or quadriplegic?

We agree with PG&E that the answers to these questions are best provided by licensed physicians and osteopaths. We will accept PG&E's recommendation and defer the question of whether or not a customer should be eligible to receive the standard allowance to the medical profession. As a standard certification procedure we shall require each utility to incorporate in its tariff language substantially the same as that shown in Appendix A to this decision, entitled: "Sample Tariff Language for Establishing and Administering the Standard Medical Baseline Allowance."

Revenue Effects

From Table II it may be seen that the revenue impacts of establishing standard monthly medical baseline allowances of 500 kWh of electricity and 25 therms of gas would be relatively insignificant. Statewide, it amounts to about \$1.5 million for electric and \$800,000 for gas, or less. This would amount to about 0.05% of total electric utility revenues and about 0.03% of total gas utility revenues. The evidence indicates that the additional revenue loss from the hardship mechanism would be de minimus.

Compensation for Intervenor

On July 22, 1983, DREDF filed, under Article 18.6 of the Commission's Rules of Procedure, an NOI to claim compensation for its participation in this proceeding. In its NOI, DREDF has estimated its total costs of participation in this proceeding at \$7,992.

On August 9, 1983, CNAT also filed an NOI to claim compensation for its participation in this proceeding. In its NOI, CNAT has estimated the total cost of its participation at \$6,335.

Based on these filings, we find that DREDF and CNAT have met their burden of demonstrating significant financial hardship as required under Rules 76.23 and 76.25. Our rules further require that to be eligible for compensation public participants must have substantially contributed to the adoption, in whole or in part, in a Commission order or decision, of an issue. If, upon review of this decision, DREDF or CNAT conclude that they, in fact, have made such a contribution, they should file a request for compensation pursuant to Rule 76.26. This filing must be made within 30 days and otherwise comply with the requirements set forth in our Rules of Practice and Procedure. Upon receiving such a filing, the Commission shall review whether compensation is warranted.

Findings of Fact

1. PU Code § 739(b), as amended by AB 2443, directs the Commission to establish a standard limited allowance which shall be in addition to the baseline quantity of gas and electricity for residential customers dependent on life-support equipment. The limited additional allowance shall also be made available to paraplegic and quadriplegic persons, as well as to multiple sclerosis patients.

2. § 739(b) provides that the standard limited medical allowance shall be furnished at baseline rates, i.e., the lowest block of an increasing block rate structure for residential service.

3. § 739(b) directs that the standard limited medical allowance shall be implemented on a utility-by-utility basis by the Commission's first order resulting from the utility's first general rate proceeding decided on or after January 1, 1983 with an effective date not earlier than January 1, 1984.

4. The forms of medical lifeline allowances now in effect among California gas and electric utilities do not meet the

requirements of § 729(b), because that section requires the structure of the medical allowances to be standard and limited.

5. § 739(a) takes into account climatic variations in energy requirements in establishing baseline quantities. § 739(b) does not specifically provide for varying the medical allowance by climatic zones or seasons.

6. The adopted medical baseline allowances of 500 kWh per customer per month for electricity and 25 therms per month for gas, together with the adopted hardship mechanism, are consistent with the language and intent of amended § 739.

7. The adopted medical baseline allowances and the hardship mechanism will minimize adverse impacts upon customers currently receiving medical lifeline allotments and upon customers having unusually great life-support energy requirements.

8. The adopted medical baseline allowances and the hardship mechanism will result in minimal and relatively insignificant revenue impacts on ratepayers.

9. The adopted medical baseline allowances and the hardship mechanism are simple in concept and will be easy to administer.

10. The adopted medical baseline allowances and the hardship mechanism represent a fair and reasonable balancing of competing interests.

11. DREDF's recommended system of medical allowances based upon multiples of the first-tier rate block quantity is not consistent with the language and intent of § 739.

12. DREDF's recommendation that medical allowance be structured on a per person rather than a per customer basis would be difficult to administer. Such a structure would serve no useful purpose, because the hardship mechanism can be applied, where justified, to households having more than one medically qualifying resident.

13. The current outreach programs of respondent utilities are reasonably adequate.

14. Assurance of the continued effectiveness of outreach efforts requires that each California gas and/or electric utility annually provide written notice to each residential customer of the availability of medical energy allowance to qualifying persons.

15. The sample tariff language for establishing and administering the standard medical baseline allowance shown in Appendix A is a fair and reasonable guide for respondents to follow in substance.

Conclusions of Law

1. Respondents should be authorized and directed to file tariffs which conform in substance to Appendix A to this decision and which:

- a. Establish a standard monthly medical baseline allowance of 500 kWh of electricity and/or 25 therms of gas.
- b. Provide for determination, where indicated, of eligibility for the standard medical allowance by the certification of a licensed physician or osteopath.

2. Respondents should be directed to furnish at least once per year written notice to each residential customer of the availability of medical baseline allowances.

3. CNAT and DREDF have met their burden of demonstrating significant financial hardship as required by Rules 76.23 and 76.25.

O R D E R

IT IS ORDERED that:

1. Each electric and each gas utility shall implement the provisions of Ordering Paragraphs 2, 3, and 4 below, following issuance of the first Commission order resulting from the first general rate proceeding for that utility decided on or after January 1, 1983, with an effective date of not earlier than January 1, 1984, and coincident with baseline implementation. Pending that effective date, the medical lifeline allowances existing on December 31, 1982 shall remain in effect.

2. Each electric utility is authorized and directed to file tariffs which conform in substance to Appendix A to this decision and which establish a standard medical baseline allowance of 500 kWh per month per qualifying customer.

3. Each gas utility is authorized and directed to file tariffs which conform in substance to Appendix A to this decision and which establish a standard medical baseline allowance of 25 therms per month per qualifying customer.

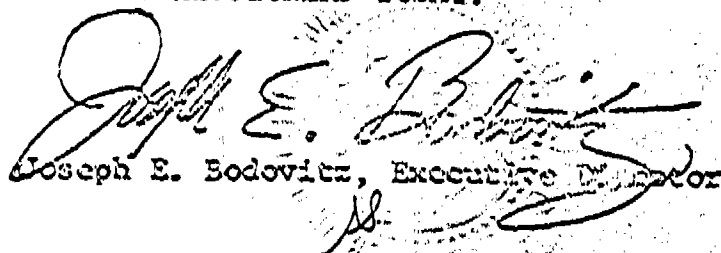
4. Each electric and each gas utility shall furnish at least once per year written notice to each residential customer of the availability of medical baseline allowances.

This order is effective today.

Dated January 19, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director

APPENDIX A

SAMPLE TARIFF LANGUAGE FOR
ESTABLISHING AND ADMINISTERING THE
STANDARD MEDICAL BASELINE ALLOWANCE

Standard Limited Allowance
For Medical End-Uses

A residential customer who certifies in writing (a) that regular use of a medical life-support device is essential to maintain the life of a full-time resident of the household, (b) that a full-time resident of the household is a paraplegic or quadriplegic person, and/or (c) that a full-time resident of the household is a multiple sclerosis patient, is eligible for a standard monthly medical baseline allowance in addition to the standard monthly nonmedical baseline allowance. The amount of the additional allowance shall be 500 kWh (25 therms).

If the customer believes the life-support device (including an air conditioner or space heater) upon which a full-time resident of the customer's household depends to sustain life requires more than 500 kWh (25 therms) to operate, the customer may apply for a higher allowance than that provided in this special condition. Upon receipt of the application, the utility shall make a determination based on the device's nameplate ratings and operating hours, of what additional number of kWh (therms) per month are required to operate the device. The additional allowance provided in this special condition shall be increased to the number of kWh (therms) per month, so determined, and rounded to the next higher 500 kWh (25 therms).

The utility may require certification by a doctor of medicine or osteopathy licensed to practice medicine in the State of California that a particular device is necessary to sustain the resident's life.

(END OF APPENDIX A)

intent of § 739(b). We believe that our adoption of standard monthly baseline allowances of 500 kWh per household for electricity and 25 therms for gas will reasonably meet the requirements and objectives of § 739(b). The evidence indicates that the administration of the hardship clause will not be unduly burdensome to the utilities or costly to the ratepayers.

Outreach

CNAT and DREDF contend that the current methods of the utilities for notification of customers and enrolling them in the medical lifeline allowance program are inadequate and should be revised.

From our review of the evidence in this proceeding, we conclude that none of the current outreach programs of the respondent utilities is seriously deficient. The utilities use several methods for alerting potential recipients of medical lifeline benefits of the existence of the energy allowance, including: (1) bill inserts, (2) information pamphlets in local offices, (3) media publicity, (4) community presentations, (5) word of mouth, and (6) contacts with medical associations and groups.

To assure the continued effectiveness of the utilities' outreach efforts we will direct that all California gas and/or electric utilities annually provide written notice to each residential customer of the availability of medical energy allowances to qualifying persons. *Furthermore, the utilities*

Certification

PG&E proposes that any customer certified by a physician as requiring additional energy to support a medical end-use should be entitled to receive the standard limited allowance. PG&E points out the difficulties inherent in adopting specific criteria, consistent with § 739, which would identify the type of illnesses and/or life-support equipment that would qualify a person to receive the standard medical allowance. As examples of the difficulties, PG&E cites the following questions:

Should take reasonable steps to inform customers who qualify for medical baseline allowances by the assistance provided under various utility conservation programs. This assistance includes low interest or zero interest loans, rebates, and direct weatherization.

- "1. Should pools and spas qualify as life-support equipment, just as kidney dialysis machines and iron lungs now do?
- "2. Should persons with arthritis be eligible to receive the allowance, or should it be limited to persons who are paraplegic or quadriplegic?"

We agree with PG&E that the answers to these questions are best provided by licensed physicians and osteopaths. We will accept PG&E's recommendation and defer the question of whether or not a customer should be eligible to receive the standard allowance to the medical profession. As a standard certification procedure we shall require each utility to incorporate in its tariff language substantially the same as that shown in Appendix A to this decision, entitled: "Sample Tariff Language for Establishing and Administering the Standard Medical Baseline Allowance."

Revenue Effects

From Table II it may be seen that the revenue impacts of establishing standard monthly medical baseline allowances of 500 kWh of electricity and 25 therms of gas would be relatively insignificant. Statewide, it amounts to about \$1.5 million for electric and \$800,000 for gas, or less. This would amount to about 0.05% of total electric utility revenues and about 0.03% of total gas utility revenues. The evidence indicates that the additional revenue loss from the hardship mechanism would be de minimus.

Compensation for Intervenors

On July 22, 1983, DREDF filed, under Article 18.6 of the Commission's Rules of Procedure, an NOI to claim compensation for its participation in this proceeding. In its NOI, DREDF has estimated its total costs of participation in this proceeding at \$7,992.

On August 9, 1983, CNAT also filed an NOI to claim compensation for its participation in this proceeding. In its NOI, CNAT has estimated the total cost of its participation at \$6,335.

The Rules of Procedure require that to be eligible for compensation the public participant must have substantially contributed to the adoption, in whole or in part, in a Commission order, of an issue. It is our opinion, based on a review of the participation of CNAT and DREDF that neither party has made the required contribution. Accordingly, the order herein will deny their eligibility for compensation. *15*
type inserted page.

Findings of Fact

1. PU Code § 739(b), as amended by AB 2443, directs the Commission to establish a standard limited allowance which shall be in addition to the baseline quantity of gas and electricity for residential customers dependent on life-support equipment. The limited additional allowance shall also be made available to paraplegic and quadriplegic persons, as well as to multiple sclerosis patients.

2. § 739(b) provides that the standard limited medical allowance shall be furnished at baseline rates, i.e., the lowest block of an increasing block rate structure for residential service.

3. § 739(b) directs that the standard limited medical allowance shall be implemented on a utility-by-utility basis by the Commission's first order resulting from the utility's first general rate proceeding decided on or after January 1, 1983 with an effective date not earlier than January 1, 1984.

4. The forms of medical lifeline allowances now in effect among California gas and electric utilities do not meet the requirements of § 729(b), because that section requires the structure of the medical allowances to be standard and limited.

5. § 739(a) takes into account climatic variations in energy requirements in establishing baseline quantities. § 739(b) does not specifically provide for varying the medical allowance by climatic zones or seasons.

6. The adopted medical baseline allowances of 500 kWh per customer per month for electricity and 25 therms per month for gas, together with the adopted hardship mechanism, are consistent with the language and intent of amended § 739.

7. The adopted medical baseline allowances and the hardship mechanism will minimize adverse impacts upon customers currently receiving medical lifeline allotments and upon customers having unusually great life-support energy requirements.

8. The adopted medical baseline allowances and the hardship mechanism will result in minimal and relatively insignificant revenue impacts on ratepayers.

9. The adopted medical baseline allowances and the hardship mechanism are simple in concept and will be easy to administer.

10. The adopted medical baseline allowances and the hardship mechanism represent a fair and reasonable balancing of competing interests.

11. DREDF's recommended system of medical allowances based upon multiples of the first-tier rate block quantity is not consistent with the language and intent of § 739.

12. DREDF's recommendation that medical allowance be structured on a per person rather than a per customer basis would be difficult to administer. Such a structure would serve no useful purpose, because the hardship mechanism can be applied, where justified, to households having more than one medically qualifying resident.

13. The current outreach programs of respondent utilities are reasonably adequate.

14. Assurance of the continued effectiveness of outreach efforts requires that each California gas and/or electric utility annually provide written notice to each residential customer of the availability of medical energy allowance to qualifying persons.

15. The sample tariff language for establishing and administering the standard medical baseline allowance shown in Appendix A is a fair and reasonable guide for respondents to follow in substance.

16. Neither CNAT or DREDF substantially contributed to the adoption, in whole or in part, in this decision, of an issue.

Conclusions of Law

1. Respondents should be authorized and directed to file tariffs which conform in substance to Appendix A to this decision and which:

- a. Establish a standard monthly medical baseline allowance of 500 kWh of electricity and/or 25 therms of gas.
- b. Provide for determination, where indicated, of eligibility for the standard medical allowance by the certification of a licensed physician or osteopath.

2. Respondents should be directed to furnish at least once per year written notice to each residential customer of the availability of medical baseline allowances.

3. CNAT and DREDF should not be awarded compensation for their participation in this proceeding.

O R D E R

IT IS ORDERED that:

1. Each electric and each gas utility shall implement the provisions of Ordering Paragraphs 2, 3, and 4 below, following issuance of the first Commission order resulting from the first general rate proceeding for that utility decided on or after January 1, 1983, with an effective date of not earlier than January 1, 1984, and coincident with baseline implementation. Pending that effective date, the medical lifeline allowances existing on December 31, 1982 shall remain in effect.

2. Each electric utility is authorized and directed to file tariffs which conform in substance to Appendix A to this decision and which establish a standard medical baseline allowance of 500 kWh per month per qualifying customer.

3. Each gas utility is authorized and directed to file tariffs which conform in substance to Appendix A to this decision and which establish a standard medical baseline allowance of 25 therms per month per qualifying customer.

4. Each electric and each gas utility shall furnish at least once per year written notice to each residential customer of the availability of medical baseline allowances.

5. CNAT and DREDF are not eligible for compensation for their participation in this proceeding.

This order is effective today.

Dated JAN 19/1984, at San Francisco, California.

LEONARD M. GRIMES, JR.

President

VICTOR CALVO

FRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners