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**Subject: DIVISION OF RATEPAYER ADVOCATES COMMENTS ON
DRAFT RESOLUTION CSID-004**

1. INTRODUCTION

In accordance with California Public Utilities Code section 311(g) and Rule 14.5 of the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC), the Division of Ratepayer Advocates (DRA) submits these Comments on Draft Resolution CSID-004. DRA supports the Draft Resolution because it is likely to advance the Commission's goal of reducing energy service disconnections¹ and because it is consistent with the statutory purpose of the California Alternative Rates for Energy program.² DRA respectfully requests that the Commission adopt the Draft Resolution with the modifications DRA proposes herein.

The Draft Resolution expands the CPUC's Telecommunications Education and Assistance in Multiple-Languages (TEAM) program to energy education and assistance. TEAM provides outreach, education and complaint resolution related to telephone bills, and is targeted to limited English proficient (LEP) consumers. As proposed by the CPUC's Consumer Service and Information Division (CSID), the Draft Resolution would use \$500,000 in California Alternate Rates for Energy (CARE) funding in 2011 to add a similar pilot program related to energy bills, called Community Help and Assistance for Natural Gas and Electric Services (CHANGES). Based on the results of the pilot program in 2011, CSID may recommend that the Commission continue the program in future years and recommend a more permanent funding mechanism.

DRA supports this Resolution because LEP customers need the type of energy and bill counseling that the CHANGES program will provide. Additionally, there are economies of scope when a consumer comes to

¹ The Commission opened Rulemaking 10-02-005 in February 2010 to reduce energy utility service disconnections.

² See, e.g., Cal. Pub. Util. Code §§ 739.1(f) and 739.4(b); see also Cal. Pub. Util. Code § 382(b).

TEAM Community Based Organizations (CBOs) looking for utility bill help and can be assisted with both types of utility bills. Finally, the CHANGES proposal has a strong evaluative component.

For clarity's sake, DRA recommends that the Draft Resolution identify the dominant challenges facing energy customers, such as avoiding disconnections. DRA also recommends that the Resolution expand on the evaluative metrics to include a measure of the pilot program's impact on reducing disconnections. Finally, DRA recommends that the Draft Resolution justify the use of CARE funds for a non-income qualified program by identifying the overlap between low-income customers and LEP customers.

2. CSID-004 SHOULD HIGHLIGHT THE DIFFERENCES OF CHANGES FROM TEAM SINCE ENERGY CUSTOMERS FACE DIFFERENT CHALLENGES THAN TELECOMMUNICATIONS CUSTOMERS

The Draft Resolution focuses on the telecommunications landscape to describe the context in which the TEAM program developed and does not identify the distinct challenges customers face with energy utilities. As the Draft Resolution describes, TEAM was created to help LEP consumers navigate a competitive telecommunications market with unregulated rates and new charges. Phone customers must choose from a menu of products. Some telecommunications marketers or resellers would take advantage of consumers with limited English skills and market products or services the consumer did not want or understand, and there were allegations of fraud. "CBOs raised many concerns about fraudulent and abusive activities targeted at LEP telecommunications consumers. These issues include "bait and switch" sales tactics, the misrepresentation of terms of wireless phone contracts or pre-paid phone cards by carrier-authorized and unauthorized agents/dealers/resellers, and other possible scams that involve misleading advertising or bad faith on the part of a carrier or dealer/agent, reseller."³ Having TEAM CBOs provide assistance gives the LEP consumer the ability to counteract deceptive marketing practices.

The expansion of TEAM is an outcome of Rulemaking (R.)10-02-005, which the Draft Resolution should describe in order to make clear the problem that CHANGES is intended to solve. The intent of R.10-02-005 is to reduce energy service disconnections, and the Commission is concerned that LEP customers may need additional help in avoiding service disconnection. "We agree that many important communications may not be received when there is a language barrier. Consequently, communications directed at some customers faced with potential disconnection may be either ignored or not understood."⁴ In its Interim Decision 10-07-048, the Commission directed, "The role of customer service representatives and consideration to allow customers to select a language for utility communications will be addressed through a "Pilot Program" initiated by the Commission's Consumer Service and Information Division."⁵

For the most part, natural gas and electric customers navigate a different type of market. Most California consumers do not have a choice of energy companies. Since gas and electric rates and services are still regulated, customers are not subjected to marketing tactics when they contact their energy service provider to the same extent as customers of telecommunications providers. However, energy service customers must navigate a thicket of rate information and must understand what drives usage, in order to manage

³ CPUC Consumer Services and Information Division, Telecommunications Division, and Consumer Protection and Safety Division, *Challenges Facing Consumers With Limited English Skills in the Rapidly Changing Telecommunications Marketplace*, Oct. 5, 2006, pp. 76-77.

⁴ D.10-07-048, p. 18.

⁵ Administrative Law Judge's Ruling Providing Opportunity for Comments and Addressing Other Phase II Issues, Aug. 25, 2010, R.10-02-005, p.2.

their energy bills and keep usage (and therefore bills) as low as possible. Navigating this information is especially important for lower income households, as the Commission has made clear in previous decisions. In the Low Income Energy Programs proceeding, (A.08-05-022 *et al.*) the Commission issued Decision (D.) 08-11-031 approving nearly one billion dollars annually to assist low-income energy consumers through rate discounts and home retrofits. In that decision, the Commission directed the utilities to prioritize customers for outreach with high energy use, high energy burden, or high energy insecurity.⁶ As defined in D.08-11-031, “[e]nergy burden represents the portion of a household’s total income that is spent on energy bills; households that spend a large portion of income on such bills have a high energy burden,” and “[h]igh energy insecurity refers to customers who have trouble paying their bills, late payments, and actual or threatened utility shutoffs.”⁷

3. CSID-004 SHOULD DESCRIBE THE EDUCATION THAT CUSTOMERS WILL RECEIVE FROM CHANGES, AND THE BENEFITS THAT WILL ACCRUE TO LEP CUSTOMERS FROM THIS EDUCATION

Because energy bill issues are distinct from telecommunications bill issues, the Draft Resolution should discuss the education that CHANGES will provide to energy consumers. This education and counseling should include 1) bill management, 2) reducing energy usage through efficiency and conservation, and 3) avoiding service disconnection. The energy utilities’ LIEE program already provides this type of information,⁸ and this should be coordinated with the training provided to the CHANGES CBOs.

4. CSID-004 SHOULD SPECIFY EVALUATIVE METRICS TO ASSESS THE ABILITY OF THE CHANGES PILOT TO IMPROVE BILL MANAGEMENT AND REDUCE DISCONNECTIONS

The Draft Resolution should incorporate new evaluative metrics for CHANGES in addition to the metrics used to evaluate TEAM. The first TEAM annual report tracks dollars recovered for consumers via complaint resolution, an excellent demonstration of the program’s value. For the CHANGES program, the LEP customers should be better equipped to manage their energy bills. This can be measured by fewer late payments, fewer disconnection notices, and fewer disconnections. A third and final metric could be reduced energy usage, either via free energy efficiency installations and upgrades, or through conservation.

5. CSID-004 SHOULD JUSTIFY THE USE OF CARE FUNDS BY DEMONSTRATING THE OVERLAP BETWEEN LEP CUSTOMERS AND CARE CUSTOMERS

The Draft Resolution does not adequately justify the use of CARE funds for the pilot and should do so by discussing any basis that the LEP customers served by CHANGES will also be low income. The Draft Resolution’s Finding of Fact No. 5 states: “Section 739.4(b), PU Code requires the utilities to provide services to help low income utility customers and seniors to avoid unnecessary disconnections by providing information about assistance programs, payment arrangements and level payment plans.” Based on the clientele served by the TEAM program, the Draft Resolution should indicate that the majority of clients served are estimated to be low-income. For example, the Resolution could cite to the number of

⁶ Decision 08-11-031, Conclusion of Law #1.

⁷ D.08-11-031, Finding of Facts #12-13.

⁸ As dictated by the Low Income Energy Efficiency Policy and Procedures Manual, Section 4.4, approved on August 31, 2010 by the Ruling of the Assigned Commissioner and Administrative Law Judge in A.08-05-022, et. Al.

clients enrolled in Lifeline that were served by TEAM.⁹ Because Lifeline has lower income requirements, likely more clients served by the TEAM CBOs would qualify for CARE. Additionally, the Low-Income Needs Assessment performed in 2008 estimates that English is not the first language spoken in 38% of low-income homes.¹⁰

6. CONCLUSION

The Draft Resolution's CHANGES pilot program will very likely bring much needed assistance to LEP electric and gas customers. The program design is strong and proven as it is based on the Commission's existing TEAM program. However, the Draft Resolution should identify CHANGES as part of the Commission's intention to reduce service disconnections, and should better describe the proposed evaluative metrics for the pilot to see if CHANGES does indeed have this effect.

Sincerely,

/s/ Linda Serizawa

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cc: Service List of Rulemaking 10-02-005

⁹ The First Team Annual Report covering 2008 reports that out of 823 clients, 522 were already enrolled in Lifeline and 301 were not. *TEAM COLLABORATIVE ANNUAL REPORT*, June 16, 2008 – February 15, 2008.

¹⁰ California Public Utilities Commission, Phase II Low-Income Needs Assessment, Final Report, September 7, 2007, p. 4-13.

