

Application: A.23-11-XXX
Witness: Ashok Lad
Chapter: 4

**PREPARED TESTIMONY OF
ASHOK LAD
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
(CPPMA)**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



November 3, 2023

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**PREPARED TESTIMONY OF ASHOK LAD
(CPPMA)**

3 **I. PURPOSE**

4 The purpose of this testimony is to present the background of Southern California Gas
5 Company's (SoCalGas) COVID-19 Pandemic Protections Memorandum Account (CPPMA),
6 which is used to record the incremental costs and waived charges incurred by SoCalGas
7 associated with providing the emergency customer protection measures adopted in Decision
8 (D.)19-07-015¹ via Resolution (Res.) M-4842 as well as D.21-06-036 and otherwise offered in
9 SoCalGas's discretion.² A summary of actions taken to implement protections and other ordered
10 programs and activities as well as the total costs recorded to the CPPMA are presented in this
11 testimony.

12 For the costs recorded in the CPPMA, SoCalGas used the same standard for
13 reasonableness as described in the prepared testimony of Leslie Hayles (Chapter 3). The costs
14 recorded in SoCalGas's CPPMA included in this testimony are reasonable and subject to rate
15 recovery upon approval by the California Public Utilities Commission (Commission) because the
16 costs and related activities that SoCalGas undertook and recorded in the CPPMA were consistent
17 with the emergency customer protections measures allowed by the relevant decisions and
18 resolutions. The revenue requirement associated with the CPPMA is included in the prepared
19 testimony of Jenny Chhuor (Chapter 5).

¹ D.19-07-015 was issued in the Order Instituting Rulemaking Regarding Emergency Disaster Relief Program (R.18-03-011) on July 19, 2019.

² Res. M-4842 at 4.

1 **II. COVID-19 PANDEMIC PROTECTIONS MEMORANDUM ACCOUNT**

2 **A. Background and Authority to Recover Costs Recorded to the CPPMA**

3 In D.19-07-015, the Commission implemented a Disaster Relief Program (DRP) and
4 established a set of minimum emergency disaster customer protections that the utilities are
5 directed to implement in the event of a declared emergency. Pursuant to Ordering Paragraph
6 (OP) 1, emergency disaster customer relief protections shall apply to utility customers in areas
7 affected by a disaster declared a state of emergency by the Governor of California or the
8 President of the United States. Further, OP 2 requires that when a disaster has either resulted in
9 the loss or disruption of the delivery or receipt of utility service and/or resulted in the
10 degradation of the quality of utility services, the utilities submit a Tier 1 Advice Letter (AL)
11 within 15 days of the Governor’s state of emergency declaration or a presidential state of
12 emergency proclamation reporting compliance with D.19-07-015 mandated emergency disaster
13 customer relief protections.

14 On March 4, 2020, Governor Newsom declared a state of emergency in response to the
15 outbreak of novel coronavirus, COVID-19.³ On March 13, 2020, President Trump signed an
16 Emergency Declaration to facilitate a federal response to the then emerging COVID-19
17 pandemic.⁴ On March 17, 2020, the Commission’s Executive Director sent a letter to the

³ Office of Governor Gavin Newsom, “Governor Newsom Declares State of Emergency to Help State Prepare for Broader Spread of COVID-19” (March 4, 2020). *Available at:* <https://www.gov.ca.gov/2020/03/04/governor-newsom-declares-state-of-emergency-to-help-state-prepare-for-broader-spread-of-covid-19/>.

⁴ “Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak” (March 13, 2020). *Available at:* <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-nationalemergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>.

1 California energy companies addressing emergency customer protections to support customers
2 affected by the COVID-19 pandemic.⁵

3 On March 19, 2020, SoCalGas submitted Tier 1 AL 5604, implementing its emergency
4 DRP for customers impacted by the COVID-19 pandemic pursuant to OP 1 of the D.19-07-015
5 and the Commission Executive Director’s March 17, 2020, letter, and retroactively applied
6 customer protections to March 4, 2020, the start date of Governor Newsom’s emergency
7 proclamation.⁶ While COVID-19 has neither resulted in the loss or disruption in the delivery of
8 receipt of utility service, nor has it resulted in the degradation of the quality of utility service,
9 SoCalGas implemented the customer protections described in AL 5604 with the understanding
10 that the COVID-19 pandemic emergency could cause customers economic hardship associated
11 with either illness or mandated prevention measures, such as school and business closures.

12 On April 16, 2020, the Commission issued Res. M-4842, ratifying the directions provided
13 in the Commission’s Executive Director’s March 17, 2020, letter. Specifically, Res. M-4842
14 orders electric, gas, communications, and water and sewer corporations in California to
15 implement the applicable customer protections described in the D.19-07-015 (or justify why the
16 protections are not applicable to a pandemic emergency); submit a Tier 2 AL describing all
17 reasonable and necessary actions to implement certain Emergency Customer Protections
18 contained in the resolution to support California customers; and authorizes the electric, gas,
19 communications, and water and sewer corporations to establish the CPPMA to track and recover

⁵ Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpucwebsite/content/news_room/newsupdates/2020/exec-director-letter-to-energy-companies-re-covid19-march-17-2020.pdf.

⁶ See: <https://www2.socalgas.com/regulatory/tariffs/tm2/pdf/5604.pdf>.

1 incremental costs associated with complying with the resolution.⁷ Regarding recovery of these
2 costs, Res. M-4842 states:

3 “In order to allow for recovery of expenses reasonably incurred while complying with
4 this Resolution, electric and gas utilities subject to this Resolution shall each establish a
5 [CPPMA] to book only those costs associated with protections ordered by this
6 Resolution. The recorded costs must meet the following conditions: (1) those ordered by
7 this Resolution; and (2) incurred starting with the date of the Governor’s emergency
8 declaration - March 4, 2020. The review of these costs for possible collection in rates will
9 be conducted in a General Rate Case, a Biennial or Triennial (as applicable) Cost
10 Allocation Proceeding, the Energy Resource Recovery Account, or another proceeding.
11 This affords Commission staff an opportunity to review any incremental expense
12 associated with this Resolution.”⁸

13 As noted, SoCalGas had previously implemented many of the Emergency Customer
14 Protections ordered by Res. M-4842 in AL 5604.

15 On May 22, 2020, consistent with Res. M-4842, SoCalGas submitted Supplemental AL
16 5604-B to describe the protections it was offering its customers, explain which customer
17 protections were inapplicable during the COVID-19 pandemic, and confirm the costs to be
18 tracked associated with COVID-19 customer protections. Additional detail regarding the
19 customer protections SoCalGas implemented in AL 5604-B is provided in Section 2.B.1 below.

20 On February 11, 2021, the Commission adopted Res. M-4849 which extended the relief
21 from Res. M-4842 until June 30, 2021.

⁷ Res. M-4842 at OP 4 (stating that gas utilities subject to this Resolution “may request authorization to track and recover incremental costs associated with complying with this resolution.”)

⁸ Res. M-4842 at 6.

1 On June 30, 2021, the Commission adopted D.21-06-036 to address customer utility debt
2 via automatic enrollment in long-term payment plans and deferred disconnections through
3 September 30, 2021. The customer protections SoCalGas implemented pursuant to D.21-06-036
4 are detailed in Section 2.B.2 below. D.21-06-036 states “costs associated with activities to
5 implement today’s orders, including securing access to state and federally funded COVID-19
6 arrearage relief programs on behalf of their customers, are included among the types of costs that
7 energy utilities may track in COVID-19 Pandemic Protection Memorandum Accounts authorized
8 by Commission Resolution M-4842.”⁹ Recovery of these costs is authorized by OP 7 which
9 states, “[t]o the extent that the energy utilities require additional budgets to implement today’s
10 orders, they may track costs in their existing COVID-19 Pandemic Protection Memorandum
11 Accounts authorized by Commission Resolution M-4842, which will be subject to Commission
12 review applicable to such memorandum accounts in accordance with Commission Resolution E-
13 3238 and Section 454.9 of the California Public Utilities Code.”¹⁰

14 **B. Adopted Customer Protections and Other Ordered Programs and Activities**

15 **1. Resolution M-4842**

16 In recognition of the potential for economic hardship due to COVID-19, the Commission
17 issued Res. M-4842, mandating that SoCalGas offer specific Emergency Customer Protections,
18 where applicable, for “residential and small business customers for up to one year from the date
19 of [the] Resolution, with the option to extend.”¹¹ As set forth in further detail below and in
20 SoCalGas’s Supplemental AL 5604-B submitted on May 22, 2020, SoCalGas implemented the

⁹ D.21-06-036 at Conclusions of Law 7.

¹⁰ Id at OP 7.

¹¹ Res. M-4842 at 4-6 (listing 12 specific mandated actions) and OP 5. As noted above, SoCalGas understands Res. M-4842’s protections for “residential and small business customers” to mean “core customers.”

1 applicable Emergency Customer Protections specified in Res. M-4842 for all residential
2 customers regardless of usage and non-residential core customers using less than 10,000 therms
3 in the previous 12 months.¹² Supplemental AL 5604-B also described the protections SoCalGas
4 was offering its customers, explained which customer protections were inapplicable during the
5 COVID-19 pandemic, detailed SoCalGas’s customer outreach regarding those Emergency
6 Customer Protections, and confirmed the costs to be tracked associated with COVID-19
7 customer protections.

8 **a. Emergency Customer Protections Adopted from Res. M-4842**

9 SoCalGas implemented the following applicable Emergency Customer Protections
10 identified in Res. M-4842 as described in more detail in AL 5604-B:

- 11 • Waive deposit requirements for residential and eligible non-residential core
12 customers seeking to re-establish service. At the request of the Commission’s Energy
13 Division, SoCalGas extended waiving of deposits to also cover customers seeking to
14 establish new service.
- 15 • Implement payment plan options for residential and eligible non-residential
16 customers.
- 17 • Suspend disconnection for non-payment and associated fees, waive deposit
18 requirements for residential customers and eligible non-residential customers, and
19 waive late fee requirements. Additionally, SoCalGas committed to restore service for
20 all core customers disconnected at any point in 2020 with no required reconnection
21 fees and no late fees.

¹² On June 4, 2020, SoCalGas submitted AL 5604-C which clarified that the protections pursuant to Res. M-4842 also applied to small business customers using less than 10,000 therms annually.

- 1 • Freeze all standard reviews for California Alternate Rate for Energy (CARE) program
2 eligibility; Contact community partners who assist in enrolling hard-to-reach low-
3 income customers in CARE. Partnered with the program administrator of the
4 customer funded emergency assistance to increase the assistance limit amount.
- 5 • Suspend all CARE program removals to avoid unintentional loss of the discounted
6 rate during the period for which the customer is protected under these customer
7 protections.
- 8 • Discontinue generating all recertification and verification requests that require
9 customers to provide their current income information.
- 10 • Include these customer protections as part of their larger community outreach and
11 public awareness plans under Section 8386(c)(16)(b).

12 In addition, citing to the Commission’s prior DRP Decisions (D.19-07-015 and D.19.08-
13 025), Res. M-4842 encouraged utilities to go beyond the mandated protections where
14 appropriate:

15 “These customer protections are a floor, not a ceiling. As we stated in D.19-07-015 and
16 D.19-08-025, we support and encourage the utilities and communications service
17 providers to do more to help Californians in this time of need. The utilities and
18 communications service providers have the discretion to add additional customer relief
19 efforts that are unique to their customers’ experience, or the specific type of damage a
20 customer may suffer from as a result of COVID-19.”¹³

21 As such, SoCalGas also took the following additional actions:

¹³ *Id* at 4; see also D.19-08-025 at 34; D.19-07-015 at 2.

- 1 • Voluntarily suspended benefit of prior service investigations so that customers
2 continue to have essential utility services regardless of the payment status of the prior
3 occupant.
- 4 • Approved applications for new service for customers unable to confirm their identity
5 in accordance with the full requirements of FACTA.
- 6 • Suspended referral of closed accounts to third party collection agencies.
- 7 • Proactively removed cash only status from accounts to allow customers to use self-
8 service payment options.
- 9 • Voluntarily extended the moratorium on disconnections beyond the end of automatic
10 enrollment in COVID-19 Relief Payment Plans.¹⁴

11 **b. Some Emergency Customer Protections Were Not Applicable**

12 The following Emergency Customer Protections identified in Res. M-4842 were not
13 applicable due to the special circumstances of COVID-19 (also as described in SoCalGas's AL
14 5604-B):

- 15 1. Expedite move in and move out service request.
- 16 2. Stop estimated usage for billing attributed to the time period when a home/unit
17 was unoccupied as a result of the emergency.
- 18 3. Identify the premises of affected customers whose utility service has been
19 disrupted or degraded and discontinue billing these premises without assessing a
20 disconnection charge.
- 21 4. Prorate any monthly access charge or minimum charges.

¹⁴ COVID-19 Relief Payment Plans are discussed in more detail in Section II.B.2.c.

1 5. Offer repair processing and timing assistance and timely access to utility customer
2 Pursuant to Section 8386(c)(18).

3 6. Meet and confer with the Community Choice Aggregators as early as possible to
4 discuss their roles and responsibilities for each emergency customer protection.

5 As previously noted, the relief provided in Res. M-4842 was extended through June 30,
6 2021, with the adoption of Res. M-4849 on February 11, 2021.

7 **c. Incremental Costs Incurred for Implementing Emergency**
8 **Customer Protections**

9 SoCalGas incurred incremental costs to implement the Emergency Customer Protections
10 identified in AL 5604-B, pursuant to Res. M-4842, as its Customer Information System (CIS)
11 and related systems required modifications to do the following:

- 12 • Stop requests for new or additional deposits to reestablish credit for slow payment,
13 non-payment of bills or as a pre-requisite for service restoration following a
14 disconnection for non-payment.
- 15 • Waive deposits for new eligible core customers seeking to establish service.
- 16 • Stop issuing late payment notices and stop generating fielded orders for collections
17 and service termination for non-payment.
- 18 • Waive late payment charges.
- 19 • Discontinue generating requests that require customers to provide their current
20 income information as part of the CARE Program Post-enrollment Verifications
21 (PEV) and Re-certification.
- 22 • Suspend CARE Removals.
- 23 • Waive Medical Baseline certifications.

1 After the expiration of the customer protections, SoCalGas started to lift the protections.
2 SoCalGas resumed CARE Recertifications and PEVs and removed customers who could not
3 demonstrate their eligibility. After the expiration of the California Arrearage Payment Plan
4 (CAPP) moratorium,¹⁵ SoCalGas resumed issuing non-residential late payment notices, non-
5 residential field collection orders, and non-residential late payment fees, and resumed Medical
6 Baseline Recertifications. Deposits and reconnection fees for residential customers were
7 eliminated by D.20-06-003¹⁶ and so were not reinstated. SoCalGas also initiated the processes of
8 lifting the moratorium on disconnections in accordance with direction provided by Res. M-4849,
9 but later paused the activity and extended the moratorium in compliance with the mandates in
10 D.21-06-036 described below.

11 SoCalGas recorded charges through September 30, 2023, of \$1.490 million in outreach
12 and system modifications costs for the ordered efforts, as listed above in Section II.B.1.a-c. The
13 charges also cover the costs to create system functionality necessary to apply the 2021 CAPP
14 relief funding to customer accounts. SoCalGas also waived \$2.068 million in reconnection fees
15 and Late Payment Charges, for a total of \$3.558 million as shown in Table AL-1 below.

16 Associated with these efforts was the incremental printing, postage, and remittance processing
17 costs related to outreach to inform customers of the restart of collections activities and programs,
18 and options available to avoid service interruption. SoCalGas also had to re-assign employee
19 labor to perform the system and technology modifications and bring in additional labor resources
20 to help support with the modifications or backfill the re-assigned positions to cover the other on-
21 going assignments.

¹⁵ The CAPP program is discussed in more detail in Section 2.B.3 of this testimony.

¹⁶ D.20-06-003 was issued in R.18-07-005, adopting rules and policy changes to reduce residential customer disconnections for the larger energy utilities.

Table AL-1
COVID-19 Pandemic Protections Memorandum Account
Costs Related to Res. M-4842 and CAPP 2021¹⁷
as of September 30, 2023

Activity	Charge Type	Charge (000s)
Outreach	Mail-Postage	55.7
	Advertising & Marketing	0.3
	Overhead	0.9
	Print/Graphics	3.4
	Labor	0.6
Systems And Technology	CIS Contract Labor	81.3
	CIS Employee Labor	493.6
	Customer Operations Technology Labor	5.9
	Data Warehouse	1.0
	IT Program Management Labor	24.9
	IT Program Management Contract Labor	10.6
	Interactive Voice Response Labor	0
	Overhead	511.8
	Other	2.4
	Program Management Contract Labor	82.9
	Program Management Labor	96.8
	Postage	69.1
	Print/Graphics	28.0
	Policy Support	20.5
	Remittance Processing	0.5
Total Outreach and Systems and Technology		1,489.7
Waived Fees and Charges	Waived Late Payment Charges	1,688.9
	Waived Reconnection Fees	378.8
Total Waived Fees and Charges		2,067.7

1 **2. Decision 21-06-036**

2 **a. Background**

3 On February 11, 2021, the Commission adopted the *Order Instituting Rulemaking to*
4 *Address Energy Utility Customer Bill Debt Accumulated During the COVID-19 Pandemic*, or the
5 Bill Debt OIR.¹⁸ The Bill Debt OIR considered the need for implementing special relief

¹⁷ Refer to Section 2.B.3 below regarding the California Arrearage Payment Program (CAPP).
¹⁸ See: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M366/K563/366563533.PDF>.

1 mechanisms for customers unable to pay their energy bills during the pandemic, including
2 whether to implement a long-term payment plan for customers. On June 30, 2021, the
3 Commission adopted D.21-06-036 addressing, among other things, energy utility customer bill
4 debt via automatic enrollment in long term payment plans. The customer protections provided
5 by D.21-06-036, detailed below, extended the disconnection moratorium, required automatic
6 enrollment in COVID-19 Relief Payment Plans (COVIDRPP), required reporting of Investor-
7 Owned Utilities' (IOU) Community Based Organizations (CBO) networks, and a pilot program
8 proposal for outreach and verbal counseling to Small Business customers.

9 **b. Extension of the Disconnection Moratorium**

10 OP 1 of D.21-06-036 extended the disconnection moratorium initially provided in Res.
11 M-4842 from June 30, 2021, to September 30, 2021, to give energy utilities enough time to
12 automatically enroll customers in COVIDRPPs as discussed below.

13 **c. COVID-19 Relief Payment Plans**

14 OPs 2 and 3 of D.21-06-036 ordered energy utilities to automatically enroll residential
15 and small business customers in COVIDRPPs pursuant to the guidelines provided in Appendices
16 A through D of the decision. The COVIDRPPs provided eligible customers with additional time
17 (two years) to pay off their energy bill debt. SoCalGas incurred incremental expenses related to
18 automatic customer enrollment in the COVIDRPPs due to the activity outlined below.

19 **i. Customer Communications**

20 SoCalGas performed outreach to residential and small business customers to provide
21 information about the COVIDRPPs established in D.21-06-036 to mitigate customer confusion.
22 The following notifications were sent to customers:

- 23 • **COVIDRPP Pre-notification Letter** - Prior to the auto-enrollment on September 30,
24 2021, SoCalGas ran a query to identify residential and small business customers with

1 outstanding balances, who met the criteria for COVIDRPP auto-enrollment. This list
2 of customers was finalized on August 23, 2021, and used to send email and direct
3 mail communications informing customers of the planned auto-enrollment scheduled
4 to take place, and of their eligibility. A link to SoCalGas's website with additional
5 COVIDRPP information was also included.

- 6 • **COVIDRPP Enrollment Notification Letter** – Once auto-enrolled, residential and
7 small business customers received a direct mail notification confirming their
8 enrollment and outlining the details of their plans. A link to SoCalGas's website with
9 additional COVIDRPP information, as well as the phone number to speak to a
10 customer service representative about the plans or customer accounts statuses.
- 11 • **COVIDRPP Missed Payment Notification Letter (small business customers only)**
12 – Per Appendix C of D.21-06-036, utilities are required to provide written notice to
13 the customer of any missed payments. Once a small business customer who was
14 actively enrolled in a COVIDRPP missed a payment, a direct mail letter was sent
15 informing the customer that a payment was missed, details about their payment plan,
16 and their total past due balance.
- 17 • **COVIDRPP Termination Notification Letter** - Per Appendices A and C of D.21-
18 06-036, utilities are required to provide written notice to the customer upon removal
19 from the payment plan. As outlined in the D.21-06-036, customers who were actively
20 enrolled in residential or small business COVIDRPPs and exceeded the number of
21 allowable missed payments per program guidelines were removed from the plans.
22 These customers received a notification letter informing them of their removal, as
23 well as their outstanding past due balances. Additionally, a link to payment

1 assistance options and the phone number to speak to a customer service representative
2 were also provided in these notifications.

3 To develop the notifications described above, SoCalGas incurred incremental costs of
4 \$22.6 thousand on Advertising and Marketing and \$18.2 thousand on Marketing Postage. These
5 charges are included in Table AL-2.

6 **ii. Printing and Mailing Notifications**

7 SoCalGas Data Distribution printed and mailed over 2 million documents as described
8 above to participants in the COVIDRPP via United States Postal Service at a total incremental
9 cost of \$980 thousand. This cost is included in Table AL-2.

10 **iii. Systems and Technology**

11 The directive for automatic enrollment in COVIDRPPs required system changes to allow
12 for the automation of the following:

- 13 • Eligibility indicators to ensure that as soon as customers became eligible, they would
14 be automatically enrolled in a plan.
- 15 • CIS changes to create 24-month payment plans for residential customers, and
16 customized length (minimum of 24 months) payment plans for small business
17 customers.
- 18 • Sending notification letters triggered by events such as enrollment, termination, and
19 missed payments (small business customers only).

20 The incremental labor costs related to the system changes described above are included in
21 Table AL-2 below.

1 **iv. Contract Labor**

2 SoCalGas hired a contract Project Manager for the COVIDRPP implementation at a cost
3 of \$91.5 thousand, contract testers and a test manager at a cost of \$31.9 thousand, contract
4 programmers for the Interactive Voice Response (IVR) modifications at a cost of \$50.1 thousand
5 and contract programmers for CIS modifications at a cost of \$16.9 thousand. These incremental
6 contract labor charges are included in Table AL-2.

7 **v. Requirements, Design, and Testing**

8 SoCalGas utilized in-house labor for Program Management and requirements design and
9 testing for IVR and CIS. SoCalGas incurred a total incremental cost of \$234.8 thousand for
10 replacement labor to provide continued support for the on-going assignments. These incremental
11 charges are included in Table AL-2.

12 **vi. Overhead**

13 SoCalGas allocated a total of \$191.2 thousand of Operation and Maintenance (O&M)
14 related overhead costs associated with the incremental internal and contract labor costs incurred.
15 Common overheads are systematically added to the direct cost component as part of SoCalGas's
16 overhead allocation process for both capital and O&M work. These overheads apply to both
17 direct labor (e.g., Pension and Benefits, Workers' Compensation, Incentive Compensation Plan,
18 Vacation and Sick Time), and non-labor costs (e.g., Purchasing, Warehousing, Material and
19 Small Tools). The corresponding labor costs and associated overhead costs listed in table AL-2
20 are considered incremental and therefore included in the CPPMA since these costs would not
21 have been otherwise incurred.

1 **d. Community Based Organizations Network Reporting, the**
2 **Small Business Pilot, and the CBO Pilot Pursuant to D.22-04-**
3 **037**

4 In addition to the automatic enrollment of customers in COVIDRPPs, D.21-06-036
5 required the IOUs to jointly file two separate Tier 2 Als: 1) a reporting template that displays the
6 IOUs' current CBO networks, the structures for compensating CBOs, and that reveals each
7 CBO's links and benefit delivered to certain communities and customers and 2) a pilot plan
8 proposal for outreach and verbal counseling to Small Business customers located in
9 disadvantaged communities on appropriate programs, incentives, and rates available to lower
10 their bills (Small Business Pilot).¹⁹ Further, in a separate decision adopted on April 7, 2022, in
11 the Bill Debt OIR, D.22-04-037 required the development of a CBO Case Management Pilot
12 Program (CBO Pilot) to reduce arrearages associated with the COVID-19 pandemic. In addition
13 to the CBO Pilot, IOUs were ordered to produce a single statewide database and map of CBOs.
14 D.22-04-037 identified the CPPMA as the most readily available source of funding specific to
15 COVID-19 relief efforts to be used to fund the pilot as well as the database and map.²⁰ The need
16 for policy support covering these programs established by the Bill Debt OIR was identified and
17 additional staff was hired.

18 SoCalGas recorded \$50.9 thousand in incremental consulting charges and less than \$1
19 thousand of incremental overheads for development and operation of the statewide database and
20 map of CBOs. The incremental consulting and overhead costs are included in Table AL-2.

¹⁹ D.21-06-036 at OPs 8 and 9.

²⁰ D.22-04-037 at 28.

e. **Incremental Costs Incurred from D.21-06-036 and D.22-04-037**

The incremental costs SoCalGas incurred related to implementation of relief activities provided in D.21-06-036 (i.e., automatic enrollment in the COVIDRPP) and D.22-04-037 (i.e., developing a CBO database and map) through September 30, 2023, are included in Table AL-2 below.

Table AL-2 COVID-19 Pandemic Protections Memorandum Account Costs Related to D.21-06-036 and D.22-04-037 as of September 30, 2023	
Charge Type	Charge (000s)
Advertising and Marketing	\$ 22.6
Postage – Marketing	\$ 18.2
Printing and Postage for Customer Notifications	\$ 980.0
Contract Labor	
Systems and Technology Contract Labor	\$ 16.9
IVR – Contract Labor	\$ 50.1
Program Management – Contract Labor	\$ 91.5
Quality Assurance – Contract Labor	\$ 31.9
Requirements, Design, and Testing Labor	
Systems and Technology Labor	\$ 177.6
Customer Operations Technology - Labor	\$ 26.1
IVR – Labor	\$ 18.0
Program Management - Labor	\$ 13.1
Other	\$ 0.5
Overhead	\$ 191.2
COVIDRPP Total	\$ 1,637.7
Customer Assistance Programs Consulting	\$ 50.9
Overheads	\$ 0.4
CBO Database Pilot Total	\$ 51.3

3. California Arrearage Payment Program

f. **Background**

Around the time that the Commission adopted D.21-06-036, the California Arrearage Payment Program (CAPP) was established by Governor Newsom and the California Legislature in the 2021 State Budget and administered by the Department of Community Services and

1 Development (CSD). The 2021 CAPP "...offers financial assistance for California energy utility
2 customers to help reduce past due energy bill balances that increased during the COVID-19
3 pandemic."²¹ The 2021 CAPP dedicated \$1 billion in federal American Rescue Plan Act
4 funding to address Californian's energy debts.²² The 2021 CAPP, followed by the 2022 CAPP,
5 offered financial assistance for the COVID-19 pandemic relief period covering March 4, 2020,
6 through December 31, 2021.

7 Due to program guidelines, eligible customers did not need to apply for assistance.
8 Participating utilities completed the application process on the customer's behalf and made
9 necessary system enhancements to allow for CAPP funds to be applied directly to eligible
10 customer accounts as reported on the CAPP applications. SoCalGas applied the relief payment to
11 customer accounts on March 6, 2022, and extended the protection through June 6, 2022.²³

12 The work for 2021 CAPP was completed simultaneously with the work performed to set
13 customers up on the COVIDRPP; as such, SoCalGas recorded 2021 CAPP costs to the general
14 work order for COVID-19 Protections as reflected in Table AL-1 above. The costs in Table AL-
15 3 below are for 2022 CAPP only.

16 **g. Customer Communications**

17 While CSD did not require IOUs to perform Marketing, Education, and Outreach
18 (ME&O) to customers regarding CAPP, informational text regarding CAPP was required on the

²¹ California Department of Community Services & Development, "2021 California Arrearage Payment Program". Available at: <https://www.csd.ca.gov/Pages/CAPP.aspx>.

²² Id.

²³ CAPP Program Notice -01 IMPORTANT NOTE: Energy utilities shall not disconnect CAPP benefit recipients for 90 days after benefit application. If a customer account has a remaining balance after a CAPP benefit is applied, energy utilities shall notify the customer of the option to enter into an extended payment plan with late fees and penalties waived.

1 customer bill. Additionally, SoCalGas updated its website to include CAPP information and a
2 link to CSD’s CAPP webpage.

3 SoCalGas did not record any communications costs to 2022 CAPP.

4 **h. Systems and Technology**

5 In order for CAPP funds to be applied to eligible customer accounts, SoCalGas
6 implemented one-time system processes to apply a “CAPP Credit” to customer balances, with
7 code changes to track the accounting and movement of funds from a holding account to the
8 customer bill accounts. For 2021 CAPP, SoCalGas developed system algorithms to apply CAPP
9 credit to accounts that had Pandemic Arrears as of the date of the credit, with the credit being
10 equal to the percentage of arrears proportional to the percentage of the total CAPP Credit to the
11 total Pandemic Arrears. SoCalGas also developed algorithms to handle accounts that had arrears
12 which rolled over from previous accounts and for accounts which had arrears balances tracked
13 under the Arrearage Management Program (AMP). Additionally, SoCalGas added database
14 tables to record CAPP Credits by account. Due to the changing percentage of the credit,
15 SoCalGas executed weekly test runs from December 2021 through March 2022 so the credits
16 could be accurately applied. For 2022 CAPP, program rules regarding eligibility for CAPP
17 changed. Customers and their associated eligible past due balances were determined to be
18 eligible when the “Application File” was submitted, and only those customer accounts and
19 arrears amounts listed in the “Application File” were eligible. Because the amount of CAPP
20 funds allocated to SoCalGas was equal to the total Pandemic Arrears at application time rather
21 than at credit posting time, SoCalGas modified its algorithms to remove the proportional
22 calculations and to prevent credit amounts on closed accounts.

1 For 2022 CAPP, SoCalGas continued to rely on the incremental resources acquired to
2 implement the systems and technology changes developed for 2021 CAPP. SoCalGas incurred
3 incremental labor charges to modify the systems and technology as shown in Table AL-3.

4 **i. CAPP Data Analytics**

5 Given that IOUs were tasked with applying for CAPP on the customers' behalf, this
6 required extensive work by SoCalGas's program and data teams to identify eligible customers
7 for CAPP funding. These groups were involved throughout all phases of CAPP
8 (Survey/Application/Disbursement/Close Out/Reporting), as each required an updated dataset.
9 The incremental labor costs associated with the data analytics are included in Table AL-3.

10 **j. Administrative Activities**

11 CAPP guidelines required the remittance of any unused funding back to the CSD. With
12 2021 CAPP, SoCalGas incurred miscellaneous incremental costs related to this effort, including
13 labor and postage. These miscellaneous charges were recorded to the general work order for
14 COVID-19 Protections and cannot be separately identified for 2021 CAPP. These costs are
15 included in Table AL-1.

16 Certain CAPP 2022 activities occurred in 2023. In early January 2023, SoCalGas applied
17 \$58 million in CAPP credits to customer accounts, which required technologist's and analyst's
18 time to execute the program applying the credit and validating and communicating the results. In
19 January and February 2023, SoCalGas performed 2022 CAPP Closeout activities as directed by
20 CSD. These activities included submitting an updated Application File showing credits actually
21 applied, which accounts the credits were applied to, refunding unused funds to CSD, and
22 certifying via the CSD CAPP Portal that SoCalGas has complied with all requirements of the
23 program. The incremental costs associated with these activities are included in Table AL-3.

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k. Incremental Costs Incurred Related to CAPP

As stated above, D.21-06-036 indicated that costs associated with securing access to state and federally funded COVID-19 arrearage relief programs on behalf of customers were among the types of costs allowed to be tracked in the CPPMA.²⁴ As such, the incremental costs SoCalGas incurred related to the 2022 CAPP are included in Table AL-3 below.

Table AL-3 COVID-19 Pandemic Protections Memorandum Account Costs Related to 2022 CAPP as of September 30, 2023	
Charge Type	Charge (000s)
Contract Labor	10.8
Employee Labor	100.1
Overhead	81.8

²⁴ D.21-06-036 at Conclusions of Law 7.

1 **III. WITNESS QUALIFICATIONS**

2 My name is Ashok Lad. My business address is 1801 S Atlantic Blvd, Monterey Park,
3 California, 91754. I am employed by SoCalGas as Technology Applications Manager in
4 Customer Operations. I am responsible for overseeing compliance and process improvements
5 for our Major Markets Customers.

6 I have been employed by SoCalGas since 1989 and have held various positions in
7 Information Technology and Customer Operations. I have supported the company's
8 implementation of the billing and collections customer protections necessary to provide relief to
9 our customers during the COVID-19 Pandemic emergency. I have provided guidance to
10 customer operations and customer operations technology teams in the development of
11 procedures needed for compliance with Commission resolutions and decisions related to the
12 implementation of the customer protections, the relief programs created to help transition
13 customers from the accumulated utility debt and the lifting of protections.

14 I hold a Bachelor of Business Administration degree in Computer Information Systems
15 from the University of Louisiana, Monroe and Master of Business Administration from
16 University of Southern California.

17 I have not previously testified before the California Public Utilities Commission.