

Decision No. 33113.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY, a corporation, for Authority to amend its Rule and Regulation No. 8 governing Return of Deposits and Interest on Deposits, Rule and Regulation No. 9 governing Discontinuance of Service, and Rule and Regulation No. 10 governing Reconnection Service Charges.

Application No. 23236  
as Amended.

L. T. Rice, for Southern California Gas Company,  
Applicant.  
Arthur F. Bridge, for Southern Counties Gas  
Company.  
Courtney C. Platt, for Southern California Edison  
Company Ltd.  
Bourke Jones, Deputy City Attorney and Stanley M.  
Lanham, for the Board of Public Utilities  
and Transportation, City of Los Angeles.

BY THE COMMISSION:

O P I N I O N

In this application Southern California Gas Company requests the Railroad Commission of the State of California for authority to amend its Rule and Regulation No. 8 governing Return of Deposits and Interest on Deposits, Rule and Regulation No. 9 governing Discontinuance of Service and Rule and Regulation No. 10 governing Reconnection Service Charges, all in accordance with the application as amended. All of said rules and regulations, as they now exist and as proposed, are attached as exhibits to and made a part of the amended application.

A public hearing in the application was held in the Commission's court room in Los Angeles on February 28, 1940, before Examiner Wehe, at which time evidence was taken and the matter submitted for decision.

The modifications herein requested deal with proposed changes in the presently effective Rules and Regulations Nos. 8, 9 and 10, on matters pertaining to service requirements and as such are now filed with the Commission.

Rule and Regulation No. 8 sets forth under what conditions the deposits advanced by a customer to establish his credit will be returned and also what interest will be paid on such deposit and for what period of time. Amended Rule and Regulation No. 8 proposes, under Section (a) - Return of Deposit, to amend the present requirement as follows: <sup>(1)</sup>

"(1) When the consumer has received continuous service and has paid gas bills on the average within the period as provided in Rule and Regulation No. 9, Section (a), for a period of twelve (12) consecutive months and is an active consumer, the Company will, if credit is unimpaired, refund the deposit with interest as provided under Section (b) hereof." <sup>(2)</sup>

(1) Present Rule and Regulation No. 8 - Return of Deposit - Interest on Deposit, under Section (a) is as follows:

"(a) Return of Deposit:

The Company will notify the consumer that his deposit is subject to return, and will refund the deposit (with interest as set forth under "b") upon surrender to the Company of the deposit receipt properly endorsed, or upon signing a cancellation receipt for same.

(1) When the service is ordered discontinued by the consumer except when there are charges due the Company for gas service to the consumer, in which case the deposit will be applied to the charges and the excess portion of the deposit will be returned.

(2) When the consumer has received continuous service and has paid gas bills on the average within the period as set forth under Rule and Regulation No. 9 (a) for a period of 12 consecutive months."

(2) Rule and Regulation No. 9 - Discontinuance of Service, under Section (a) dealing particularly with "Non-Payment of Bills" is as follows:

"(a) Non-Payment of Bills:

A consumer's gas service may be discontinued for the non-payment of a bill for gas service rendered, provided that the bill has not been paid within

Fifteen calendar days after presentation when bills are normally made out monthly.

Seven calendar days after presentation when bills are normally made out fortnightly.

Four calendar days after presentation when bills are normally made out weekly.

And further provided that in case a deposit to guarantee bills has been made, the service will not be discontinued until the amount of the deposit has been fully absorbed."

The record shows that Applicant, in setting forth the reasons for this proposed change in return of deposit, particularly had in mind those commercial and business accounts, such as restaurants, that are now billed on a weekly basis. Such accounts, it is shown, quite frequently give rise to collection difficulties because of a lack of stability and permanence of the business. It was pointed out that while such accounts may be paid fairly regularly, if collections are vigorously pressed, and thus qualify for refund after a twelve month period, yet the Applicant has very frequently found that the consumer's credit may be actually impaired at the time of return of the deposit. It is because of this uncertain and unstable credit situation that Applicant contends that it should be permitted to keep the initial deposit when conditions justify, as a further assurance against losses.

After reviewing the record, there is but little doubt that the situation presented by Applicant may be correct, yet it is questionable whether the remedy lies in the proposal submitted for approval. In this respect it appears that Applicant now has the means to keep unpaid bills to a minimum. Rule and Regulation No. 9, already referred to, provides that Applicant may discontinue gas service, after a specified number of days following presentation of the bill. Likewise Rule and Regulation No. 6, dealing with Establishment and Re-establishment of Credit, provides, in effect, that a cash deposit with the company may be required for failure to pay for service rendered equal to twice the estimated periodic bill after service has once been discontinued.

Because of these facts, it appears that the insertion of another permissive clause, such as "if credit is

unimpaired," in Rule No. 8 is unwarranted and would not lead to clarification nor any degree of uniformity in application and, from a practical viewpoint, might well cause an increase in misunderstandings and unfavorable customer reaction. (3)

It is, accordingly, our view that the change sought in Section (a) of Rule and Regulation No. 8 should not be granted.

The second section (Section (b)) of Rule and Regulation No. 8 deals with the payment of interest on the deposits heretofore discussed. The change proposed is limited to a clarification as to what constitutes notification to the customer in respect to the return of the deposit. In the amended rule notification is defined as having been fulfilled on the date notice or check is placed in the United States mail, addressed to the last mailing address on the books of the company. This is believed a reasonable measure of notification and the Order will grant such permission.

The proposed Change in Rule and Regulation No. 9 is limited to the substitution of fifteen (15) days for thirty (30) days in Section (a) under Non-Payment of Bills, dealing with discontinuance of service at a previous location. Such amended section would read:

"A consumer's gas service may be discontinued for non-payment of a bill for gas service of the same class rendered him at a previous location served by the Company, provided said bill is not paid within fifteen (15) days after presentation at the new location."

(3) - Of possible lesser importance in the proposed amended rule is the failure to mention the necessity of the consumer surrendering to the company the original deposit receipt properly endorsed or the signing of a cancellation receipt as an acknowledgment of receiving the refund. The failure to so provide such provision would unquestionably lead to some confusion and requests for repayment of deposits.

The record shows there is little or no justification for a thirty day period of grace for a consumer that has moved as compared to fifteen days which is now required for a consumer that remains at the original location. The Order will authorize the change from thirty to fifteen days.

The last change requested relates to the reconnection charge that Applicant desires to be able to assess a consumer when service is reestablished after having been disconnected because of failure on the part of the consumer to comply with the requirements prescribed under Rule and Regulation No. 9. At the present time a reconnection charge of \$1.00 is made<sup>(4)</sup> and under the amended rule it is proposed to charge \$1.00 for all usual reconnections of service as provided under Rule and Regulation No. 9, Section (a) (see Footnote No. (1)). For all the other causes enumerated under Rule and Regulation No. 9, to-wit, unsafe apparatus, fraud, non-compliance with the company's rules and gas usage detrimental to other consumers, the Applicant proposes to charge the consumer the

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(4) Rule and Regulation No. 10 - Reconnection Service Charge reads as follows:

"A reconnection charge of \$1.00 may be made and collected by the Company before service is renewed where service has been discontinued for nonpayment of bills as required by these rules and regulations, or to protect the Company against fraud, or for failure to comply with the rules and regulations of the Company."

actual cost incurred in the discontinuance and in the reconnection of gas service. (5)

There is no denying that the Applicant may find it necessary to make some disconnections of gas service for those somewhat unusual and infrequent causes heretofore enumerated. The evidence, however, would indicate that, because of widely varying conditions encountered, no little difficulty may be experienced in carrying out the proposal. It also appears that preferential treatment as between consumers may result. Under the circumstances, the adoption of Section (b) of Rule and Regulation No. 10 is not deemed justified, though a different record might well develop a practical solution to the problem presented.

The following form of Order is recommended:

O R D E R

Southern California Gas Company having filed its application with the Railroad Commission of the State of California

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(5) Proposed Rule and Regulation No. 10, Amended Section (b) reads as follows:

"(b) In the event that the service of gas has been discontinued due to the unsafe condition of any part of the consumer's yard or house lines, appliances or apparatus, or because the utilization of gas by means thereof is prohibited or forbidden under the authority of any law or municipal ordinance, or regulation, or to protect the Company against abuse or fraud, or for failure to comply with any Rule and Regulation of the Company, (except as provided in Section (a) above), or where the service of gas is utilized in such a manner as to be detrimental to the service of gas being furnished by the Company to its other consumers in the immediate vicinity or supplied from the same distribution system, as provided by Rule and Regulation No. 9, Sections (b), (c), (d) and (f), and after abatement of the cause of such discontinuance, a charge equal to the cost incurred by the Company in the discontinuance and reconnection of gas service, may be made and collected by the Company before the service of gas is renewed, subject to review by the Railroad Commission of the State of California."

for an Order authorizing it to amend its Rule and Regulation No. 8 governing Return of Deposits and Interest on Deposits, Rule and Regulation No. 9 governing Discontinuance of Service and Rule and Regulation No. 10 governing Reconnection Service Charges, now on file with the Commission, a public hearing having been held and the matter duly submitted;

The Railroad Commission hereby finds that the proposed changes in Rule and Regulation No. 8, in so far as Section (b) is involved, relating to Interest on Deposit (Exhibit "D") and Rule and Regulation No. 9, on Discontinuance of Service (Exhibit "G"), are fair and reasonable and that the proposed changes in Rule and Regulation No. 8, involving Section (a), and Section (b) in Rule and Regulation No. 10 are not reasonable and that the presently effective Rules and Regulations Nos. 8 and 9 in so far as they differ from the rules herein set forth are hereby found unreasonable.

IT IS HEREBY ORDERED that Southern California Gas Company be and it is hereby authorized to file with the Railroad Commission of the State of California said modified Rules and Regulations Nos. 8 and 9 and under the conditions heretofore set forth within a period of sixty (60) days.

The authority herein granted shall become effective on the date hereof.

Dated at San Francisco, California, this 21<sup>st</sup> day of May, 1940.

Ray S. Riley  
Frank D. White  
W. B. B. B. B.  
Justice J. C. C.  
Commissioners.