

Decision 90 07 062 JUL 18 1990**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's
 Own Motion to Comply with Senate
 Bill 987 and Realign Residential
 Rates, Including Baseline Rates,
 of California Energy Utilities.

I.88-07-009
 (Filed July 8, 1988)

OPINION ON PETITION FOR MODIFICATION OF D.89-09-044The Petition

On June 18, 1990, Southern California Gas Company, Southern California Edison Company, San Diego Gas & Electric Company, Southwest Gas Corporation, and Sierra Pacific Power Company (Petitioners) filed their "Joint Petition for Modification of Decision No. 89-09-044" (Petition). By this filing, Petitioners seek modification of the portion of Decision (D.) 89-09-044 that authorizes Pacific Gas and Electric Company (PG&E) and Pacific Power & Light Company (PP&L) to utilize the Department of Economic Opportunity (DEO) to process applications and to verify an applicant's eligibility for the low income rate assistance (LIRA) energy schedule. Petitioners wish to be authorized to contract with DEO to perform those certification tasks on their behalf.

Petitioners propose that any of the California energy utilities should be allowed to utilize DEO or "any other cost-effective entity for the purpose of processing program applications and verifying applicant eligibility" to process program applications and to verify applicant eligibility, and that the expense of utilizing DEO for this purpose is a reasonable expense. Petitioners also seek modification of D.89-09-044 to provide that the LIRA administrative expense levels previously adopted for the utilities which are not currently authorized to use DEO for

these task should be increased to reflect these additional costs. In addition, the Petitioners seek authorization to request social security numbers of LIRA applicants.

In support of their request, Petitioners allege that if non-qualifying ratepayers are allowed to participate in the LIRA program, then the LIRA surcharges would exceed expectations.

The energy utilities are required to file a report on their first year's experience under the LIRA program no later than July 1, 1990. Their reports are to include a discussion of "how the utility is assured that minority and non-English speaking ratepayers are appropriately represented in the participant class". Petitioners point out that D.89-09-044 prohibits them from requesting racial or ethnic information on the LIRA application. They now wish to either be relieved of their reporting requirement or be authorized to request such information on the LIRA application form.

Response of DRA

On July 3, 1990, the "Response of the Division of Ratepayer Advocates to Joint Petition for Modification of Decision 89-09-044" was filed. The Commission's Division of Ratepayer Advocates (DRA) agrees with Petitioners that they should be allowed to use DEO to process LIRA applications and to certify applicants' income so long as certification for the program is timely. However, DRA opposes the use of any other entity without specific Commission approval. DRA supports the request for an applicant's social security number and optional ethnic background to the extent authorized by D.89-11-018. That decision found that such personal information about the applicant should be provided because it was required by the DEO certification process but prohibited disclosure of that information to any person besides DEO.

On the other hand, DRA opposes authorization of the utilities to use "any other cost-effective entity". According to DRA, a proposed certification process must be reviewed in order to

determine if its benefits outweigh its costs, if the process is timely, and if it is not overly intrusive.

DRA also opposes Petitioners' request for racial information on the LIRA application, other than as part of the DEO certification process. It reiterates this Commission's finding in D.89-11-018 that such requests could deter participation in the program and is irrelevant to eligibility.

Discussion

One of our primary goals in the administration of the LIRA program is to ensure participation of eligible ratepayers. PG&E testified during evidentiary hearings in 1989 that the DEO, a state agency, had the administrative resources needed to verify efficiently the income of LIRA applicants and to certify their eligibility. PG&E and PP&L testified that DEO had stated in discussions that it was willing and able to perform those services for them. Accordingly, PG&E and PP&L were specifically authorized by D.89-09-044 to contract with DEO for those services.

Petitioners did not seek our approval to use DEO at that time. Instead, they were ordered to use their own in-house resources to process LIRA applications and to ensure that persons placed on the LIRA rate met the eligibility criteria. Thus, Petitioners' assertion that their use of DEO "or any other cost effective agency" to verify eligibility is needed to prevent excessive LIRA surcharges is merely an admission that Petitioners themselves are not up to the task of income verification.

We cannot evaluate the Petitioners' claims that the use of DEO will reduce potential LIRA surcharges at this point. Their first-year LIRA reports are only now being reviewed by the Commission Advisory and Compliance Division (CACD). CACD will file its report to the Commission on the statewide LIRA program on September 1, 1990.

The utilities are not required to report the number of non-English speaking and "minority" ratepayers who participate in the LIRA program. D.89-09-044 merely requires the utilities to report "how the utility is assured that minority and non-English speaking ratepayers are appropriately represented in the participant class". This requirement may be satisfied by means other than participant statistics. Therefore, the Petitioners' request for authorization to seek ethnic information on the LIRA application should be denied. DRA's suggestion that Petitioners may be able to use the optional ethnic information collected as part of the DEO certification process will be considered after we have reviewed CACD's report.

Our CACD staff has met informally with the staff of DEO to discuss the success of DEO's certification program on behalf of PG&E and PP&L. CACD reports that DEO is efficiently organized and dedicated to perform the certification tasks for which it has contracted with PG&E and PP&L. According to CACD, the state agency is anxious to realize economies of both scope and scale that can be achieved if it assumes the responsibilities of verifying applicant income and certifying eligibility for other utilities as well. CACD stresses the need for early authorization for DEO, if DEO is to perform those tasks, to enable DEO to provide those services in a timely and efficient manner this winter season.

Based on the testimony on the record and CACD's recent review of DEO operations, it is reasonable to modify D.89-09-044 to authorize the Petitioners to utilize the services of DEO as PG&E and PP&L were authorized to do in D.89-09-044. Accordingly, the Petitioners may collect the social security numbers and ethnic background of LIRA applicants on the application forms utilized by DEO in accordance with D.89-11-018. In all other respects, the Petition is denied. It would be premature to grant the other requests in the Petition before we have reviewed the September 1, 1990 report of CACD.

Findings of Fact

1. D.89-09-044 authorized PG&E and PP&L to use the DEO to verify income and certify the eligibility of ratepayers seeking the LIRA rate.

2. D.89-11-018 authorized PG&E and PP&L to request social security numbers and, on an optional basis, the ethnic background of LIRA applicants because that information was required as part of the DEO certification process, so long as the utilities did not disclose that information to any person besides DEO for any purpose.

3. The Petitioners, as well as all California energy utilities, are required by D.89-09-044 to file their first annual report on the LIRA program on July 1, 1990. CACD is to file its report on the LIRA program on September 1, 1990.

4. The CACD has conferred informally with the DEO. It has found that the DEO appears to be effectively organized to verify income eligibility and to certify applicants for the LIRA program on behalf of PG&E and PP&L.

5. Significant economies of scope and scale consistent with the provisions of SB 987 would result from the use of DEO by Petitioners.

6. The substantial preparation time needed by DEO to perform its verification and certification function on behalf of Petitioners in a timely manner for this winter season compel consideration of the Petition prior to our review of the CACD's report on the LIRA program.

7. No modification of D.89-09-044 either to permit Petitioners to elicit the ethnic identity of LIRA applicants or to delete the reporting requirement because the requirement that the energy utilities report "how the utility is assured that minority and non-English speaking ratepayers are appropriately represented in the participant class" does not require statistical information.

Conclusions of Law

1. Petitioners should be authorized to utilize DEO in the same manner as PG&E and PP&L were so authorized by D.89-09-044.

2. Petitioners should be authorized to request the social security number and ethnic background of LIRA applicants as provided in D.89-11-018.

3. It would be premature to find the cost of DEO certification, at any cost, to be reasonable at this time, particularly since the CACD report on the first year of LIRA operations will not be filed until September 1, 1990 and no such finding has been made for PG&E or PP&L.

4. It would be premature to grant any of the other relief requested by Petitioners at this time.

O R D E R

IT IS ORDERED that:

1. Petitioners are authorized to utilize the State of California Department of Economic Opportunity in the same manner as Pacific Gas and Electric Company and Pacific Power and Light were authorized to do by D.89-09-044.

2. Petitioners are authorized to request the social security number and ethnic background of LIRA applicants as Pacific Gas and Electric Company and Pacific Power and Light were authorized to do by D.89-11-018.

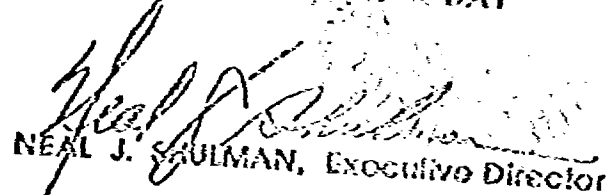
3. In all other respects, the "Joint Petition for Modification of Decision No. 89-09-044" is denied.

This order is effective today.

Dated JUL 18 1990, at San Francisco, California.

G. MITCHELL VAK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. O'HANIAN
PATRICIA M. ECKERT
Commissioners

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


NEAL J. SAULMAN, Executive Director

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