

Decision 97-04-031 April 9, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIGITAL

In the matter of the application of
SOUTHERN CALIFORNIA GAS COMPANY
for Authority to Close its Branch
Offices Located in Fullerton and
Irvine, California
(U 904 G)

Application 96-06-053
(Filed June 27, 1996)

O P I N I O N

Summary

The Office of Ratepayer Advocates (ORA, successor to the Division of Ratepayer Advocates) opposes the application of Southern California Gas Company (SoCalGas) for permission to close its Fullerton and Irvine branch offices permanently. We decline to order replacement offices opened.

Background

On June 27, 1996, SoCalGas filed an application (as required by Ordering Paragraph 5 of Decision (D.) 92-08-038) to close its branch offices located at 1851 West Valencia Drive, Fullerton, California and at 14155 Bake Parkway, Irvine, California. The application was duly noticed on July 5, 1996 in the Daily Calendar. ORA and The Save Our Services Coalition (SOS) filed protests to the application, and a prehearing conference (PHC) was held before the assigned Administrative Law Judge (ALJ) in Santa Ana, California on August 29, 1996. At the PHC, The Utility Reform Network (TURN, formerly known as Toward Utility Rate Normalization) entered an appearance and was recognized as an interested party.

In D.96-09-082, we permitted SoCalGas to suspend operation of the branch offices pending a final decision in this matter.

An evidentiary hearing was held in Los Angeles on November 4, 1996, at which SoCalGas and ORA presented witnesses. No other party participated. Several members

of the public presented unsworn testimony at the start of hearings. ORA and SoCalGas filed concurrent opening briefs on November 27, 1996 and reply briefs on December 6, 1996, at which time the matter was submitted. Comments on the proposed decision of the ALJ were filed by SoCalGas and ORA. SoCalGas, ORA, and TURN also filed comments to the alternate order of Commissioners Duque and Neeper, which is the basis for the order adopted by the Commission today.

Discussion

Applicable Standard

The branch offices in the two locations were in premises leased from Southern California Edison Company (Edison), which closed its own branch offices in each location after the application was filed. Neither of the branch offices was in operation at the time we issued D.92-08-038 (45 CPUC2d 301) in *Corona City Council v. Southern California Gas Company (Corona)*, a case in which we required SoCalGas to re-open several branch offices that it had closed and required it to obtain our express prior authorization before closing any branch office.

SoCalGas has the duty under Public Utilities (PU) Code Section 451 to provide adequate, efficient, just and reasonable service and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees and the public. (PU Code § 451; *Corona* at 313.) This includes the following duties: (1) to maintain branch offices for the purpose of receiving payment (*Corona* at 304); (2) not to close such offices in the absence of a rational basis for doing so (*id.* at 303); (3) not to disproportionately affect poor, elderly and minority customers when closing branch offices (*id.*); (4) not to close branch offices without adequate notice (*id.*); and (5) not to close branch offices without prior commission approval (*id.* at 314).

The Positions of the Parties

SoCalGas argues that adequate alternatives to the Fullerton and Irvine offices exist: A network of authorized payment agencies (APAs) discharge the payment

functions of branch offices; and telephone call centers are sufficient to assist customers with non-payment needs.

ORA argues that the alternatives which SoCalGas offers to the Fullerton and Irvine branch offices are inadequate: APAs do not provide the same level of service as the branch offices for accepting payment; APAs do not provide the non-payment services available at the branch offices; and telephone call centers are not a satisfactory substitute for the branch offices.

The parties also dispute whether SoCalGas gave adequate notice of the closure of the two offices.

Withdrawal of Branch Offices from Rural Communities

The closure of the Fullerton and Irvine offices does not represent a similar withdrawal of branch offices from rural communities that was an issue in *Corona*. (See *id.* at 310.) The Anaheim branch office is located approximately 5 miles from the site of the Fullerton branch office. The Santa Ana branch office is located more than approximately 20 miles from the site of the Irvine branch office. Neither portion of Orange County may be considered rural. In the case of the two offices, the distance to other branch offices is simply one factor to be considered in determining whether the closure of the branch offices has resulted in a reduction of service below an adequate level.

Rational Decisionmaking

The closure of the Fullerton and Irvine branch offices was taken in response to Edison's decision to close its branch offices in the same location and the likelihood that Edison would not renew SoCalGas' leases for space in those locations when they expire. The two branch offices were the only SoCalGas branch offices operated jointly with Edison on Edison operating property. In *Corona*, by contrast, SoCalGas had determined that it was going to reduce the number of its branch offices for other reasons and set about it in a way that we determined provided neither an objective nor an accurate basis for making decisions. (*Id.* at 313.)

Disproportionate Effect on Certain Customers

In choosing which offices it would close in the *Corona* case SoCalGas selected the branch offices that most affected poor, elderly and minority customers. (*Id.* at 313.) In closing the Fullerton and Irvine offices, however, the same issue does not arise. The poor, elderly, and minority customers who patronize those offices will be affected by the closure of the Fullerton and Irvine branch offices, as would such customers who patronize any branch office that is closed. However, this is not a situation in which SoCalGas was confronted with a choice of which offices it wished to close and singled out the two offices with the highest patronage by the poor, elderly and minority customers.

Adequacy of Notice

SoCalGas provided advance notice of the closing of the two offices through a variety of means in English and Spanish. It posted notices in each office beginning in May 1996 and provided handbills to customers giving the addresses of APAs. On September 17, 1996, SoCalGas mailed letters in English to the home addresses of all customers who had used either office to pay bills during the previous 90 days. SoCalGas placed advertisements in local publications giving the locations of APAs in the vicinity of the offices. SoCalGas provided a special temporary toll-free number so that customers needing information about the APAs at which payment could be made in place of the branch offices would not have to endure the same waiting times as for the regular call center. Following the closure of the Irvine office, a visit on October 4, 1996 by ORA staff revealed that posted notices had been removed. Testimony established, however, that the removal was temporary. Unlike the *Corona* case, therefore, notice did not depend on the accident of customers happening to notice a poster during a visit; each customer who visited over the preceding quarter received a flier and each customer who paid received a letter. Notice was adequate in the circumstances.

Adequacy of Additional Service Alternatives

The remaining issue is the crucial one: Whether the service alternatives available to customers of SoCalGas before and after the closure of the options provided an adequate level of service. The conclusion is inescapable that closing the branch offices represents a diminution of service to some of the affected customers, who formerly enjoyed the convenience and advantages of in-person service in their dealings with SoCalGas and who must now either travel further, deal with an APA agent for payment, or rely on the telephone call center for other needs, instead. For other customers, the branch office closures may not cause any inconvenience. Overall, the evidence does not show that the level of service provided to patrons of the two offices has been reduced to an inadequate level. Thus, we need not weigh the loss of convenience to customers represented by the branch offices with the costs of replacing the branch offices.

Corona represented an unusual incursion by the Commission into the management decisions of SoCalGas at an unusually detailed level. That oversight was justified by what we termed the "extraordinary circumstances of inadequate and unjust service" in that case. (*Id.* at 303.) Those circumstances are absent in this case. Here, SoCalGas did provide a rational basis for its decision, its decision did not disproportionately affect poor, elderly, minority, or rural customers, and it did give adequate notice.¹ Accordingly, in the absence of a clear showing that the closure of the two branch offices renders levels of service inadequate (rather than merely diminished), we will not substitute our judgment for management on whether it is cost-effective to provide replacement offices.

¹ TURN commented criticizing the lack of a cost-benefit analysis. The need for a cost-benefit analysis, however, arises only upon a showing that service has been rendered inadequate, which is a showing that neither TURN nor any other party appearing in opposition to the application made.

Findings of Fact

1. On June 27, 1996, SoCalGas filed an application (as required by Ordering Paragraph 5 of D.92-08-038) to close its branch offices located at 1851 West Valencia Drive, Fullerton, California and at 14155 Bake Parkway, Irvine, California.
2. ORA and SOS filed protests to the application.
3. An evidentiary hearing was held on November 4, 1996 in Los Angeles at which SoCalGas and ORA participated.
4. The branch offices in the two locations were in premises leased from Edison, which closed its own branch offices in each location after the application was filed.
5. Neither of the branch offices was in operation at the time we issued D.92-08-038.
6. The closure of the branch offices was made in response to the decision of Edison to close its branch offices in the same locations and SoCalGas' determination that it would be impractical to continue operations in the same location without a joint operation with Edison.
7. SoCalGas maintains other branch offices in Orange County.
8. SoCalGas gave adequate notice of its closure of the Fullerton and Irvine branch offices.
9. The closure of the Fullerton and Irvine branch offices in response to Edison's decision does not disproportionately affect the poor, elderly and minority customers.
10. The closure of the Fullerton and Irvine branch offices does not render service inadequate.

Conclusions of Law

1. SoCalGas has the duty under PU Code Section 451 to provide adequate, efficient, just, and reasonable service and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees and the public.
2. In the absence the special circumstances present in the *Corona* case and a showing that service would be reduced to inadequate levels, SoCalGas management should be permitted discretion to close branch offices.

3. SoCalGas should not be required to open replacement branch offices for the closed Fullerton and Irvine branch offices.

O R D E R

IT IS ORDERED that:

1. Southern California Gas Company need not provide replacements for its branch offices located at 1851 West Valencia Drive, Fullerton, California and at 14155 Bake Parkway, Irvine, California.
2. Application 96-06-053 is closed.

This order is effective today.

Dated April 9, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD BILAS
Commissioners