

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION AND COMPLIANCE DIVISION  
Energy BranchRESOLUTION E-3024  
March 25, 1987R E S O L U T I O N

SOUTHERN CALIFORNIA EDISON COMPANY (SCE). REQUEST FOR  
AUTHORIZATION TO INCREASE THE CUSTOMER CHARGE FOR CHECKS  
RETURNED FROM BANKS AS "UN-PAID".

By Advice Letter No. 734-E, filed June 25, 1986, Southern California Edison Company (SCE) requested authority to revise Rule No. 9, Rendering and Payment of Bills, to increase the customer check charge for any check returned from the bank unpaid. The facts are as follows:

BACKGROUND

1. The present returned check charge was established by Resolution No. 1881-E by the Public Utilities Commission, and became effective June 3, 1980, in the amount of \$2.75. The Resolution stated that the intent of the charge was to collect from the customer who causes this increase cost of doing business rather than from the ratepayers in general.
2. Prior to the filing of Advice Letter 734-E, on June 25, 1986, SCE conducted a survey of estimated costs associated with returned checks for 1986. This SCE survey supported an \$8.00 charge to offset the expense associated with handling returned checks. This expense included \$2.82 for the average bank charge incurred by SCE for unhonored checks, which had not been included previously. SCE submitted this supporting cost data as part of its filing.

DISCUSSION

1. The advice letter filing, including the cost support data, has been reviewed by the Energy Branch and the Service and Safety Branch of the Commission. The Service and Safety Branch studied SCE's costs and workpapers supplied in support of Advice Letter 734-E and concluded that SCE's net cost excluding the \$2.82 average bank charge was \$4.42 per unhonored check returned unpaid. The reason for excluding the bank charge (average of \$2.82 per unhonored check) is because SCE elects to pay these and various other bank charges in lieu of maintaining minimum bank balances to avoid such charges. The other California energy utilities

maintain the required minimum bank balances to avoid these various charges by their banks. SCE uses these funds equivalent to the minimum required bank balances in its course of business and claims that it benefits overall by doing so. Exclusion of the bank charges merely places SCE on the same basis as other utilities who maintain the necessary bank balances to avoid the bank charges.

The Staff recommends that the expense for bank charges be excluded from the returned check charge, and to allow an increase in the charge to the customer to \$5.00 for any check returned from the bank unpaid. This provides that the customer who causes the cost to be incurred will bear a major portion of such expense.

2. SCE estimates that 64,500 checks will be returned from the bank unpaid in 1987. Therefore, an increase in the returned check charge from \$2.75 to \$5.00 is estimated to produce an annual revenue increase of approximately \$145,125. This estimated increase is less than .004 percent of SCE's current gross annual revenues, and thus any increase resulting from this change will be minor in nature.

3. Except as noted above, this filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.

4. Public notification of this filing has been made by mailing copies to other utilities, governmental agencies, and to all interested parties who requested such notification. The Commission has received no protests in this matter.

**THEREFORE:**

1. Authority is hereby granted under Section 454(b) of the Public Utilities Code to Southern California Edison Company to increase the returned check charge under Section D of Rule No. 9 of its tariffs to \$5.00 as described above.

2. Southern California Edison Company is directed to file a revised tariff sheet for Section D of Rule No. 9 reflecting the customer charge of \$5.00 for returned checks as described above.

3. Advice Letter No. 734-E and accompanying tariff sheets, as revised, shall be marked to show that they were authorized effective for service on and after April 1, 1987, by Resolution E-3024. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 25, 1987. The following Commissioners approved it:



Executive Director

Commissioner John B. Ohanian,  
present but not participating.

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
Commissioners