

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

**ENERGY DIVISION**

**RESOLUTION E-3557  
JULY 23, 1998**

**RESOLUTION**

**RESOLUTION E-3557. SOUTHERN CALIFORNIA EDISON COMPANY SEEKS APPROVAL TO SIMPLIFY ITS PAST DUE NOTICE AND COLLECTION PROCESS CURRENTLY IN EFFECT FOR DOMESTIC CUSTOMERS; AND MODIFY FORM (NO. 14-574) O, ENERGY STATEMENT, FORMAT A (PAST DUE NOTICE). APPROVED SUBJECT TO MODIFICATION, OTHERWISE REJECTED IN 30 DAYS.**

**BY ADVICE LETTER 1180-E, FILED ON AUGUST 27, 1996.**

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**SUMMARY**

1. By Advice Letter (AL) 1180-E, Southern California Edison Company (Edison) seeks approval to simplify its past due notice and collection process currently in effect for domestic customers, and to modify Form (No. 14-574) O, Energy Statement, Format A ("Past Due" Notice).
2. No protests were filed on this matter.
3. AL 1180-E is approved subject to the modification set forth in this advice letter.

**BACKGROUND**

1. Edison filed AL 1180-E seeking authorization to simplify its past due notice and collection process for non-payment of the past due bill currently in effect for domestic customer.<sup>1</sup>

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<sup>1</sup>Edison does not specifically define "domestic customer", however, Domestic Service is defined in pertinent part as "Service for residential use at a dwelling premises. ..." Customer is defined as "The person in whose name service is rendered as evidenced by the signature on the application, contract, or agreement for that service, or, in the absence of a signed instrument, by the receipt and payment of bills or Summary Bills regularly issued in his name regardless of the identity of the actual user of the service. A domestic customer may also be a party with whom Edison is doing business with or without a billing relationship." (Edison Tariff Rule No. 1, definitions, sheet 2 of 9).

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2. Under the current collection process, Edison's domestic customers receive the following: 1) an original bill displaying a due date of 19 days after the bill is presented; 2) a past due/disconnect notice, issued on the third day after the bill is past due, showing a second due date when the bill is still outstanding; 3) a new bill issued approximately 32 days after the first bill which includes charges for the previous past due bill, and a third due date for current charges; and, 4) a final call notice with a fourth due date for the previous past due bill.
3. Edison proposes that the new bill will provide domestic customers with more time "up front" to pay their bills, yet still allow the same overall time of 54 days between meter reading and disconnection dates.
4. Edison has a policy not to disconnect domestic customers on Fridays, weekends, and holidays. Further, Edison provides domestic customers with a one day grace period between the time the bill expires and the date of disconnection. Both policies are designed to provide domestic customers with a final opportunity to pay their bills before being disconnected.
5. Edison also makes great efforts not to disconnect late paying, domestic customers who have paid their bills. Edison will scan all payments made and automatically cancel any field disconnects scheduled for the following day. If a domestic customer's service is wrongfully terminated, and the domestic customer has paid his bill, the domestic customer's service will be restored, without charge, and a letter will be sent to the domestic customer.
6. Edison also proposed that Form (No. 14-574) O, Energy Statement, Format A ("Past Due Notice") will simplify the collection process currently in effect for domestic customers.

#### NOTICE

1. Notice of AL 1180-E was made by mailing copies of the filing to the parties listed on the original General Order 96-A distribution list and other interested parties.

#### PROTEST

1. No protests were received on this matter.

#### DISCUSSION

1. AL 1180-E should be approved because Edison's modification of its past due notice process appears to be reasonable. Edison current collection path is as follows:

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Day 1 Bill presented  
Day 19 Bill 1 due  
Day 22 Bill 1 past due notice produced  
Day 32 Bill 2 presented  
Day 40 Bill 1 past due notice expires  
Day 46 Bill 1 final call delivery via phone call  
Day 47 Bill 1 final call mailed  
Day 51 Bill 2 due  
Day 53 Bill 1 final call expires  
Day 54 Bill 1 disconnect  
Bill 2 past due notice produced

2. In contrast, Edison's new collection path is:

Day 1 Bill 1 presented  
Day 19 Bill 1 due  
Day 32 Bill 2 presented with past due message for Bill 1  
Day 44 Bill 1 final call delivery via phone call  
Day 45 Bill 1 final call mailed  
Day 51 Bill 1 past due & final call expire  
Bill 2 due  
Day 54 Bill 1 disconnect

3. Under the new collection process, Edison proposes to combine two steps by adding the "Discontinuance of Service" notice to the domestic customer's subsequent monthly bill. Under the old collection process, the "Discontinuance of Service" is a separate notice from the domestic customer's subsequent monthly bill.

4. Edison stated that if a domestic customer receives a non-payment of a past due bill, it is due upon presentation and is considered "past due" if payment is not received after 19 days.

5. The current collection cycle between the meter read date and the disconnection date is 54 days. The new collection cycle averages between 52 and 56 days with "54 days" representing the average number of days between the meter read date and the disconnection date, the same as the current practice. Edison acknowledged that some domestic customers may be disconnected before 54 days, but that the number of days in its new collection process will always exceed the amount of time allowed by its tariff (i.e., which allows disconnection of service for non-payment prior to Day 40).

6. If, after the second billing, the bill is still unpaid, Edison will make a telephone call to the

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domestic customer along with mailing a final call notice to reinforce the due date as the past due notice. Edison says the final call notice is automatically sent out to avoid having domestic customers complain that they never received the call or that the call was taken by someone not responsible for the bill. This procedure provides domestic customers with notice of when payment is due and an opportunity to pay their bill before being disconnected.

7. Edison has a policy not to disconnect on Fridays, weekends, and holidays. Edison recognizes that many of its domestic customers get paid on Friday, and this policy provides the domestic customer with another opportunity to pay their bills before being disconnected.

8. Edison also has a one day grace period policy between the time the bill expires and the date of disconnection. This one additional day between the time the bill expires and the date of disconnection allows its domestic customers the opportunity to pay their bill. Edison argues that the grace period and no-cut Friday policy are examples of situations which attribute to the collection cycle averaging 54 days. Edison reasoned:

“The reason the actual number of days varies from 52 to 56 days is a result of many things such as holidays and fluctuations in collections work load. Having the flexibility in the days is in compliance with the tariffs, and our customers are not harmed by this.”

9. Edison states that the new collection process has procedures in place to prevent domestic customers from being disconnected who have paid their bills. Edison explains that it goes to great effort not to disconnect domestic customers who have paid their bills. For example, if a domestic customer pays his bill on a Tuesday afternoon, Edison scans all payments made on Tuesday and automatically cancels any field disconnects schedule for Wednesday morning.

10. Further, citing tariff Rule 11, section J<sup>2</sup>, Edison points out that if a late-paying domestic customer is wrongfully terminated, service is restored without charge, plus a notification letter explaining the error is mailed to the domestic customer at the billing address.

11. Finally, Edison proposes to add the shaded “PAST DUE” words across the Change & Credit update section on Form (No. 14-574) O, Energy Statement, Format A (“Past Due” Notice). Edison will also include the reverse print (white on black) “\*\*Past Due ...Discontinuance of Service Notice\*\*” in the Message section of its billing invoice sent to domestic customers. Edison believes this notice will provide domestic customers with the

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<sup>2</sup>Edison’s Rule 11, section J states in pertinent part: “Service wrongfully terminated shall be restored without charge for the restoration of service, and a notification thereof shall be mailed to the customer at the billing address.”

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necessary urgency that their bill is due and must be paid immediately. Further, Edison points out that domestic customers are provided with the separate final call and notice.

### FINDINGS

1. Edison filed AL 1180-B on August 27, 1996 requesting authorization to simplify its past due notice and collection process currently in effect for domestic customers.
2. Edison's new proposed collection process combines the "Discontinuance of Service" notice with the domestic customer's subsequent monthly bill. In contrast, under the old collection path, the "Discontinuance of Service" is a separate notice.
3. The new collection cycle averages between 52 and 56 days with "54 days" representing the average number of days between the meter read date and the disconnection date. The average of "54 days" between meter reading and disconnection is the same as the current practice.
4. It is Edison's policy not to disconnect its domestic customers on Fridays, weekends, and holidays.
5. Edison also provides domestic customers with one additional day between the time the bill expires and the date of disconnection to allow the domestic customer time to pay his bill.
6. Edison's new collection process has procedures in place to prevent late paying domestic customers from being disconnected by scanning all payments made the day before disconnection and automatically cancels any field disconnects schedule for the next day.
7. Edison's Tariff Rule 11, section requires that if a late-paying domestic customer is wrongfully terminated, service shall be restored without charge, plus a notification letter explaining the error shall be mailed to the domestic customer at the billing address.
8. Edison's proposal is in compliance with Public Utilities Code sections 779 and 779.1.
9. Adding the shaded "PAST DUE" words across the Change & Credit update section on Form (No. 14-574) O, Energy Statement, Format A ("Past Due" Notice) and the reverse print (white on black) "\*\*\*Past Due ...Discontinuance of Service Notice\*\*\*" in the Message section of its billing invoice sent to domestic customers should provide the necessary urgency that payment must be made now. Further, providing the domestic customer with the separate Final Call Notice should impose additional urgency to pay their bill.

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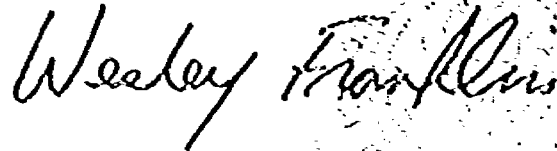
**THEREFORE IT IS ORDERED THAT:**

1. Southern California Edison Company's Advice Letter 1180-E is approved subject to the following modifications. If Southern California Edison Company wishes to implement its new past due notice and collection process, it shall modify its proposal as follows:
  - a. Edison shall combine its "Discontinuance of Service" notice with its domestic consumer's monthly bill.
  - b. Edison shall change each and every reference of its 54 day collection cycle to "average 54 days".
  - c. Edison shall not disconnect its domestic customers on Fridays, weekends, and holidays.
  - d. Edison shall provide domestic customers with one additional day between the time the bill expires and the date of disconnection to allow the domestic customer time to pay their bill.
  - e. Edison shall prevent late-paying domestic customers from being disconnected by scanning all payments made the day before disconnection is scheduled and automatically cancelling any field disconnects scheduled for the next day.
  - f. Edison shall provide that if a late-paying domestic customer is wrongfully terminated, service shall be restored without charge for the restoration of service, plus a notification letter explaining the error shall be mailed to the domestic customer at the domestic customer's billing address.
  - g. Edison shall add the shaded "PAST DUE" words across the Change & Credit update section on Form (No. 14-574) O, Energy Statement, Format A ("Past Due" Notice) and the reverse print (white on black) "\*\*\*Past Due ...Discontinuance of Service Notice\*\*\*" in the Message section of its billing invoice sent to domestic customers.
2. Should Southern California Edison choose to implement its new collection process and past due notice as modified, it shall file within 30 days, a supplemental advice letter consistent with this Resolution.
3. If Southern California Edison Company does not act within the 30 days, this advice letter is rejected.
4. This Resolution is effective today.

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Edison AL 1180-E/BFS

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I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 23, 1998, the following Commissioners voting favorably thereon:



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WESLEY M. FRANKLIN  
Executive Director

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