

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION G-3203
MARCH 7, 1997

R E S O L U T I O N

RESOLUTION G-3203. PACIFIC GAS AND ELECTRIC COMPANY
REQUESTS PERMISSION TO REVISE ITS GAS AND ELECTRIC RULE
6 -- ESTABLISHMENT AND REESTABLISHMENT OF CREDIT.

THE REQUEST IS GRANTED.

BY ADVICE LETTER 1981-G/1616-E FILED ON OCTOBER 22,
1996.

SUMMARY

1. Pacific Gas and Electric Company [PG&E] filed Advice Letter [AL] 1981-G/1616-E requesting revisions in its electric and gas Rule 6, Establishment and Reestablishment of Credit.
2. PG&E intends to implement an identification verification system which would allow it to match customer names to their social security numbers.
3. In conjunction with the above program, PG&E proposes to remove property ownership as a criterion for residential establishment of credit. PG&E also proposes that high risk applicants provide a deposit or a guarantor.
4. There were no protests on AL 1981-G/1616-E. This Resolution grants the request.

BACKGROUND

1. PG&E is presently unable to verify the identity of customers who cancel their services with a closing balance and gives PG&E no means to trace them to another address.
2. To reduce vulnerability to fraud, PG&E is starting a Positive Identification [POS ID] program whereby it uses an applicant's social security number to check the person's credit rating. Applicants who do not have a social security number, or those who have one but prefer not to provide it to PG&E, may

establish their identity by producing identifying documents such as a driver's license or a passport.

3. PG&E will engage Equifax, Inc., a provider of credit data, to implement the system. Equifax will provide PG&E with a "predictive credit risk score" for each applicant. Those applicants with high risk scores or unavailable scores will be asked to provide a deposit or a guarantor.

4. PG&E, furthermore, proposes to remove property ownership as a criterion for residential establishment of credit. PG&E states that this requirement unduly prejudices non-homeowners and creates an assumption that a homeowner is necessarily creditworthy. PG&E estimates that about 12% of its residential account write-offs are attributed to homeowners.

5. In conjunction with the above proposed changes, PG&E is reorganizing the text of its Rule 6 and correcting a cross-reference to it in its Rule 5.

NOTICE

1. PG&E served notices of AL 1981-G/1616-E by mailing its copies to other utilities, government agencies, and parties that requested such information. AL 1981-G/1616-E was noticed in the Commission Calendar.

PROTESTS

1. No party protested AL 1981-G/1616-E.

DISCUSSION

1. Based on PG&E's discussions with several large and comparable utilities that have started similar programs as proposed here, it has concluded that the POS ID program would expedite the credit approval for all creditworthy customers.

2. Energy Division notes that although the elimination of homeownership as a credit consideration could impose new restrictions on homeowners, the program's overall benefit will outweigh those restrictions. Creditworthy customers will benefit because they will not be required to post deposits. PG&E and its ratepayers will benefit in reduced write-offs by identifying high risk and potentially fraudulent customers. PG&E estimates that about \$2.3 million would be saved in the first year of implementation if the above-mentioned delinquent homeowners were identified.

3. Energy Division is in agreement with PG&E's proposed program because establishing creditworthiness based on an empirically-derived, known low-risk potential is an improvement over current PG&E procedures. For example, under present credit establishment procedures, customers who claim to be homeowners

automatically qualify for waiver of deposit requirement for new customers. PG&E has no timely and accurate way to verify home-ownership.

4. Proposals similar to those of PG&E were filed by San Diego Gas and Electric Company (SDG&E) and approved in Resolution E-3461 on July 17, 1996. Credit scoring similar to the latter have also been authorized for Southern California Edison Company (Edison). Energy Division recommends that the Commission approve PG&E's AL 1981-G/1616-E.

FINDINGS

1. PG&E filed AL 1981-G/1616-E on October 22, 1996 requesting revisions in its gas and electric Rule 6, Establishment and Reestablishment of Credit.
2. Similar requests by SDG&E and Edison have been approved by the Commission.
3. It is reasonable to remove property ownership as a criterion for residential establishment of credit.
4. It is reasonable for PG&E to set up a system whereby it can match its customers' names to their social security numbers.
5. It is reasonable for PG&E to require deposits from high risk applicants.
6. Energy Division recommends approval of AL 1981-G/1616-E.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company request in AL 1981-G/1616-E requesting revisions in its Rule 6 is approved.
2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 7, 1997. The following Commissioners approved it:


WESLEY FRANKLIN
Executive Director

P. Gregory Conlon, President
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Richard A. Bilas
Commissioners