

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the  
Commission's Own Motion to address  
the issue of customers' electric and  
natural gas service disconnection.

Rulemaking 10-02-005  
(Filed February 4, 2010)

**OPENING COMMENTS  
OF THE DIVISION OF RATEPAYER ADVOCATES  
ON PHASE II ISSUES IDENTIFIED IN ALJ RULING**

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September 15, 2010

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**I. INTRODUCTION**

In accordance with Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and with the Administrative Law Judge's Ruling Providing Opportunity for Comments and Addressing Other Phase II Issues ("Phase II ALJ Ruling"), issued on August 26, 2010, the Division of Ratepayer Advocates ("DRA") offers its opening comments regarding certain issues identified in Decision ("D.") 10-07-048 as topics to be addressed in Phase II of the above-captioned proceeding, Rulemaking ("R.") 10-02-005.

The Phase II ALJ Ruling identifies the following issues for comment:

- a) Allowing customers to choose a monthly billing date.
- b) Defining "sensitive customers."
- c) Providing exceptions to deposit rules for certain customers demonstrating continued fraud or bad check activities.

DRA supports the recommendations of multiple consumer advocacy groups in this proceeding that the utilities offer customers a choice of billing dates.<sup>1</sup> This type of customer service option should be a standard offering to customers at risk of disconnection. DRA also recommends expanding the definition of Sensitive Customers for purposes of in-person visits and payment opportunities to include the vulnerable customer groups of customers aged 62 and older, customers with disabilities, and customers with serious illnesses.

In these opening comments, DRA addresses, some, but not all, of the issues open for comment in the Phase II ALJ Ruling. DRA reserves the right to agree or disagree in reply comments with other parties' positions on the entirety of issues identified in the Phase II ALJ Ruling.

## **II. BACKGROUND**

On July 29, 2010, the Commission issued D.10-07-048 with the intent of lowering energy utility service disconnections. Several rules are implemented through this Decision to assist customers struggling to pay their electric and gas bills. The Commission was not able to fully evaluate all the recommendations made prior to the issuance of the Decision and, hence, commenced Phase II in order to continue to evolve utility credit and collections policies and practices to best serve all customers.

## **III. COMMENTS AND RECOMMENDATIONS**

### **A. Billing Date**

In its Order Instituting Rulemaking 10-02-005, the Commission posed the question, "If a customer requests a monthly billing date that is different than the date assigned by the utility, does the utility accommodate this request, and if so, how is the customer notified by the utility?"<sup>2</sup> D.10-07-048 did not address the practice of allowing a

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<sup>1</sup>See, e.g., Comments of the City and County of San Francisco on the Proposed Decision, July 7, 2010, pp. 3-4; Opening Comments of the City and County of San Francisco, March 12, 2010, p. 4; Reply Comments of the Greenlining Institute, April 2, 2010, p. 15; Opening Comments of The Utility Reform Network, March 12, 2010, p. 32.

<sup>2</sup>R.10-02-005, p. 9.

customer to choose its billing date and deferred further discussion of this particular issue to Phase II. Accordingly, parties are asked to comment on this issue in the Phase II ALJ Ruling.

Two utilities already accommodate customer requests for choice of billing date. Pacific Gas and Electric Company (“PG&E”) and San Diego Gas and Electric Company (“SDG&E”) report accommodating these requests, although SDG&E charges the customer a \$15 fee.<sup>3</sup> For these utilities, the question at issue is not whether they should accommodate these requests, but whether they should be required to promote this option.

DRA recommends the utilities be required to proactively offer customers at risk for disconnection (defined as receiving a 48 hour disconnection notice) a choice of billing date. Offering customers a choice of billing date is a superior level of customer service that also should save the utility costs, by reducing late and/or unpaid bills. One of Southern California Edison’s (“SCE”) credit and collections studies currently in the record discusses reducing credit risk and write-offs. This study cites interviews with Florida Power and Light customers, and states: “Timing of bill and timing of paycheck is the biggest factor.”<sup>4</sup>

Many of the utilities’ objections to offering this service stem from the necessity of spreading the mass of billing and collecting functions over a monthly cycle. Specifically, the utilities apparently are concerned that most customers will select billing dates near the first or the 15th of the month, causing an overload on the billing systems on these dates. The utilities should explain why this scenario couldn’t be addressed by shifting other customers’ billing dates around to accommodate those who need it most. If the utilities were to offer this option to only those customer receiving 48-hour notices of disconnection, this would limit the number of customers potentially choosing dates near the same time each month. Additionally, several technological advances reduce or

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<sup>3</sup> See PG&E Opening Comments, March 12, 2010, p. 23; SDG&E and SoCalGas Opening Comments, March 12, 2010, p. 20.

<sup>4</sup> DRA Opening Comments, March 12, 2010, Attachment A, p. 146 in PDF viewer.

eliminate some of the costs and concerns raised by the utilities.<sup>5</sup> With the advent of Advanced Metering Infrastructure, electronic billing, and auto-pay, to not offer customers a choice of billing date is backward-looking. In fact, SCE reported that it would estimate costs associated with offering this option based on the scenario that Edison Smart Connect meters are deployed and operational, and the number of customers enrolled in online billing, in order to mitigate the costs of offering this option.<sup>6</sup> Therefore, DRA recommends, at a minimum, the Commission require the utilities to offer customers a choice of billing date to customers whose meter is read remotely, and also to customers that do not receive a paper bill.

SCE and Southern California Gas Company (“SoCalGas”) do not accommodate customers’ requests to choose a billing date. SoCalGas does not elaborate on its reason for not doing so.<sup>7</sup> SCE cites barriers such as volume of bill calculations, bill printing, and impacts on working capital and cash flow. The utilities provided cost estimates to offer the choice of billing date to just CARE and low-income customers. These estimates vary widely.

PG&E:	minimum \$637,000 annually <sup>8</sup>
SCE:	stated its intent to provide an estimate within 30 days of March 28 but this estimate does not appear in the record <sup>9</sup>
SDG&E:	\$157,000 one-time information technology (“IT”) costs <sup>10</sup>
SoCalGas:	\$403,000 one-time IT costs <sup>11</sup>

Because of the variation in cost estimates, as well as the information technology, system processing, and workforce management costs identified by the utilities, cost

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<sup>5</sup> See, e.g., D.06-07-027, Final Opinion Authorizing Pacific Gas and Electric Company to Deploy Advanced Metering Infrastructure, July 20, 2006, pp. 58-59.

<sup>6</sup> See SCE Response of April 28, 2010 to ALJ Data Request issued April 16, 2010, p. A-15.

<sup>7</sup> See SDG&E and SoCalGas Opening Comments, March 12, 2010, p. 20; SCE Opening Comments, March 12, 2010, p. 15.

<sup>8</sup> See PG&E Response of April 28, 2010 to ALJ Data Request issued April 16, 2010, pp. 13-14.

<sup>9</sup> See SCE Response of April 28, 2010 to ALJ Data Request issued April 16, 2010, p. A-15.

<sup>10</sup> See SDG&E/SoCalGas Response of April 28, 2010 to ALJ Data Request issued April 16, 2010, p. 11.

<sup>11</sup> *Id.*

recovery for bill payment due date choice should only be considered in the utilities' General Rate Cases.

## **B. Definition of Sensitive Customers**

D.10-07-048 defines Sensitive Customers as “those who are on medical baseline or life support as these customers are currently identified on utilities' billing systems.”

D.10-07-048 also states that the definition of Sensitive Customers will be considered in Phase II of R.10-02-005.<sup>12</sup> As directed by D.10-07-048, the utilities must ensure that Sensitive Customers:

- 1) Receive an in-person visit prior to disconnection; and
- 2) Have the opportunity to pay a field representative at an in-person visit in order to avoid disconnection.<sup>13</sup>

D.10-07-048 notes that SDG&E and SoCalGas provide an in-person field visit and the opportunity to pay a field representative at an in-person visit, not only to customers on medical baseline and life support, but to senior citizens and special needs customers as well. Indeed, these utilities and various consumer groups, including DRA, on September 9, 2010, petitioned the Commission to adopt a proposed settlement agreement resolving the issues in R.10-02-005. The terms of the proposed settlement provide that SDG&E and SoCalGas through 2013 will continue its current practices of in-person 48-hour notices, in-person disconnections, and the opportunity to pay the outstanding bill, to customers in the following categories:

- age 62 or older (self-identified)
- disabled (self-identified AND utility identified)
- with a serious illness, defined as a condition which could become life threatening if service is disconnected (self-certified).<sup>14</sup>

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<sup>12</sup> See D.10-07-048, p. 20, n. 40.

<sup>13</sup> See D.10-07-048, pp. 2-3.

<sup>14</sup> See Joint Motion of San Diego Gas & Electric Company, the Southern California Gas Company, Disability Rights Advocates, the Division of Ratepayer Advocates, the Greenlining Institute, the National Consumer Law Center, and The Utility Reform Network For Adoption of the Settlement Agreement, September 9, 2010, Appendix A, Section II.E, pp. 9-10.

DRA recommends that the Commission require PG&E and SCE to follow this model as well, for the reason expressed in D.10-07-048: “We are mindful that customers on medical baseline or who are on life support may not respond to the utilities’ various notices, letters, or phone calls.” This logic should certainly be extended to elderly customers, disabled customers, and customers with a serious illness. This is a reasonable requirement in light of the potential for harm that could result to these customer groups from a service disconnection.

As to how the utility is capable of identifying these customers in its system, the proposed settlement model should be followed as well. For the elderly and the seriously ill, the proposed settlement relies upon the customer to self-identify or self-certify if the customer belongs to one of these groups. For disabled customers, the utility may utilize its own tracking as implemented in the Low-Income Energy Efficiency proceeding A.08-05-022 and in other proceedings to identify disabled customers, or the disabled customer may self-identify.

#### **IV. CONCLUSION**

DRA appreciates the Commission’s commitment to continue to evolve strategies to reduce customer disconnections. DRA respectfully requests that the Commission adopts DRA’s recommendations in this Rulemaking.

Respectfully submitted,

/s/ MARION PELEO

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September 15, 2010

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **“OPENING COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON PHASE II ISSUES IDENTIFIED IN ALJ RULING”** to the official service list in **R.10-02-005** by using the following service:

**E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

**U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on **September 15, 2010**, at San Francisco, California.

/s/ NELLY SARMIENTO

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Nelly Sarmiento

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