

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

Order Instituting Rulemaking to the  
Commission's Own Motion to Address  
the Issue of Customers' Electric and  
Natural Gas Service Disconnection

Rulemaking 10-02-005  
(Filed February 5, 2010)

**REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY  
(U 902E) AND THE SOUTHERN CALIFORNIA GAS COMPANY (U 904G) TO THE  
ADMINISTRATIVE LAW JUDGE'S RULING PROVIDING OPPORTUNITY FOR  
COMMENTS AND ADDRESSING OTHER PHASE II ISSUES**

KIM F. HASSAN  
101 Ash Street, HQ12  
San Diego, California 92101  
Telephone: (619) 699-5006  
Facsimile: (619) 699-5027  
Email: khassan@semprautilities.com

Attorney for  
SAN DIEGO GAS & ELECTRIC COMPANY  
SOUTHERN CALIFORNIA GAS COMPANY

September 24, 2010

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**I. INTRODUCTION**

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (the "Commission"), San Diego Gas & Electric Company ("SDG&E") and the Southern California Gas Company ("SoCalGas"), (collectively, the "Joint Utilities"), provide their Reply Comments to *The Administrative Law Judge's Ruling Providing Opportunity for Comments and Addressing Other Phase II Issues* ("Ruling") issued on August 26, 2010.

**II. DISCUSSION**

**1. The Residential Disconnection Settlement Agreement Resolves The Material Matters And Issues Raised in Phase II of This Proceeding As They Relate to SDG&E and SoCalGas**

The Settlement Agreement reached between the Joint Utilities and the Intervenors<sup>1</sup> resolves the material issues in this proceeding as they relate to SDG&E and SoCalGas because it is a comprehensive approach that will advance the Commission's goal of helping residential customers to avoid disconnection. The keystone of the Settlement Agreement is the performance-based residential disconnection benchmark provision. The performance-based residential disconnection benchmarks serve to: 1) establish transparent metrics to evaluate the

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<sup>1</sup> The Intervenors consist of Disability Rights Advocates, The Division of Ratepayer Advocates, The Greenlining Institute, The National Consumer Law Center, and The Utility Reform Network.

Joint Utilities’ success in assisting customers to reduce disconnections; 2) establish clear metrics to evaluate the extent to which customer hardship has been moderated; 3) create incentives for the Joint Utilities to maintain their relatively low levels of residential disconnections and 4) develop a means to monitor success in reaching the most vulnerable of customers, i.e., CARE customers.

The remaining building blocks of the Settlement Agreement include, among other things, new and/or improved policies and practices to: 1) enhance communications with customers (especially CARE, FERA, and disabled customers); 2) educate customers on remote disconnection technologies; 3) improve customer education regarding ways to avoid disconnection; 4) develop a phase-in period before implementing remote disconnection; 5) enhance in-language communication efforts; 6) establish special disconnection policies for customers vulnerable to health and safety risks associated with service disconnection; 7) provide an extreme weather policy; and 8) augment disconnection data reporting requirements. Through consensus with the Intervenors, the Joint Utilities succeeded in developing an extensive Settlement Agreement that works to resolve the issues in this proceeding for SDG&E and SoCalGas.

**2. The Commission Should Adopt a Hybrid Approach to Utility Disconnection Practices**

The Joint Utilities look forward to working with the Commission, utilities, and other stakeholders to continue efforts to help customers avoid disconnection, but they do not necessarily advocate state-wide standardization of all utility disconnection practices. State-wide standardization of all utility disconnection practices may be unnecessary, inappropriate, and unproductive in accomplishing the Commission’s goal to “reduce the number of residential gas and electric utility service disconnections” by “implementing best practices” among the utilities. Given the different levels of residential disconnections in each utility’s service territory, as well

as differences in climate zones, fuel sources, income levels, costs of living, etc., some “best practices” may prove more effective than others and may require different levels of adjustments in some service territories. One size does not fit all. For that reason, the Joint Utilities propose that the Commission adopt a hybrid approach to utility disconnection practices, comprised of a combination of state-wide practices (such as notice of disconnection practices and accounting/billing practices) and utility specific practices (such as in-person disconnection practices and remote disconnection practices).<sup>2</sup> This approach will recognize important differences in the management of disconnection practices across the utility service territories, and more appropriately facilitate the goal of reducing residential disconnections.

### **3. Customers Do Not Require the Option to Select Their Bill Date**

As stated in Opening Comments, the Joint Utilities do not endorse the proposal to allow customers to select their own bill date because the proposal is costly, wrought with problems, and is ultimately unnecessary. For instance, increased costs would likely result because a significant number of customers would likely select the same bill cycle (e.g., the first or last of the month) and the utilities would be forced to increase staffing to accommodate this increase.<sup>3</sup> Implementation of this proposal would also result in decreases in revenue cycle efficiency and productivity. In any event, there is no need to require the utilities to allow customers to select their own monthly bill dates because the Joint Utilities’ billing and disconnection cycles offer

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<sup>2</sup> The Commission has adopted a similar hybrid approach in the Energy Efficiency (“EE”) proceeding, in which each utility’s EE portfolio is comprised of a combination of EE statewide programs and utility-specific EE programs. Moreover, even with respect to the statewide EE programs, the mixture of measures is specific to each utility based on specific utility service territory characteristics.

<sup>3</sup> Increased staffing would be required to: 1) complete the higher level of billing work for that bill cycle each month, 2) complete the processing and mailing of the higher level of bills for that bill cycle each month, 3) handle the increased call volumes resulting from the higher number of bills issued for that bill cycle each month, 4) process the higher number of payments for that bill cycle each month, and 5) complete the higher level of credit notices and collection orders for that bill cycle each month.

residential customers 19 calendar days from the mail date of the bill before payment is past due.<sup>4</sup> As such, customers already enjoy the option of selecting when they will pay their utility bill.

Notwithstanding, if the Commission ultimately determines that this proposal will help customers avoid disconnection, the Commission should evaluate the arguments articulated by the Joint Utilities and consider the following options. First, if the Commission elects to allow customers to select their bill dates, the Commission should not do so until after full completion of Smart Meter implementation, and require customers to enroll in the utilities' automatic payment and e-bill programs.<sup>5</sup> This option will likely require a limitation on the number of customers that may select the same bill cycle, e.g., the 1<sup>st</sup> and 30<sup>th</sup> of the month. In the alternative, if the Commission elects to allow customers to select their bill dates, the Joint Utilities propose to limit this option to only CARE and FERA customers.

### **III. CONCLUSION**

The Joint Utilities appreciate this opportunity to share their reply comments and look forward to engaging in further dialogue.

Respectfully submitted,

/s/ Kim F. Hassan  
KIM F. HASSAN  
101 Ash Street, HQ12  
San Diego, California 92101  
Telephone: (619) 699-5006  
Facsimile: (619) 699-5027  
Email: khassan@semprautilities.com

Attorney for  
SAN DIEGO GAS & ELECTRIC COMPANY  
SOUTHERN CALIFORNIA GAS COMPANY

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<sup>4</sup> So long as a customer pays before a disconnect notice is issued, there is no negative impact to the customer's credit standing with the utility or with any credit reporting agency, and no need for an alternate bill date.

<sup>5</sup> Smart Meter technology will help to alleviate many of the cost, staffing, meter reading, and efficiency issues discussed herein and in the Joint Utilities Opening Comments to the ALJ Phase II Ruling, at pp. 6-8. Due to system constraints, Smart Meter installation is a condition of SoCalGas being able to facilitate customers electing their own bill date.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing **REPLY**  
**COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902E) AND THE**  
**SOUTHERN CALIFORNIA GAS COMPANY (U 904G) TO THE ADMINISTRATIVE**  
**LAW JUDGE'S RULING PROVIDING OPPORTUNITY FOR COMMENTS AND**  
**ADDRESSING OTHER PHASE II ISSUES** on all parties identified in Docket No. R.10-02-  
005 by U.S. mail and electronic mail, and by Federal Express to the assigned Commissioner(s)  
and Administrative Law Judge(s).

Dated at San Diego, California, this 24<sup>th</sup> day of September, 2010.

/s/ JOEL DELLOSA  
Joel Dellosa