

**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)**

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M) COMMENTS
IN RESPONSE TO THE SETTLING PARTIES' PETITION TO MODIFY
DECISION 10-07-048**

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September 29, 2010

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I. INTRODUCTION

On September 9, 2010, San Diego Gas & Electric (SDG&E), Southern California Gas Company (SoCalGas), Disability Rights Advocates (DisabRA), The Division of Ratepayer Advocates (DRA), The Greenlining Institute (Greenlining), The National Consumer Law Center (NCLC) and The Utility Reform Network (TURN), (hereinafter collectively referred to as the "Settling Parties") concurrently filed a Petition to Modify Decision (D.)10-07-048 and a Motion to Adopt the Settlement Agreement that was reached in principle on July 23, 2010. A settlement conference was noticed on July 28, 2010 and the conference was held on August 5, 2010. The Settling Parties alongside Pacific Gas & Electric Company (PG&E), Southern California Edison (SCE) and the City and County of San Francisco (CCSF) appeared at the said conference. On September 21, 2010, Administrative Law Judge Bruce DeBerry issued a ruling shortening the time for responses to the Petition to Modify and the Joint Motion for the Adoption of the Settlement Agreement. That Ruling directs that any response from parties be submitted on, or before, September 29, 2010 and that replies be submitted on or before October 6, 2010. Below PG&E provides comments on the Settling Parties' Petition to Modify Decision 10-07-048.

It should be understood at the outset that PG&E was not opposed to a settlement agreement with the Settling Parties. However, critical to any settlement agreement is a thoughtful analysis of the costs and benefits associated with each underlying proposal. To the extent that there is a specific benefit to customers gained by a specific notification or billing

policy, PG&E stands ready to work with the Settling Parties to implement such modifications. For example, PG&E has worked at great length with DisabRA to develop new outreach efforts to assist its disabled customers. However, to the extent that the Settling Parties have proposed modifications that have little or no demonstrated benefit and the cost to such modifications could be substantial to ratepayers, PG&E has opposed such modifications. PG&E looks forward to working with stakeholders in Phase II & III of this proceeding to continue to explore balanced, cost-effective solutions for all customers.

In summary, PG&E has concerns with the Settlement Agreement and Petition to Modify D. 10-07-048 but is not actively opposing adoption of the Agreement and the granting of the Petition. While the Petition for Modification and the Motion to Adopt the Settlement Agreement state that SDG&E and SoCalGas have lower levels of disconnections due to their current customer service practices, PG&E explains below that many of the customer service practices being proposed in this Settlement for adoption have already been implemented by PG&E. Adoption of the Settlement Agreement and granting of the Petition to Modify will also prevent the Commission from implementing customer safeguards developed in this proceeding for SDG&E and SoCalGas customers.

II. DISCUSSION

A. Standard of Review for Petition to Modify

Under Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission “[a] petition for modification of a Commission decision must concisely state the justification for the requested relief and must propose specific wording to carry out all requested modifications to the decision. Any factual allegations must be supported with specific citations to the record in the proceeding or to matters that may be officially noticed.”¹ In the Settling Parties’ Petition to Modify, the section entitled “Basis for Modification” (which would appear to be their justification) states that “SDG&E and SoCalGas already have relatively low rates of

¹ Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission.

service disconnections due to their current customer service practices.”² While this may be the case, there are other possible explanations for the differences in customer disconnection levels as discussed in more detail below.

B. SDG&E and SoCalGas’s Disconnection Practices Are Not Necessarily More Lenient than PG&E’s

SDG&E and SoCalGas presently provide 53 days from the time of the presentment of the bill to the time service is subject to discontinuance. While this practice may assist customers by preventing such customers from falling behind in their bill payments before being subject to service discontinuance, there is at least another school of thought that would argue that parties must pay the bill much sooner to avoid disconnection and therefore this places these customers at a higher risk of disconnection. In other words, in SDG&E and SoCalGas’s service territories, if a customer does not pay the bill by the 53rd day, the service would be discontinued, whereas in PG&E’s service territory, a customer is not subject to discontinuance of service until day 66. Although this significant gap arguably benefits certain customers, it could also be argued that it harms others in that it provides additional time to incur debt that may result in the inability for a customer to pay the amount owed. Nonetheless, SDG&E and SoCalGas’s timeline to disconnection currently does not represent the most lenient timeline. While there are other practices which SDG&E and SoCalGas have adopted which benefit their customers, it is not clear that their billing and collection practices taken as a whole are more beneficial to their customers or that they necessarily lower the disconnection rates.

² Settling Parties’ Petition to Modify Decision 10-07-048, p.5.

C. The Settlement Proposes Some Practices Which Have Already Been Adopted by PG&E

While the Settling Parties purport to introduce practices unique to the Settlement Agreement which should exempt SDG&E and SoCalGas from the D.10-07-048 parameters, some of the practices have already been implemented by PG&E.

1. Extreme weather policy³

The proposed Settlement Agreement incorporates an extreme weather policy under which service is not to be discontinued when temperatures fall below 32 degrees Fahrenheit or above 100 degrees Fahrenheit. PG&E already has an extreme weather policy in place and that extreme weather policy is clearly consistent with that adopted by the Settling Parties.

2. Braille Bills⁴

PG&E has been providing Braille bills to its customers for approximately three to four years. The Braille Bill service which the parties propose to have implemented is very similar, if not identical, to that at PG&E.

3. Large Font Bills to Customers Using “My Account”⁵

This is a service that PG&E already has available to its customers through PG&E online.

4. Ensure that CSRs Are Trained to Use Relay Services for Deaf Customers⁶

PG&E contact center representatives are already working with our customers and utilizing these services.

³ Settlement Agreement Between SDG&E, SoCalGas, DisabRA, DRA, Greenlining, NCLC and TURN, p. 4.

⁴ *Id.*

⁵ *Id.* at 5.

⁶ *Id.*

5. PG&E Provides Pre-disconnection Outbound Calls⁷

Like SDG&E and SoCalGas, before any customer is disconnected, they receive at least one, if not two, outbound calls.

D. Comprehensive Settlement Should not Relate to Business Practices not Being Utilized by SDG&E and SoCalGas.

The Settling Parties state as another justification under Rule 16.4 as to why the Commission should grant their Petition to Modify that “the Settlement Agreement represents a comprehensive resolution of all material issues identified in Phase I and Phase II of this rulemaking, as they relate to SDG&E and SoCalGas.”⁸ However, the Settling Parties have agreed upon prohibitions of certain business practices that are not even being utilized by SDG&E or SoCalGas. For example, it is our understanding that SDG&E and SoCalGas have not yet engaged in any substantial SmartMeter infrastructure construction, nor is the use of the technology anticipated until near the sunset of the Settlement Agreement and yet the Settlement Agreement prohibits the use of remote disconnection for an expanded sensitive customer group. Establishing public policy concerning when and how SmartMeter disconnection should be utilized would more appropriately be developed in the context of those utilities that currently have such infrastructure and capacity in place.

E. Forgoing Jurisdiction may be Counterproductive to the Development of Good Public Policy

The purpose of the Disconnection Order Instituting Rulemaking (OIR) appears to have been to establish best practices among the Investor Owned Utilities (IOUs).⁹ During the course of the proceedings, the parties have been meeting diligently to review existing practices, reflect on the wisdom of engaging in various modifications and thereafter developing and implementing modifications when appropriate. For this Commission to forgo its ability to implement any customer safeguards developed in the course of this proceeding would seem to run against the

⁷ *Id.* at 4.

⁸ Settling Parties’ Petition to Modify, p. 5.

⁹ Order Instituting Rulemaking on the Commission’s Own Motion to address the issues of customers’ electric and natural gas service disconnection, Rulemaking (“R.”) 10-02-005, at 3.

very objective of the proceeding. In other words, by granting the Settling Parties' Petition to Modify, which has the practical effect of exempting SDG&E and SoCalGas from any directives developed in this proceeding, the Commission relinquishes its ability to include SDG&E and SoCalGas's customers within any protections implemented through this proceeding. The Rulemaking was established to develop and implement uniform best practices¹⁰ and that benefit will also be forgone if this petition is granted.

F. Settlement Was Too Costly to Implement

PG&E did not join the settlement for a variety of reasons. However, a significant concern to PG&E was the cost of implementation and the settlement agreement's failure to provide a clear mechanism for cost recovery. From PG&E's perspective, there were two additional provisions which were of particular concern in the context of developing no cost and low cost modifications. The first costly provision is the expanded sensitive customer category. As PG&E has previously explained, the cost of field visits to an amorphous and dramatically expanded customer demographic within the sensitive customer category could negate the operational efficiencies gained in the deployment of the SmartMeter™ Technology. While it is difficult to quantify the expense, there can be no doubt that utilizing the low-income disabled customer category has very large cost implications. The second costly provision is the disconnection benchmark. Establishing benchmarks without altering the authorized level of uncollectible expense has large implications for PG&E and its customers. Further, there are constantly changing economic conditions and customer demographics which cause benchmarks to be an unsatisfactory tool.

III. CONCLUSION

Based on the foregoing, PG&E did not join the settlement for reasons related to cost implementations, the settlement agreement's failure to provide a clear mechanism for cost recovery, the settlement's proposed expansion of the sensitive customer category and the

¹⁰ *Id.*

disconnection benchmark provision. As discussed above, PG&E provides its customers with many of the proposed provisions in the Settlement Agreement and currently has an extreme weather policy in place. It should be quite clear that there are certain differences in the billing and collection practices between the Settling Parties and PG&E. Nevertheless, there is nothing inherent in the Settlement Agreement that would justify excusing SDG&E and SoCalGas from the various directives and obligations that arise out of D.10-07-048. Further, to place the IOUs on a different reporting and compliance path will add confusion and detract from the Commission's objective of achieving a more uniform billing process and cycle. Finally, if the Commission approves the Settlement Agreement, it may have unintended consequence on SDG&E and SoCalGas's customers. If safeguards are developed which protect customers at large, approving this Settlement Agreement will prevent the commission from directing implementation of those safeguards for those customers located in SDG&E and SoCalGas's service territories. If the purpose of the disconnection proceeding is to review, develop, and implement best practices, it hardly seems appropriate to forego jurisdiction of one of the three utilities engaging in the business practices under review. In any event, PG&E stands ready and

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willing to work with all interested parties in an effort to develop and implement low cost and no cost modifications where such modifications can provide meaningful assistance to customers.

Respectfully submitted,

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By: _____ /s/
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September 29, 2010

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PACIFIC GAS AND ELECTRIC COMPANY

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is 77 Beale Street, San Francisco, California 94105.

On September 29, 2010, I served a true copy of:

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M) COMMENTS IN
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DECISION 10-07-048**

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service lists for R.10-02-005 with an e-mail address.

[XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service lists for R.10-02-005 without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 29th day of September, 2010, at San Francisco, California.

/s/
JENNIFER S. NEWMAN