

**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 OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902E) AND THE
SOUTHERN CALIFORNIA GAS COMPANY (U 904G) TO COMMENTS
FILED IN RESPONSE TO THE SETTLING PARTIES' PETITION TO
MODIFY DECISION 10-07-048**

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October 6, 2010

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I. INTRODUCTION AND BACKGROUND

Pursuant to authorization granted by Administrative Law Judge TerKeurst on October 5, 2010 and 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 to the comments filed in response to the Petition to Modify Decision ("D.") 10-07-048 filed by SDG&E, SoCalGas, Disability Rights Advocates, The Division of Ratepayer Advocates, The Greenlining Institute, The National Consumer Law Center, and The Utility Reform Network (collectively, the "Settling Parties").

On September 9, 2010, the Settling Parties filed a Petition to Modify Decision D.10-07-048 ("Petition") and a Motion to Adopt the Residential Disconnection Settlement Agreement ("Settlement Agreement"). In the Petition, the Settling Parties request that the Commission modify D.10-07-048 to allow the terms of the Settlement Agreement to supersede the D.10-07-048 requirements as they apply to SDG&E and SoCalGas. The Petition explains that because the Settlement Agreement addresses all material issues in this proceeding as they relate to SDG&E and SoCalGas, and because SDG&E and SoCalGas are already achieving the Commission's goal of maintaining fairly low rates of residential service disconnections, the requested modification

should be granted. The Petition stresses the point that Commission approval of the Petition and adoption of the Settlement Agreement will in no way preclude the Joint Utilities' active involvement in the remaining phase(s) of the proceeding, as SDG&E and SoCalGas will continue to participate in Commission workshops, meetings, etc., and engage in party dialogue to discuss further means to help customers avoid disconnection.

II. DISCUSSION

A. The Petition Should Be Granted Because the Settlement Agreement Is a Collaborative Resolution that Directly Advances the Commission's Goal To Reduce Residential Disconnections.

The Commission opened this rulemaking “to continue [its] efforts to reduce the number of residential gas and electric utility service disconnections due to nonpayment by improving customer notification and education.”¹ The OIR encouraged parties “to meet on their own and present additional proposals within the scope of this proceeding, including a joint proposal agreed to by all utilities and consumer groups.”² As directed by the OIR, the Joint Utilities worked with the intervening parties to derive a resolution that helps to mitigate residential disconnections and arrearages through education and flexible utility practices. The Joint Utilities engaged in extensive discussions with the intervening parties to walk them through our philosophy on residential disconnections, our practices to avoid and reduce disconnections, and our disconnection results. In turn, the intervening parties provided key input and recommendations regarding numerous consumer concerns. The Settlement Agreement is the direct product of that considerable time, discussion, collaboration and negotiation.

The Settling Parties now sponsor and present to the Commission a comprehensive Settlement Agreement to resolve all issues that the Commission has raised in this proceeding, as

¹ *Order Instituting Rulemaking on the Commission's Own Motion to Address the Issue of Customers' Electric and Natural Gas Service Disconnection* (“OIR”), p. 1.

² OIR at p. 11.

they relate to the Joint Utilities.³ The Settlement Agreement is avidly supported by all active intervening parties, and while neither Pacific Gas & Electric Company (“PG&E”) nor Southern California Edison Company (“SCE”) is a party to the Settlement Agreement, neither party actively opposes the requested modification to the Petition or adoption of the Settlement Agreement. In fact, both parties contend they either maintain or have adopted many of the provisions contained in the Settlement Agreement.⁴

B. The Petition Should Be Granted Because the Settlement Agreement Benefits Customers and the Commission.

The Settlement Agreement is in the public's interest—particularly customers' interests and the Commission's interests. The Settlement Agreement includes rules, practices and service flexibility options that will help produce the optimal outcome for the Joint Utilities' residential customers, i.e., low disconnection levels. The Joint Utilities carefully analyzed the costs and the benefits associated with the Settlement Agreement to ensure that the Settlement Agreement directly advances the interests and needs of their customers, while advancing the goals set forth in the OIR. The Settlement Agreement also includes safeguards to help protect customers, especially vulnerable customers and non-English speaking customers, from unnecessary or unsafe service disconnection.

The Settlement Agreement benefits the Commission because it will reduce the resources that the Commission must devote to resolve the issues in this proceeding regarding the residential disconnections as they relate to SDG&E and SoCalGas. The Joint Utilities do not advocate that the Settlement Agreement should bind parties not a party to the agreement. Even

³ See Petition at pp. 5-7.

⁴ See Pacific Gas and Electric Company's (U 39 M) Comments in Response to the Settling Parties' Petition to Modify Decision 10-07-048 at p. 4. Southern California Edison Company's (U 338-E), Response to the Petition 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 to Modify Decision (D.)10-07-048 at p.3.

so, the Settlement Agreement could serve as a point of reference to the Commission, as the Settlement Agreement is a timely resolution that exceeds the directives listed in the OIR.

C. The Joint Utilities Commit to Continue Active Participation in R.10-02-005.

While the Settlement Agreement represents a comprehensive resolution of all material issues identified in this rulemaking relating to the Joint Utilities, as Respondents in this proceeding, SDG&E and SoCalGas will continue to work with parties in this proceeding to discuss other means to help customers avoid disconnection and costly arrearages. The Joint Utilities have never professed that either their credit and collection practices or residential disconnection practices are necessarily better than those employed by other utilities. The Joint Utilities do aver that their practices have proven effective to help their customers avoid disconnection, as evidenced by the Joint Utilities' low levels of residential disconnections. As active participants in the remaining phase(s) of this proceeding, the Joint Utilities look forward to sharing their knowledge with parties regarding practices and policies that have helped the Joint Utilities to maintain their low levels of residential disconnections.

III. CONCLUSION

In light of the foregoing, the Joint Utilities respectfully request that the Commission grant the Settling Parties' Petition to Modify D.10-07-048.

Respectfully submitted,

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

October 6, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **REPLY OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902E) AND THE SOUTHERN CALIFORNIA GAS COMPANY (U 904G) TO COMMENTS FILED IN RESPONSE TO THE SETTLING PARTIES' PETITION TO MODIFY DECISION 10-07-048** 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 11th day of October, 2010.

/s/ JOEL DELLOSA

Joel Dellosa