

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

Order Instituting Rulemaking on the
Commission's Own Motion to Consider
Revising Energy Utility Tariff Rules
Related to Deposits and Adjusting Bills as
They Affect Small Business Customers.

Rulemaking 10-05-005
(Filed May 6, 2010)

**COMMENTS OF THE UTILITY REFORM NETWORK ON THE PROPOSED
DECISION OF COMMISSIONER BOHN IN RULEMAKING 10-05-005**



Lower bills. Livable planet.

October 18, 2010

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), The Utility Reform Network (“TURN”) submits its opening comments on the Proposed Decision (“PD”) of Commissioner Bohn Revising Tariff Rules for Small Business Customers in Rulemaking 10-05-005.

II. DISCUSSION

TURN commends the Commission for its efforts to assist the small businesses in California during this difficult economic crisis. TURN supports most of the PD’s findings and conclusion. Specifically, TURN supports the adoption of the PD’s definition of small business customer, the PD’s reduction of the back-billing time frame from three years to three months, the extension of the refund period for both billing and metering errors to three years, and the reduction in the maximum allowable deposit amount to twice the monthly average bill. Each of these measures will hopefully reduce the burden on small businesses that are struggling to remain economically viable. The PD, however, fails to provide adequate protection for small businesses with respect to deposits, and TURN urges the Commission to address the following issues.

A. Clarification of “deposits”

The PD adopts the Staff Report’s recommendation to reduce small business deposits from twice the maximum bill to twice the average bill.¹ TURN supports this measure but notes that the PD does not specify that this requirement applies to both initial deposits as well as to re-establishment of credit deposits. TURN, therefore, recommends that the Commission modify the PD to clarify that all deposits for establishment or re-establishment of credit that are requested from small businesses shall be equal to or less than twice the monthly average bill.

B. Re-establishment of credit deposits for slow payment

The PD states that the Commission declines to waive the deposit requirements for re-establishment of service except for where re-establishment of service is due to failure to pay charges related to back-billing.² TURN supports the PD’s exception for deposits requested for re-establishment of service due to back-billing related service disconnections. The PD, however, only addresses “re-establishment of service deposits”, which TURN interprets to mean deposits required to re-establish service after a disconnection. The PD fails to address TURN’s concerns, raised in TURN’s opening comments on the Rulemaking as well as in TURN’s comments on the Staff Report,³ regarding the requirement of deposits for re-establishment of credit for late payment.

In Decision 10-07-048, the Commission specifically directed the utilities to waive re-establishment of credit deposits for late payment of bills for residential customers as

¹ Proposed Decision, pp. 8-9.

² Proposed Decision, p. 9.

³ See Opening Comments of The Utility Reform Network in Rulemaking 10-05-005 (June 14, 2010), p. 5; see also Comment of The Utility Reform Network on the Small Business and Community Outreach Staff Report in Rulemaking 10-05-005, pp. 2-3.

part of the Commission’s effort to reduce the number of residential customer disconnections.⁴ As TURN explained in its opening comments, if a small business customer is struggling financially to manage an arrearage and avoid shutoff, being required to pay a re-establishment of credit deposit would only increase the financial strain on that customer.⁵ TURN recommends that the Commission waive re-establishment of credit deposits for late payments for small businesses as it did in D.10-07-048 for residential customers. TURN understands that such deposits provide a degree of financial security for the utilities, but TURN urges the Commission to waive this requirement at least as an interim measure to assist small businesses during this economic crisis.

C. Alternatives to deposits

The PD “encourages” and “supports” alternative credit mechanisms in lieu of deposits but fails to provide clear direction to the utilities to actually provide any alternative mechanisms to its small business customers.⁶ If the Commission does not require at least some limited set of actions on the part of the utility, the PD’s weak support of alternative credit mechanisms will not ensure that small business customers will actually get any relief from current utility deposit practices. In order to address this deficiency, TURN recommends that the Commission specifically direct the utilities to develop an automatic payment plan that allows new customers or reconnecting customers a payment option that is in lieu of cash deposit for credit as the Commission did for

⁴ Interim Decision Implementing Methods to Decrease the Number of Gas and Electric Utility Service Disconnections, Decision 10-07-048 in Rulemaking 10-02-005 (July 29, 2010), p. 32, Interim Order 3 and 4.

⁵ Opening Comments of The Utility Reform Network in Rulemaking 10-05-005 (June 14, 2010), p. 4.

⁶ Proposed Decision, p. 9.

residential customers in D.10-07-048.⁷ TURN also recommends that the Commission direct utilities to allow small business customers to pay re-establishment of credit deposits following a disconnection over at least a three-month period in order to lessen the financial impact of the deposit.

III. CONCLUSION

TURN supports the PD's recommendations for modifying back-billing practices, but respectfully urges the Commission to ensure the viability of California's small businesses by further modifying the utilities' deposit practices as recommended by TURN in its above discussion.

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Respectfully submitted,

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⁷ *Id.* at 33, Interim Order 5 and 6.