

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

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

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

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK
ON THE PROPOSED DECISION ON PHASE II ISSUES**

February 6, 2012

Hayley Goodson
Staff Attorney

The Utility Reform Network
115 Sansome Street, Suite 900
San Francisco, CA 94104
Phone: (415) 929-8876
Fax: (415) 929-1132
E-mail: hayley@turn.org

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK
ON THE PROPOSED DECISION ON PHASE II ISSUES**

I. INTRODUCTION

In accordance with Rule 14.3 of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) submits these reply comments on Commissioner Florio's *Proposed Decision on Phase II Issues: Adoption of Practices to Reduce the Number of Gas and Electric Service Disconnections* (PD), issued on January 9, 2012. TURN has reviewed the Reply Comments being submitted today by the Greenlining Institute (Greenlining), the Center for Accessible Technology (CforAT), and the National Consumer Law Center (NCLC). TURN strongly supports the Reply Comments submitted by each of these parties.

II. REPLY COMMENTS

A. PG&E and SCE Appear to Confuse the Function of the Memorandum Account.

Pacific Gas and Electric Company's (PG&E's) response to the PD's directives regarding CARE enrollment by Customer Service Representatives (CSRs) over the telephone is unenthusiastic, by any count. Nevertheless, PG&E generously offers to implement this mandate provided that it has time to do so and is provided cost recovery in the memorandum account.¹ PG&E errs to the extent it intends to suggest that tracking costs in the memorandum account leads necessarily to cost recovery.

As D.10-07-048 made abundantly clear, memorandum account cost recovery will be determined in the next GRC for each utility.² The PD further explains:

The disconnection practices resulting from this proceeding are ongoing, and the incremental compliance costs have not yet been adequately reviewed. We reaffirm our intention to review the reasonableness of costs tracked in the memorandum [account] by the utilities in their respective GRCs. We do not address the reasonableness of costs incurred to date except to note that PG&E's recorded expenses exceed those of SCE by a factor of approximately 10. We look forward to an in-depth review of the

¹ PG&E Comments, p. 9.

² D.07-10-048, p. 28.

costs.³

TURN does not object to the tracking of such costs in the memorandum account during PG&E's current GRC cycle (which ends in 2013), to the extent the costs are both significant and incremental, since this is consistent with the purpose of the memorandum account.⁴ But the Commission must subject these costs, like all others recorded by PG&E in the memorandum account, to an in-depth review to determine whether they are indeed incremental and if so, whether they are reasonable, prior to authorizing their recovery. Any suggestion by PG&E that the memorandum account functions as a proxy for preauthorization by the Commission must be flatly rejected.

For the same reason, the Commission should dismiss PG&E's proposal that the final decision "acknowledge" the additional "expense that will be expected in the memorandum account" if the Commission adopts a disconnection benchmark for PG&E.⁵ Because the Commission has not yet reviewed whether any of the costs recorded in PG&E's memorandum account are truly incremental or reasonable, the Commission would have no basis for any expectation whatsoever about what costs might or might not flow from the adoption of the disconnection benchmark. Further, as discussed in the reply comments of Greenlining filed today, the PD does not intend for the benchmark to prescribe how the utility should manage its disconnections; the benchmark is a target, not a cap. PG&E's approach to and success at working with customers to avoid disconnections and, ultimately, to prevent write-offs will determine whether additional expense is recorded in the memorandum account, not the existence of the benchmark *per se*.

Like PG&E, Southern California Edison Company (SCE) also seems to confuse the purpose of the memorandum account. SCE argues that the PD should be modified "to specify that the memorandum account established for this proceeding shall remain open until all costs associated with the disconnection practices implemented in this proceeding

³ PD, p. 36.

⁴ See, *i.e.* D.10-07-048, p. 28 ("Each IOU has established a memorandum account for the significant additional costs associated with the new practices initiated in R.10 -02-005." (emphasis added)).

⁵ PG&E Comments, p. 2.

have been recorded and recovered.⁶ Yet whether the costs SCE records in the memorandum account will be recovered from ratepayers depends on the Commission's ultimate determination of whether their recovery is reasonable. Thus, it would be nonsensical for the Commission to direct that SCE should keep open the memorandum account until all recorded costs have been "recovered," as this event may never occur.

B. PG&E's Request to Have Until January 1, 2013 to Implement the New Requirements Is Unreasonable.

PG&E argues that the PD should be modified to provide nearly a full year for the implementation of several measures, including CARE enrollment by CSRs over the telephone, the uniform disconnection notice procedures, large print requirements for disconnection notices, and alternative forms of communication requested by customers with disabilities. This amount of time is unreasonable on its face, and PG&E has failed to demonstrate the need for such a seemingly outrageous implementation lag.

First, regarding CARE enrollment by CSRs, PG&E argues that the PD should be modified "to permit sufficient time for orderly implementation and suggests an appropriate time will be January 1, 2013."⁷ Nearly a full year is necessary, according to PG&E, to "ensure PG&E's contact center representatives are appropriately trained to perform such enrollments and that any additional IT related modifications have been adequately performed and tested."⁸ While TURN recognizes the need for CSR training, it is difficult to believe that many months of training is warranted, especially since PG&E currently expects its untrained customers to be able to enroll in CARE over the phone through an automated system.⁹ PG&E's expectation that IT-related modifications will take some time is also no surprise. However, PG&E does not explain what IT modifications are necessary and why they will take nearly a year to implement and test.

Second, PG&E asserts that implementation of the uniform disconnection notice timeline the PD would require may take up to six to nine months in 2012, "due to

⁶ SCE Comments, pp. 7-8.

⁷ PG&E Comments, p. 9.

⁸ *Id.*

⁹ *See* PG&E Comments, p. 9.

required IT changes.¹⁰ This is PG&E's entire basis for arguing that the PD should be modified to provide PG&E and SCE until January 1, 2013 to implement these modifications.¹¹ PG&E's request is unreasonable. In the October 1, 2010, filing PG&E submitted jointly with SCE, San Diego Gas & Electric Company and Southern California Gas Company, proposing the very same uniform disconnection practices the PD would adopt,¹² PG&E explained, "As a result of pending upgrades being made to PG&E's customer information system, PG&E does not anticipate being able to implement these changes until possibly the fourth quarter of 2011."¹³ Now PG&E offers no clarification as to whether the upgrades that were pending nearly a year and a half ago are still pending. And PG&E otherwise fails to explain why the additional "IT changes" it mentions now would take nearly a year. Also of note, SCE does not express concern with implementing these practices within the 30 days provided by the PD.¹⁴

Finally, PG&E proposes that it be provided until January 1, 2013 to implement the requirements regarding font size for written disconnection notices and alternative forms of disconnection-related communications. PG&E does not actually discuss this issue in its comments, but the modification is included in PG&E's proposed change to Ordering Paragraph 7 in Attachment A. PG&E provides absolutely no basis for such a long implementation lag. SCE, in contrast, asks only for a modest extension, if any, to provide the enhanced communications for households identified as using non-standard forms of telecommunications. SCE notes that this effort "may take longer than 30 days," a far cry from PG&E's proposed 10-plus months.¹⁵

For all of these reasons, the Commission should dismiss PG&E's request to delay until January 1, 2013, the implementation of CARE enrollment over the telephone by CSRs and the various changes to disconnection-related notices and communications the

¹⁰ PG&E Comments, p. 10.

¹¹ *Id.*

¹² *See* PD, p. 42.

¹³ Joint Utility Filing of San Diego Gas & Electric Company, Southern California Gas Company, Southern California Edison Company and Pacific Gas & Electric Company to Propose Uniform Disconnection Practices and Account and Billing Practices, October 1, 2010, Appendix A.

¹⁴ *See* SCE Comments, pp. 5-6 (discussing uniform notice of disconnection procedures).

¹⁵ SCE Comments, p. 3.

