PREPARED TESTIMONY OF HAYLEY GOODSON

ADDRESSING THE PROPOSAL OF PACIFIC GAS AND ELECTRIC COMPANY FOR A NEW UNCOLLECTIBLES MECHANISM

IN APPLICATION 12-11-009

SUBMITTED ON BEHALF OF THE UTILITY REFORM NETWORK

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I. INTRODUCTION AND OVERVIEW

This testimony is presented on behalf of The Utility Reform Network (TURN) by Hayley Goodson, Staff Attorney of TURN. Ms. Goodson addresses the proposal of Pacific Gas and Electric Company (PG&E) to implement a new uncollectibles mechanism. Ms. Goodson has 10 years of experience as a TURN attorney and has developed, or assisted in the development of, TURN's positions in many of the major energy-related proceedings before this Commission. Her qualifications appear at the end of this testimony.

PG&E proposes a new method for forecasting the uncollectibles factor, based on a five-year rolling average of historical uncollectibles factors, which would be automatically adjusted each year via Advice Letter.[1] Using PG&E's method, the 2014 uncollectibles factor would be set equal to the average of 2008-2012 recorded uncollectibles factors, 0.003757.[2] For 2015, the factor would be set as the 2009-2013 average, and for 2016, as the 2010-2014 average.

PG&E argues that this mechanism would be an improvement over the traditional approach, wherein a single uncollectibles factor is set for the entire GRC period, for two main reasons. First, the utility argues that a rolling average would mitigate some of the risk to PG&E and its ratepayers from changing economic conditions, which have an immediate and direct impact on credit and collections activities and thus uncollectibles, by allowing the uncollectibles factor to be annually updated.[3] These regular adjustments would prevent historic data from becoming stale in an area of volatile costs. Second, PG&E argues that this mechanism would "facilitate increased credit policy flexibility in the form of more flexible pay plans to meet

[1] PG&E-5, p. 4-41.
[2] PG&E-5, WP 4-16; PG&E Response to TURN DR 68-3 (providing actual 2012 data rather than estimated data).
[3] PG&E-5, p. 4-39; PG&E Response to TURN DR 68-5.

individual customer needs and relaxed deposit policies."[4] Similarly, PG&E explains that its "proposed [uncollectibles] mechanism will … allow for increased customer outreach to engage customers in pay plans before reaching the point of disconnection, with that outreach employing expanded communication channels to communicate with customers via e-mail, text messages, and outbound calls."[5]

DRA, in contrast, proposes a 10-year recorded average (2003-2012), with the highest and lowest years removed, and would keep the traditional approach of setting the uncollectibles factor only once for the entire GRC cycle.[6] DRA's approach results in an uncollectibles factor of 0.003187 for the 2014-2016 period.[7] DRA argues that using a 10 year period, versus PG&E's five year horizon, would "smooth the variable of economic conditions" and "give PG&E an incentive to implement new strategies and policies to reduce under-collection."[8]

TURN proposes a hybrid approach. TURN recommends that the Commission adopt a 10-year rolling average of historical uncollectibles factors, starting with 2003-2012 for the test year, with adjustments to occur annually by Advice Letter, as PG&E suggests. This methodology yields an uncollectibles factor of 0.003257 for 2014. As explained below, TURN supports PG&E's rolling average approach with annual updates, while also agreeing with DRA that a 10-year time frame is more appropriate than PG&E's 5-year methodology.

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[4] PG&E-5, p. 4-41.
[5] PG&E-5, p. 4.41.
[6] DRA-13, p. 80.
[7] DRA-13, p. 80.
[8] DRA-13, pp. 80, 81.

The following table compares PG&E's, DRA's and TURN's proposals.

	PG&E	DRA	TURN
Mechanism	5-yr rolling average	10-yr average excluding highest and lowest years	10-yr rolling average
2014 factor	0.003757	0.003187	0.003257
2015 factor	2009-2013 ave.	0.003187	2004-2013 ave.
2016 factor	2010-2014 ave.	0.003187	2005-2014 ave.

II. DISCUSSION

A. A rolling average approach to uncollectibles is reasonable.

TURN supports a rolling average approach to uncollectibles as opposed to the traditional approach of setting a single factor for the entire rate case cycle. TURN agrees with PG&E's argument that an uncollectibles mechanism that is more closely tied to current economic conditions is reasonable given the close nexus between the economy and customer payment patterns. While the same could arguably be said for other GRC cost categories, updating the uncollectibles factor annually, as proposed by PG&E, would be particularly simple and straight forward to implement.

Moreover, uncollectibles vary not only with changing economic circumstances for customers but also with the Commission's interventions in utility credit and collections policies, which have tended to occur outside of the GRC process. For instance, in D.10-05-044, adopted in R.04-01-006 (Low Income Energy Assistance Programs), the Commission directed the utilities not to disconnect customers who paid at least 50% of their current bills and to waive deposits during the 2005-2006 winter months.[9] More recently, in R.10-02-005 (Residential Service Disconnections) the Commission placed limits on the collection of re-establishment of

[9] D.05-10-044, pp. 27-28.

credit deposits and required the major energy utilities to offer all customers at risk of disconnection a payment plan of at least three months in duration.[10] Neither of these proceedings presented an appropriate forum in which to revisit the effective uncollectibles factor adopted in each utility's most recent GRC. Yet PG&E reports that its write-offs increased by $2.7 million from October 2011 through February 2013 as a result of the deposit restrictions adopted by the Commission in R.10-02-005, which prevented the utility from collecting deposits that would have offset some or all of the debt ultimately written off.[11] PG&E also attributes to the payment plan requirements "an increase in the length of pay plans, an increase in the number of broken pay plans, and a resultant increase in the total amount in arrears throughout the collection process and at SONP [Shut-Off for Nonpayment]."[12]

Policy changes such as those adopted by the Commission in R.04-01-006 and R.10-02-005 cannot necessarily be anticipated during a GRC proceeding and taken into account in setting the uncollectibles factor. At this time, it is clear that the policies adopted by the Commission in R.10-02-005 regarding deposits and payment plans are set to expire at the end of 2013.[13] Whether the Commission will re-instate such policies or adopt new policies during PG&E's 2014 GRC cycle is unknowable, but the presence or absence of such policies can be expected to impact uncollectibles amounts. Using a rolling cycle based on the most current historical recorded data to set the uncollectibles factor is a more nimble way of reflecting changes in the Commission's policies regarding customer arrearage management and disconnection prevention, while still providing PG&E with a proper incentive to manage uncollectibles.

[10] The Commission initially adopted these policies in OIR 10-02-005 and extended them in D.12-07-048 and D.12-03-054, issued in that proceeding.
[11] PG&E Response to TURN DR 68-11.
[12] PG&E Response to Greenlining DR 1-26.
[13] *See* D.12-03-054, Ordering Paragraphs 2, 4.

B. A 10-year average more appropriately weighs recent economic and regulatory circumstances than a 5-year average.

On the other hand, TURN agrees with DRA that a ten-year horizon is more reasonable than PG&E's proposed five-year period because it lessens the weight of the unique confluence of events in recent years. The 5-year average (2008-2012) uncollectibles factor, 0.003757, is 27.1% higher than the long-term historical average of 0.002956 (1989-2012), while the 10-year average (2003-2012) is 10.2% higher than the long-term average.[14] The 2008-2012 period is marked by 1) nearly unprecedented economic conditions endured by PG&E's customers (starting in mid-2008), and 2) the Commission's extensive intervention in the utility's credit and collections policies in response (starting in early 2010). The influence of the former will hopefully decline during this GRC cycle. The influence of the latter will almost certainly decline in 2014 and all but disappear by the latter half of that year due to the expiration of the policies required in R.10-02-005 on December 31, 2013.[15]

As noted above, PG&E argues that the presence of such policies – particularly the prohibition on the collection of re-establishment of credit deposits from certain payment troubled customers -- directly increased uncollectibles in 2011 and 2012. PG&E's data also suggests that the policies adopted in R.10-02-005 resulted in a reduction in the number of disconnections, but an increase in the average arrearage at disconnection, compared to PG&E's practices when the recession hit in 2008 and 2009.[16] PG&E does not intend to voluntarily continue the payment plan and deposit practices required by the Commission in R.10-02-005 after their expiration,

[14] Calculated from PG&E Response to TURN DR 68-3, Atch 01 (providing recorded uncollectibles factors for 1989-2012).

[15] There is a time lag between changes in economic conditions or credit/collections policies and write-offs. While not all SONPs result in the write-off of an uncollectible balance, those accounts that do go to write-off do so approximately 180 days from the date PG&E renders the account closing bill. (PG&E Response to TURN DR 82-2).

[16] PG&E Response to Greenlining DR 1-26.

though PG&E has stated to TURN that it may consider implementing a modified version of one or both of these practices.[17]

While PG&E forecasts a very similar number of disconnections in 2014 as in 2012 and 2013,[18] the absence of the pay plan and deposit-related requirements in place from 2010-2013 can reasonably be expected to result in a reduction in uncollectibles in the latter part of 2014, as well as in 2015-2016 (based on PG&E's theory of correlation). PG&E's uncollectibles mechanism will hardly pick up this change because of the necessary lag; post-R.10-02-005 data will not show up until 2016, when 2014 recorded data becomes part of the average.

Using a 10-year historical period does not hasten the impact of more contemporary conditions but reduces the impact of historical conditions in any one year. TURN recommends its adoption instead of PG&E's approach because the most recent five year period, while instructive, may not be the most appropriate predictor of future uncollectibles.

C. PG&E's suggestion that adoption of its proposed uncollectibles mechanism will deliver benefits to payment troubled customers should be taken with a grain a salt.

PG&E suggests a trade-off for customers under its uncollectibles mechanism: give up the certainty of a fixed uncollectibles factor for 2014-2016 but enjoy a more flexible, compassionate utility when times are tough and keeping up with bills is a struggle. Unfortunately, TURN must caution that the Commission should not assume that these benefits will materialize for customers in distress.

TURN asked PG&E to identify the payment plan and deposit policies it would adopt if the Commission were to grant its uncollectibles proposal. PG&E initially responded that it "has not made any final decision on specific changes that it would make if the proposed uncollectibles

[17] PG&E Response to TURN 77-1 and TURN 82-1(Supp).
[18] PG&E Response to TURN DR 68-1.

mechanism is adopted," but its tolerance for risk associated "with credit related customer transactions, including the ability to tailor pay plans to meet individual customer needs and a reduced necessity to secure open accounts through deposits for customers who may already be challenged in just paying the monthly bill," would increase.[19] TURN tried again to gain some assurance that PG&E intended to deliver these benefits, asking PG&E to identify the specific changes to the utility's customer credit policies under consideration. PG&E responded that it "is considering the degree of flexibility in providing pay plans and the appropriate length of pay plans based on the customer's credit history" and would "consider a more flexible pay plan policy" if the proposed uncollectibles mechanism is adopted.[20] With respect to deposit-related policies, PG&E stated that it "would consider not charging a re-establishment deposit to slow pay or no pay customers based on a full review of the circumstances."[21]

TURN takes little comfort in these vague and tentative assertions, as should the Commission. It would be impossible to evaluate the impact of PG&E's uncollectibles mechanism on its credit and collections practices without anything more concrete from PG&E. "Insulate us from some of the risk and we'll be kinder to our customers in distress" may sound like a tempting proposition to those, like TURN, who have been working to reduce disconnections over a good part of the past decade, but this pledge has no weight behind it.

While TURN would much prefer to be in a position to endorse PG&E's proposal based on a confident belief that struggling customers would benefit, PG&E has failed to provide TURN with the requisite assurance that PG&E would be a more compassionate, flexible utility if it were

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[19] PG&E Response to TURN DR 68-5(a).

[20] PG&E Response to TURN DR 77-1(a) (following up on TURN DR 68-5). *See also* PG&E Response to TURN DR 82-1(a)(Supp) ("PG&E will modify the practice of offering a minimum of three months [referring to pay plan duration] to all eligible customers in 2014, 2015, and 2016. However, PG&E continues to evaluate the impacts from the Disconnect OIR requirements and has not yet determined the extent of any changes that will be made to this practice.").

[21] PG&E Response to TURN DR 77-1(b) (following up on TURN DR 68-5).

to have a five-year rolling average uncollectibles mechanism. Consequently, TURN bases its uncollectibles recommendation on the factors outlined in Sections II.A and II.B above, rather than the promise of customer service benefits. Nonetheless, we encourage PG&E to not only *consider* but actually extend to its customers flexible credit and collections policies with the expiration of the mandates of R.10-02-005.

III. CONCLUSION

For the foregoing reasons, TURN recommends that the Commission adopt a new uncollectibles mechanism for PG&E, based on a rolling average of historical uncollectibles factors, rather than adopting a fixed factor for the during of this GRC cycle. A ten-year historical period should be used, rather than PG&E's five-year proposal, to smooth the impacts of particularly unusual economic and regulatory circumstances in the past five years whose influence will likely wane, if not disappear, during PG&E's 2014-2016 rate case cycle.

Attachment 1

STATEMENT OF QUALIFICATIONS OF HAYLEY GOODSON

My name is Hayley Goodson, and my business address is The Utility Reform Network, 115 Sansome Street, Suite 900, San Francisco, California. I am currently a Staff Attorney at TURN. Since 2003, I have represented TURN on energy utility regulatory law and policy matters, and I also advise TURN's consumer advisor on issues impacting TURN's members and other consumers who contact TURN with complaints about utility services. My work at TURN has focused on electric and natural gas utility services, including energy efficiency and conservation programs; utility billing, credit and collection practices; policies and programs targeting low-income consumers; as well as utility general rate cases; rate design; and utility cost of capital. I have previously testified before this Commission.

My education includes a Bachelor of Arts degree in Women's Studies with a focus in public policy from Brown University (1996) and a law degree from the University of California, Berkeley School of Law, Boalt Hall (2003).

Attachment 2

DATA REQUESTS RELIED UPON

PACIFIC GAS AND ELECTRIC COMPANY
2014 General Rate Case Phase I
Application 12-11-009
Data Response

PG&E Data Request No.:	TURN_0678-01		
PG&E File Name:	GRC2014-Ph-I_DR_TURN_068-Q01		
Request Date:	April 11, 2013	Requester DR No.:	TURN-PG&E-68
Date Sent:	April 18, 2013	Requesting Party:	The Utility Reform Network
PG&E Witness:	Steve Phillips	Requester:	Garrick Jones

SUBJECT: PG&E-5, CHAPTER 4 (METER TO CASH)

Field Collection

QUESTION 1

PG&E on page 4-31 forecasts 270,000 SONPs to be completed in 2014.

a. Please break this forecast down into residential SONPs and non-residential SONPs, including separate forecasts for CARE and non-CARE customers within the total residential SONP forecast.

b. Please provide the total recorded SONPs in 2012.

c. Please provide PG&E's forecast of SONPs in 2013, including a breakdown between residential SONPs (CARE, non-CARE, and total residential) and non-residential SONPs.

d. Please provide PG&E's forecast of SONPs in 2015 and 2016, including a breakdown between residential SONPs (CARE, non-CARE, and total residential) and non-residential SONPs.

ANSWER 1

a. The forecast for 2014 SONPs by customer class is provided in the table below.

	Residential	Non-Residential	Total
CARE	12,690		
Non-CARE	241,110		
	253,800	**16,200**	**270,000**

b. PG&E performed 250,179 SONPs in 2012.

c. The forecast for 2013 SONPs by customer class is provided in the table below.

	Residential	Non-Residential	Total
CARE	12,925		
Non-CARE	245,575		
	258,500	**16,500**	**275,000**

d. PG&E has not forecast SONPs for 2015 and 2016

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PG&E Data Request No.:	TURN_068-03		
PG&E File Name:	GRC2014-Ph-I_DR_TURN_068-Q03		
Request Date:	April 11, 2013	Requester DR No.:	TURN-PG&E-68
Date Sent:	April 22, 2013	Requesting Party:	The Utility Reform Network
PG&E Witness:	Steve Phillips	Requester:	Garrick Jones

SUBJECT: PG&E-5, CHAPTER 4 (METER TO CASH)

Uncollectibles

QUESTION 3

Please update PG&E's calculation of the 2014 uncollectibles factor in workpaper 4-16 to include actual rather than estimated values for 2012.

ANSWER 3

Please see attachment GRC2014-Ph-I_DR_TURN_068-Q3Atch01.

TABLE 4-12
PACIFIC GAS AND ELECTRIC COMPANY
2014 GRC
Exhibit (PG&E-5) Chapter 4
Meter To Cash
CALCULATION OF AVERAGE ANNUAL SHAREHOLDER UNCOLLECTIBLES LOSS 1989 - 2012
(Thousands of Nominal Dollars)

Line No.	Year	Revenue	Net Write-Off	Factor
1	2012	$ 14,827,143,097	$ 57,972,520	0.003910
2	2011	14,629,492,318	54,258,945	0.003709
3	2010	14,741,296,164	37,988,685	0.002577
4	2009	14,414,013,463	70,821,246	0.004913
5	2008	15,173,862,974	55,803,703	0.003678
6	2007	14,645,346,583	41,053,982	0.002803
7	2006	14,435,385,419	31,185,872	0.002160
8	2005	13,216,767,873	32,287,187	0.002443
9	2004	12,699,605,027	40,385,653	0.003180
10	2003	12,363,014,689	39,511,784	0.003196
11	2002	12,192,304,000	34,042,000	0.002792
12	2001	12,794,606,263	26,106,443	0.002040
13	2000	9,303,395,000	14,708,476	0.001581
14	1999	9,485,029,000	17,470,000	0.001842
15	1998	9,389,404,000	20,982,000	0.002235
16	1997	9,355,247,000	25,731,000	0.002750
17	1996	9,279,094,000	34,251,000	0.003691
18	1995	9,655,398,000	43,751,000	0.004531
19	1994	9,735,818,415	34,143,687	0.003507
20	1993	9,893,449,733	29,389,409	0.002971
21	1992	9,748,130,348	27,719,019	0.002844
22	1991	9,743,715,090	22,454,204	0.002304
23	1990	8,902,714,867	24,273,806	0.002727
24	1989	$8,245,577,133	$21,057,588	0.002554
25	**Total**	**$ 278,869,810,456**	**$ 837,349,209**	**0.003003**

PACIFIC GAS AND ELECTRIC COMPANY
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PG&E Data Request No.:	TURN_0678-05		
PG&E File Name:	GRC2014-Ph-I_DR_TURN_068-Q05		
Request Date:	April 11, 2013	Requester DR No.:	TURN-PG&E-68
Date Sent:	April 24, 2013	Requesting Party:	The Utility Reform Network
PG&E Witness:	Steve Phillips	Requester:	Garrick Jones

SUBJECT: PG&E-5, CHAPTER 4 (METER TO CASH)

Uncollectibles

QUESTION 5

On page 4-41, PG&E explains that its "proposed [uncollectibles] mechanism will facilitate increased credit policy flexibility in the form of more flexible pay plans to meet individual customer needs and relaxed deposit policies."

a. If the uncollectibles factor mechanism proposed by PG&E in this proceeding were currently in place, please explain what changes PG&E would make to its currently effective customer credit policies. Your response should distinguish between the pay plan and deposit-related policies currently required by the Commission in D.12-03-054 and those incremental and discretionary policies that PG&E would implement in 2013.

b. Has PG&E included any costs in this GRC associated with the "increased credit policy flexibility" that PG&E describes as a benefit of the uncollectibles mechanism it proposes? If so, please explain and indicate where such costs appear in PG&E's testimony and/or workpapers.

c. If your answer to part (b) indicates that such costs are included in this GRC and the Commission does not adopt PG&E's proposed uncollectibles mechanism, does PG&E still intend to implement in 2014, 2015 and/or 2016 the activities associated with "increased credit policy flexibility" identified in part (b)?

ANSWER 5

a. PG&E has not made any final decisions on specific changes that it would make if the proposed uncollectibles mechanism is adopted. In general, adoption of the revised methodology would allow the amount of utility-recoverable write off to respond to changes in economic conditions. During periods where economic conditions are favorable, the amount of write off borne by customers would actually decrease under this method, as opposed to the fixed-factor method now used. Conversely, during more challenging economic conditions, the rate would adjust in response to higher write off amounts, if they occur. The assurance of increased recovery during difficult economic times would enable PG&E to endure more risk associated with credit related customer transactions, including the ability to tailor pay plans to meet individual customer needs and a reduced necessity to secure open accounts through deposits for customers who may already be challenged in just paying the monthly bill. PG&E is committed to the development and implementation of credit policies which effectively balance the needs of customers and the responsibilities of effective business management. Central to that balanced concept is a write off recovery mechanism that adjusts to the changing economic conditions under which those credit policies are applied.

b. PG&E has not forecast additional costs in the 2014 GRC associated with increased credit policy flexibility associated with its proposed uncollectibles mechanism.

c. Please see the response to question 5b.

PACIFIC GAS AND ELECTRIC COMPANY
2014 General Rate Case Phase I
Application 12-11-009
Data Response

PG&E Data Request No.:	TURN_0678-11		
PG&E File Name:	GRC2014-Ph-I_DR_TURN_068-Q11		
Request Date:	April 11, 2013	Requester DR No.:	TURN-PG&E-68
Date Sent:	April 18, 2013	Requesting Party:	The Utility Reform Network
PG&E Witness:	Steve Phillips	Requester:	Garrick Jones

SUBJECT: PG&E-5, CHAPTER 4 (METER TO CASH)

Service Disconnection Memorandum Accounts

QUESTION 11

Regarding PG&E's statement on page 4-43 that the "incremental write offs that occurred after PG&E waived the deposit requirement totaled $0.9 million through April 30, 2012":

a. Please explain the meaning of the term "incremental" as it is used in this sentence and provide an illustrative calculation using actual 2012 data. Include in your explanation whether PG&E excluded amounts written off *beyond* the deposits that otherwise would have been required from the tracked customer accounts, included all amounts written off from such accounts (amounts not offset by a deposit that otherwise would have been *plus* remainder of bad debt), or used another method to calculate incremental write offs after PG&E waived the deposit requirements.

b. Provide the time period ending with April 30, 2012, during which this $0.9 million in "incremental write offs" occurred.

c. Reconcile PG&E's calculation of $0.9 million in incremental write offs associated with the Disconnection OIR through April 30, 2012, and PG&E's "Monthly Disconnect Data Report Through February 2013" (Attachment A, p. 1) submitted by PG&E in R.10-02-005 on March 25, 2013.

ANSWER 11

a. In this context, "Incremental" is used to describe the amount of write-off that would have been collected as a deposit following a disconnect for non-payment, if PG&E had not been ordered to waive the reestablishment deposit requirement on CARE customers.

As an example, an account that would have been assessed a $150 deposit (two times the average monthly bill of $75 in this example),and with a total write-off amount of $500; would have created an incremental write off amount of $150 resulting from the absence of the held deposit The $150 is then the incremental write-off amount beyond the $350 write off PG&E would have incurred prior to the order ending reestablishment deposit requests for CARE customers.

b. The $0.9 million occurred during the period between October 1, 2011 through April 30, 2012

c. As stated in the response to part b, incremental write-off for the period of October 1, 2011 through April 30, 2012 was $0.9 million. From May 2012 through February 2013 PG&E incurred an additional $1.8M in incremental write-off associated with waiving the reestablishment deposit requirement on CARE customers, as reflected in the report referenced in Question 11c above.

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Application 12-11-009
Data Response

PG&E Data Request No.:	TURN_077-01		
PG&E File Name:	GRC2014-Ph-I_DR_TURN_077-Q01		
Request Date:	April 26, 2013	Requester DR No.:	TURN-PG&E-77
Date Sent:	May 10, 2013	Requesting Party:	The Utility Reform Network
PG&E Witness:	Steve Phillips	Requester:	Garrick Jones

SUBJECT: PG&E-5, CHAPTER 4 (METER TO CASH) – FOLLOW-UP TO TURN DR 68

QUESTION 1

Following up on PG&E's response to TURN DR 68, Question 5(a):

a. PG&E states that it "has not made any final decisions on specific changes that it would make if the proposed uncollectibles mechanism is adopted." What specific changes to PG&E's customer credit policies are under consideration by PG&E for adoption if the proposed uncollectibles mechanism is adopted?

b. PG&E states that its proposed uncollectibles mechanism would enable PG&E "to tailor pay plans to meet individual customer needs and a reduced necessity to secure open accounts through deposits for customers who may already be challenged in paying the monthly bill." If not already provided in response to part (a) of this question, please provide examples of the types of pay plan-related policies and deposit-related policies PG&E has in mind when making this statement. TURN understands that PG&E has not made any final decisions on specific policy changes that would follow the adoption of PG&E's proposed uncollectibles mechanism.

ANSWER 1

a. PG&E is considering the degree of flexibility in providing pay plans and the appropriate length of pay plans based on the customer's credit history. When pay plans are offered, PG&E looks at a variety of factors in granting pay plans; including the amount and age of the outstanding balance, the customer's prior payment history, the number of late notices received, the number of kept or broken pay plans, and the number of returned checks. If the proposed uncollectibles mechanism is adopted, PG&E would consider a more flexible pay plan policy based on a combination of the above factors.

b. PG&E's pay plan considerations are addressed in the response to answer 1(a). With respect to deposit-related policies, PG&E would consider not charging a re-establishment deposit to slow pay or no pay customers based on a full review of the circumstances.

PACIFIC GAS AND ELECTRIC COMPANY
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Data Response

PG&E Data Request No.:	TURN_082-01		
PG&E File Name:	GRC2014-Ph-I_DR_TURN_082-Q01Supp01		
Request Date:	May 1, 2013 (Original)	Requester DR No.:	TURN-PG&E-82
Date Sent:	May 15, 2014	Requesting Party:	The Utility Reform Network
PG&E Witness:	Steve Phillips	Requester:	Garrick Jones

SUBJECT: PG&E-5, CHAPTER 4 (METER TO CASH)

QUESTION 1

Following up on PG&E's response to Greenlining DR 1, Question 10:

a. PG&E states that it currently offers payment arrangements of a minimum of 3 months to all eligible customers, and that payment installments of up to 12 months may be granted depending on the customer's situation. Please define "eligible customers" and explain whether PG&E intends to continue, modify, or discontinue this practice of offering a minimum of three months to all eligible customers in 2014, 2015 and 2016.

b. PG&E states that Non-CARE residential customers receiving a 15-Day Notice are provided a CARE application as an insert with the notice. Please explain how PG&E will continue this practice with the discontinuation of the residential 15-day credit notice in 2013 (PG&E-5, p. 4-33) and whether and how PG&E intends to continue CARE outreach in this manner in 2014, 2015, and 2016.

c. PG&E states that residential customers receiving a 48-Hour Notice receive a Breathe Easy Solutions™ brochure. Please explain whether PG&E intends to continue, modify, or discontinue this practice in 2014, 2015, and 2016. If PG&E intends to continue this practice, please indicate where the costs of this practice are reflected in this GRC.

ANSWER 1 – SUPPLEMENTAL 01

a) In the original response to TURN 082 Q1a, PG&E did not reply to TURN's entire question and provides the additional response here. PG&E will modify the practice of offering a minimum of three months to all eligible customers in 2014, 2015, and 2016. However, PG&E continues to evaluate the impacts from the Disconnect OIR requirements and has not yet determined the extent of any changes that will be made to this practice.

ANSWER 1 – ORIGINAL

a) 'Eligible Customers' in the context of PG&E's response to Greenlining 001 Question 10 are those customers that owe an arrearage on a utility bill that puts the customer at risk for disconnection. These customers are able to request a bill payment plan extending for a minimum of three months to repay the amount in arrears. A Service Representative may exercise discretion in extending the period to pay the arrearage (from three months up to twelve months), depending on the customer's specific situation and ability to repay the arrearage. Customers who have debt outstanding from a returned check and those in active service disconnection do not qualify for a payment arrangement.

b) As a result of the elimination of the 15 Day residential credit notice for paper bill customers, PG&E will discontinue the practice of mailing California Alternative Rates for Energy (CARE) applications to customers that receive 15-day notices. Inclusion of the CARE application in the 15 Day notice does not appear to be an effective option for promoting enrollment in the CARE program. In 2012, the response rate for CARE applications within 15-day notices was only 0.1 percent, resulting in 0.8 percent of all new CARE enrollments.

The CARE team has other outreach planned for attracting low-income customers to enroll in the program, for example:

- Print, radio and television media advertisements targeted to hard-to-reach and potential low-income customers, including native language advertisements.
- A CARE application will be included as an insert to the paper energy statement twice a year.
- CARE enrollment information will be included as a message on PG&E's energy statement periodically throughout the year.

c) PG&E intends to continue its practice of inserting a Breathe Easy Solutions (BES) brochure into residential 48-Hour Notices in 2014, 2015, and 2016. These costs are minimal and are not a specific line item in this GRC; however they are included in PG&E's forecast for MWC IU, Collect Revenue. The cost to print and insert the BES brochure into 48 Hour Notices is approximately $0.026 per brochure. The total cost of providing these brochures in 2012 was approximately $74,000.

PACIFIC GAS AND ELECTRIC COMPANY
2014 General Rate Case Phase I
Application 12-11-009
Data Response

PG&E Data Request No.:	TURN_082-02		
PG&E File Name:	GRC2014-Ph-I_DR_TURN_082-Q02		
Request Date:	May 1, 2013	Requester DR No.:	TURN-PG&E-82
Date Sent:	May 15, 2013	Requesting Party:	The Utility Reform Network
PG&E Witness:	Steve Phillips	Requester:	Garrick Jones

SUBJECT: PG&E-5, CHAPTER 4 (METER TO CASH)

QUESTION 2

What is the average time lag between a shut-off for nonpayment and the associated write-off?

ANSWER 2

Not all Shut Offs for non-payments (SONPs) result in either the closing of the customer's account or subsequent write off of an uncollected balance. PG&E writes off unpaid closed accounts approximately 180 days from the date the closing bill is rendered.

PACIFIC GAS AND ELECTRIC COMPANY
2014 General Rate Case Phase I
Application 12-11-009
Data Response

PG&E Data Request No.:	GreenliningInstitute_001-26		
PG&E File Name:	GRC2014-Ph-I_DR_GreenliningInstitute_001-Q26		
Request Date:	February 4, 2013	Requester DR No.:	Greenlining-001
Date Sent:	February 15, 2013	Requesting Party:	Greenlining Institute
PG&E Witness:	Steve Phillips	Requester:	Enrique Gallardo

SUBJECT: EXHIBIT 5 – CUSTOMER CARE

QUESTION 26

On page 4-31 of Exhibit 5 (Customer Care), PG&E forecasts completion of "approximately 270,000 SONPS [Shut-Off Non-Payment] of which 28,000 are estimated to be field SONPs." This appears to be a fairly large increase compared to 2011 actual SONPs completed – 198,942 (of which 23,310 were field disconnections). Please explain what would cause this increase in disconnections.

ANSWER 26

Development of PG&E's 2014 forecast of 270,000 Shut Off Non Payments (SONPs), of which 28,000 are forecast to be field disconnections, considers two primary factors. First, gas meters and certain electric meter forms do not have the remote disconnect capability. Any disconnect / reconnect for these customers must therefore be performed in the field, and is the primary factor in the approximately 10 percent field disconnect rate (of total disconnects). Second, the Disconnect OIR in 2011-2012 (R.10-02-005) directed utilities to increase the availability of pay plans for customers encountering payment difficulties. While PG&E has complied with that mandate, results have been an increase in the length of pay plans, an increase in the number of broken pay plans, and a resultant increase in the total amount in arrears throughout the collection process and at SONP. These trends are provided below in Table 1.

Historically, PG&E has experienced an average 4.5% disconnect rate over years 2007 to 2011. For 2014, PG&E increased the forecast by approximately 0.5 percent to account for an expected increase in the number of accounts with balances greater than 90 days delinquent, which may then be subject to disconnection. PG&E considered this forecast reasonable given overall trends in the growth of the customers with broken pay plans and balances greater than 90 days.

Table 1: Historic Growth in Account Balances Greater than 90 Days

Line #	Year	Active Customer Accounts	Disconnects Performed	Disconnects Percentage of Active Accounts	Avg Amount of SONP (Field Lock)	Avg Amount of SONP (Remote Lock)	Percentage of Broken Pay Plans	Accounts with Balances > 90 Days	Increasein Accountswith Balances > 90 Daysas a % of Total Active Accounts
1	2007	5,532,038	233,236	4.22%	$650		51%		
2	2008	5,559,443	281,182	5.06%	$752		55%		
3	2009	5,530,456	317,220	5.74%	$586	$473	53%		
4	2010	5,276,224	199,702	3.78%	$993	$525	55%	319,275	
5	2011	5,307,111	198,942	3.75%	$1,519	$596	62%	337,268	0.34%
6	2012	5,337,388	250,529	4.69%	$1,520	$621	68%	374,054	0.69%
7		Average 2007 to 2011		4.51%				Average	0.51%