

**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)

**PETITION OF THE OFFICE OF RATEPAYER ADVOCATES; THE UTILITY
REFORM NETWORK; THE GREENLINING INSTITUTE; THE CENTER FOR
ACCESSIBLE TECHNOLOGY; PACIFIC GAS AND ELECTRIC COMPANY (U39E);
SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E); SAN DIEGO GAS &
ELECTRIC COMPANY(U902M); AND SOUTHERN CALIFORNIA GAS COMPANY
(U904G) TO MODIFY DECISIONS 10-12-051 AND 12-03-054**

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ELECTRIC COMPANY(U 902M); AND SOUTHERN CALIFORNIA GAS COMPANY
(U904G) TO MODIFY DECISIONS 10-12-051 AND 12-03-054**

Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Pacific Gas and Electric Company (“PG&E”), Southern California Edison Company (“SCE”), San Diego Gas & Electric Company (“SDG&E”), and Southern California Gas Company (“SoCalGas”) (collectively referred to as the “Joint Utilities”) and The Utility Reform Network (“TURN”), the Greenlining Institute (“Greenlining”), the Office of Ratepayer Advocates (“ORA”), and the Center for Accessible Technology (“CforAT”) (collectively referred to as the “Consumer Groups”),¹ petition the Commission: (1) to modify expiring provisions of Decision (“D.”) 12-03-054 to incorporate the terms and provisions of the Residential Disconnection Settlement Agreement (“Settlement Agreement”); and (2) to modify D.10-12-051 to allow the terms and provisions of the Settlement Agreement to supersede the terms and provisions of the settlement agreement approved in D.10-12-051.

¹ The Joint Utilities and the Consumer Groups (collectively referred to as the “Settling Parties”) are concurrently filing a motion for approval of their Settlement Agreement, and a motion to shorten the time for parties to respond to this Petition for Modifications.

I. PROCEDURAL HISTORY

Concerned about the then-current economic crisis in California and an increase in residential utility service disconnections, the Commission opened Rulemaking (“R.”) 10-02-005 on February 4, 2010 to reduce the number of gas and electric service disconnections due to nonpayment. In the proceeding, the Commission adopted new credit and collection practices for the Joint Utilities including customer disconnection rules, through D.12-03-054 and D.10-12-051. D.12-03-054 directed PG&E and SCE to:²

- Ensure that their customer service representatives (“CSRs”) offer customers the option of enrollment in the California Alternate Rates for Energy (“CARE”) discount program by telephone discussion with a CSR.
- For any written communication to customers concerning the risk of service disconnection, provide key information, including the fact that service is at risk and a way to follow up for additional information, in large print, such as 14 point sans serif font.
- For customers who have previously been identified as disabled and who have identified a preferred form of communication, provide all information concerning the risk of disconnection in the customer’s preferred format.
- For households identified as using non-standard forms of telecommunication, ensure that outgoing calls regarding the risk of disconnection are made by a live representative.
- Inform any customer who owes an arrearage on a utility bill that puts the customer at risk for disconnection that the customer has a right to arrange a bill payment plan extending for a minimum of three months the period in which to repay the arrearage.
- Allow CSRs the discretion to extend the period in which to pay the arrearage from three months up to twelve months.
- Each utility may implement a plan schedule that exceeds 12 months, but no utility is required to extend the schedule beyond three months.
- Provide that CARE and Family Electric Rate Assistance customers are not required to pay additional reestablishment of credit deposits with a utility for either slow-payment/no-payment of bills or following a disconnection.
- Provide that medical baseline customers, life support customers, and customers who certify that they have a serious illness or condition that could become life threatening

² D.10-12-051 also modified D.10-07-048 to exempt SDG&E and SoCalGas from the residential customer disconnection practices ordered in D.10-07-048.

if service is disconnected shall not be disconnected without an in-person visit from a utility representative. Such visits should take place within 48 hours or at the time of disconnection. The representative must be able to collect payment on a bill during an in-person visit prior to disconnection, but does not require that the representative collect cash.

- Offer their non-cash credit deposit options to all new customers and those required to post a reestablishment of credit deposit following a disconnection.
- Collect from customers a reestablishment of credit deposit following a disconnection based on twice the average monthly bill, rather than twice the maximum monthly bill.
- Not collect credit deposits for late payment of bills.

D.10-12-051 approved a settlement agreement between SDG&E, SoCalGas, Disability Rights Advocates, ORA, Greenlining, TURN and the National Consumer Law Center, which addressed all material issues in Phase I and Phase II of the proceeding as they related to SDG&E and SoCalGas. D.10-12-051 required SDG&E and SoCalGas to implement the residential customer disconnection practices delineated in the settlement agreement. The Settlement

Agreement:

- Established a performance benchmark for all residential service customers, and a performance benchmark for CARE-only customers. The benchmark provisions include how disconnection rates are reported, calculated, and measured over time;
- Established the consequences to SDG&E and SoCalGas if disconnections exceed the benchmarks, including “mandatory measures,” and the implications to SDG&E and SoCalGas if the disconnections are less than or equal to the benchmarks;
- Set forth that the mandatory measures include minimum payment arrangement requirements, longer payment plans, if appropriate, notice and information on renegotiated payment plans, and rules addressing re-establishment of credit deposit requirements;
- Provided that SDG&E and SoCalGas would not seek incremental operating and maintenance costs resulting from implementing the Commission’s Orders in this proceeding, but that uncollectible costs for SoCalGas and SDG&E may be increased depending on specified uncollectible cost factors;
- Established an “extreme weather policy” which restricted disconnections during specified high and low temperatures;

- Set forth utility protocols for delivering 48-hour residential customer disconnection notices, including inserts in non-English languages;
- Provided for Braille and large print bills and 48-hour notices;
- Established protocols for pre-disconnection customer telephone communications;
- Offered all customers the option of automated messages providing service disconnection information;
- Provided for the use of sign language and relay services by field staff and CSRs;
- Established remote disconnection policies including use of in-person field deliveries of 48-hour notices; and
- Provided for dialogue between the Settling Parties regarding reporting requirements, and other measures to further the objectives stated in R.10-02-005.

Pursuant to D.10-12-051 and D.12-03-054, many of the mandated credit and collection practices were due to expire at the end of 2013. Consequently, in late 2013, the Consumer Groups and Joint Utilities commenced settlement discussions under Commission Rule 12 to attempt to come to an agreement regarding the Joint Utilities' post-2013 credit and collection practices.

On December 19, 2013, the Commission Executive Director sent a letter to each of the Utilities directing them to maintain until March 3, 2014 the status quo of the then-effective customer disconnection rules adopted in D.10-12-051 and D.12-03-054. On March 3, 2014, the Joint Utilities voluntarily agreed to maintain the status quo of their customer disconnection rules for an additional two weeks until March 17, 2014 to allow the parties to continue settlement discussions. On March 11, 2014, pursuant to Rule 12.1(b), the Settling Parties notified all parties on the service list of R.10-02-005 of a settlement conference to be held on March 18, 2014 to discuss the terms of the Settlement Agreement.

On March 18, 2014, the Settling Parties hosted a Settlement Conference. Participating parties included the Settling Parties as well as the National Consumer Law Center (“NCLC”). This Settlement Agreement was executed by the Settling Parties thereafter.

II. BASIS FOR MODIFICATION

Pursuant to Rule 16.4(b), a petition for modification shall “concisely state the justification for the requested relief.” The requested modifications to the identified decision are justified because the Settlement Agreement, which requires that the decisions be modified, represents a comprehensive resolution of the issues pertaining to the expiring provisions of the credit, collection and disconnection practices of the Joint Utilities ordered in D.10-12-051 and D.12-03-054, and adoption of the Settlement Agreement would be in the public interest. The Settling Parties have worked diligently, conducting frequent and lengthy meetings, to negotiate the Settlement Agreement now presented to the Commission. Numerous issues required resolution, as the Settling Parties represent diverse interests that have differing perspectives on how best to reduce the number of service disconnection due to nonpayment. The Settling Parties have worked intensively throughout the settlement process to discuss and resolve these differences and avoid resource-consuming litigation. These efforts have resulted in the Settlement Agreement, which incorporates customer service and communications practices, policies, and protocols to address the issues articulated in, or related to, this rulemaking.³

Accordingly, because the Settlement Agreement resolves issues pertaining to the credit, collection and disconnection practices that the Joint Utilities will implement upon the expiration of the related requirements adopted in D.12-03-054 and D. 10-12-051, the Settling Parties respectfully request that the Commission: (1) modify D.12-03-054 to incorporate the terms and

³ Many of these credit and collection practices included in the Settlement Agreement will be memorialized in the Utilities’ respective tariffs.

provisions of the Settlement Agreement; and (2) modify D.10-12-051 to allow the terms and provisions of the Settlement Agreement to supersede the terms and provisions of the settlement agreement approved in D.10-12-051.

III. TIMING OF PETITION FOR MODIFICATION

Rule 16.4(d) requires an explanation of timing for any petition for modification filed more than one year after the effective date of the Commission's decision. D.12-03-054 and D.10-12-051 established procedures for the credit, collection and disconnection practices of the Joint Utilities for multiple years, some of which provisions had a sunset date of December 31, 2013. Thus, the need for this petition for modification did not arise until the sunset date approached. In order to address the need for credit, collection and disconnection practices following the sunset of the practices ordered by the decisions, the Settling Parties reached an agreement and seek to implement the agreement through this petition for modification.

IV. PROPOSED MODIFICATIONS TO D.12-03-054 and D.10-12-051

The Settlement Agreement (Appendix A) articulates the Settling Parties' proposed modifications to D.12-03-054 in the form of the agreed upon Joint Utilities' post-2013 credit and collection practices. Rule 16.4(b) requires that the petitioner(s) propose specific wording to carry out the requested modification(s). The specific language changes are described herein, and are proposed as an integrated package in the appended Settlement Agreement. None of the Settling Parties recommend, nor would they support, any of the following changes unless all of them are approved together.

CONCLUSIONS OF LAW

1. Because tens of thousands of California's experience disconnection each month, the disconnection problem continues to warrant our attention and concern.
2. The Settlement Agreement cited above provides for procedures designed to help customers maintain utility service
3. PG&E should have its CSRs offer the option of live CARE enrollment in addition to the automated, paper, and online enrollment options it offers.
4. To accommodate the needs of vision- and hearing-impaired customers, the following measures should be adopted:
 - (a) Any written communication concerning the risk of service disconnection must provide key information, including the fact that service is at risk and a way to follow up for additional information, in large print such as 14 point sans serif font.
 - (b) For customers who have previously been identified as disabled and who have identified a preferred form of communication, all information concerning the risk of disconnection should be provided in the preferred format.
 - (c) For households identified as using non-standard forms of telecommunication, outgoing calls regarding the risk of disconnection should be made by a live representative.
5. PG&E and SCE should continue to provide on-site visits by a utility representative to protect vulnerable or sensitive customers, which should include not only medical baseline and life support customers but also customers who certify that they have a serious illness or condition that could become life threatening if service is disconnected.
- ~~6. Because difficult economic conditions including high unemployment are continuing, and at risk customers continue to face the hardship of possible disconnection, the interim disconnection practices ordered in the OIR, in D.10-07-048, and in this decision should remain in effect until December 31, 2013, provided, however, that in the event that the utility's disconnection rate does not exceed the benchmark adopted by this decision, the practices may be terminated earlier.~~

~~7. If the utility's annual CARE customer disconnection rate for 2012 exceeds the benchmark rate of 5% for PG&E and 6% for SCE, the disconnection practice requirements adopted in this decision should continue in effect for that utility through 2013; however, if the utility does not exceed its CARE disconnection benchmark for 2012, it should be allowed to file a Tier 2 advice letter requesting authority to discontinue the practices prior to December 31, 2013. If filed, the advice letter should become effective no earlier than 30 days after the date filed pursuant to General Order 96-B.~~

~~8. If the utility exceeds the benchmark identified in Conclusion of Law 7 for 2012 but, for any month during 2013, the utility's CARE disconnection rate for the previous 12 consecutive months is less than the benchmark, the utility may file a Tier 2 advice letter requesting authority to discontinue the practices prior to December 31, 2013. If filed, the advice letter should become effective no earlier than 30 days after the date filed pursuant to General Order 96-B.~~

~~9. Exceptions to our otherwise applicable deposit waivers should be allowed for customers who have written three or more bad checks in a year and those involved in fraud~~

~~10. Disconnection reporting requirements adopted in Ordering Paragraph 12 of the Order Instituting Rulemaking and Ordering Paragraph 14 of D.10-07-048 should be continued until December 2013.~~

11. It is appropriate to close R.10-02-005.

ORDERING PARAGRAPHS

1. The provisions of the Settlement Agreement cited above should be adopted.

~~1. Pacific Gas and Electric Company and Southern California Edison Company shall continue to implement the customer service disconnection practice adopted in the Order Instituting Rulemaking 10-02-005 which provides that all customer service representatives (CSRs) must inform any customer that owes an arrearage on a utility bill that puts the customer at risk for disconnection that the customer has a right to arrange for a bill payment plan extending for a minimum of three months the period in which to repay the arrearage. CSRs may exercise discretion as to extending the period in which to pay the arrearage from three months up to twelve months depending on the particulars of a customer's situation and ability to repay the arrearage. CSRs may work with customers to develop a shorter repayment plan, as long as the~~

~~customer is informed of the three-month option. Customers must keep current on their utility bills while repaying the arrearage balance.~~

~~2. Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) shall continue to implement, and for new practices implement within 45 days of the date of this order, the following practices:~~

- ~~a. Once a California Alternate Rates for Energy or Family Energy Rate Assistance customer has established credit as a customer of that utility, the utility must not require that customer to pay additional reestablishment of credit deposits with the utility for either slow-payment/no payment of bills or following a disconnection.~~
- ~~b. No customer who is on medical baseline or life support or who certifies that he or she has a serious illness or condition that could become life threatening if service is disconnected shall be disconnected without an in-person visit from a utility representative.~~
- ~~c. The utility shall not charge reestablishment of credit deposits to customers for late payment of bills.~~
- ~~d. PG&E shall continue to provide to their new customers the option of using its Automatic Payment Service in lieu of a cash deposit for credit. This payment service should clearly explain to customers the implications of participation.~~
- ~~e. SCE shall provide to all their new customers and to those customers requesting reestablishment of credit after being disconnected, the option of using its DirectPay program in lieu of a cash deposit for credit. This program should clearly explain to customers the implications of participation.~~
- f. The utility shall provide that reestablishment of credit deposits for customers, is based on twice the average monthly bill.
- g. The utility shall implement the uniform notice of disconnection procedures set forth in the October 1, 2010 joint filing of PG&E, SCE, San Diego Gas & Electric Company and Southern California Gas Company.
- h. The utility shall provide a field person who can collect on a bill during an in-person visit prior to disconnection for medical baseline and life support customers and customers who certify that they have a serious illness or condition that could become life threatening if service is disconnected. This order does not require the field person to accept cash payments and can instead offer an extension of time for the customer to make payment.

- i. The utilities shall ensure that their customer service representatives (CSRs) offer customers the option of enrollment in the California Alternate Rates for Energy rate program by telephone discussion with a CSR.
- j. For any written communication to customers concerning the risk of service disconnection, other than billing statements, the utility shall provide key information, including the fact that service is at risk and a way to follow up for additional information, in large print such as 14 point sans serif font.
- k. For customers who have previously been identified as disabled and who have identified a preferred form of communication, the utility shall provide all information concerning the risk of disconnection in the customer's preferred format.
- l. Beginning in 2014 and continuing through 2016, the utilities shall file quarterly reports of the data. Beginning in 2017 and continuing through 2018, the utilities shall file semiannual reports of the data.

3. Where the customer service disconnection practices ordered in this decision would require the utility to waive otherwise applicable customer deposits, the utility may nevertheless require deposits from customers who have written three or more bad checks in a year and from those involved in fraud.

4. Rulemaking 10-02-005 is closed.

V. PROPOSED MODIFICATIONS TO D.10-12-051

The Settling Parties propose that the appended Settlement Agreement supersede D.10-12-051. D.10-12-051 approved in its entirety a prior settlement agreement between SoCal Gas and SDG&E (collectively "Sempra") and the Consumer Groups. All of the terms of the prior Sempra settlement agreement approved in D.10-12-051 expired on December 31, 2013. Accordingly, the Settling Parties propose that D.10-12-051 be modified by adopting the Settlement Agreement to govern the Joint Utilities post-2013 credit and collection practices.

VI. CONCLUSION

For the reasons set forth above, the Settling Parties respectfully request that the Commission: (1) modify D.12-03-054 to incorporate the terms and provisions of the Settlement

Agreement; and (2) modify expiring provisions of D.10-12-051 to allow the terms and provisions of the Settlement Agreement to supersede the terms and provisions of the settlement agreement approved in D.10-12-051.

Respectfully submitted,

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