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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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RATE DESIGN & ECONOMICS BRANCH

ROOM 5188

RESOLUTION E-2005-A

UTILITIES DIVISION

BRANCH: Rate Design and Economics

DATE: June 6, 1984

R E S O L U T I O N

ORDER REJECTING A REQUEST BY SOUTHERN CALIFORNIA EDISON
COMPANY (SCE) TO CHANGE ITS METHOD OF ESTABLISHING CREDIT
FOR DOMESTIC SERVICE CUSTOMERS

By Advice Letter 649-E dated March 23, 1984, SCE requests authority to revise its current Rule No. 6, Part A, Establishment of Credit - Domestic Service, to allow SCE to change its method of establishing credit for domestic service. SCE also wishes to modify the format of Part B, Establishment of Credit - Other Than Domestic Service as well as the Preliminary Statement, Part D, Establishment of Credit and Deposits as set forth on Cal. P.U.C. Sheets 7889-E to 7892-E, inclusive. The facts as filed by this advice letter are as follows:

1. SCE's present credit establishment procedure is based on a judgmental system of evaluating applicants, using data such as property ownership or number of years with current employer. In view of modern computer technology, SCE proposes to update and modernize its domestic credit procedure by using a computerized, empirically-derived system to evaluate an applicant's creditworthiness.
2. In developing its revised credit system, SCE consulted with the Commission staff and subsequently conducted a test from 1977 to 1982 of approximately 21,000 customers who requested residential service at a new address. SCE utilized a reporting mechanism for the accounts participating in the test, including a monthly listing of all closed test accounts and the subsequent credit actions. The applicable test questionnaire was matched to each test account's credit performance on the closing report. The credit test was monitored and evaluated by a consulting firm and test results were provided to and discussed with the Commission staff.
3. SCE's revised credit system will use a comparable basis for assigning different weights (or points) to certain aspects of the request for service transaction, including applicant answers to specific questions relating to subjects such as previous SCE service, occupation, and established credit other than with SCE. The applicant's total weighted score, used in conjunction with an evaluation of additional information as determined by SCE, would determine whether an applicant is deemed creditworthy or would need to post a cash deposit or obtain a guarantee to secure payment of bills for electric service.
4. Implementation costs for the system are projected to be approximately \$24,600. There will be no significant change in projected ongoing administrative costs.
5. In order to train personnel and set up extensive computer programming and procedures, involvement by Edison's Data Processing and Customer Service Department will be required. Therefore, the revised tariff language set forth in this filing is submitted at this time to allow the necessary lead time to implement the revised credit system by June, 1984.

6. This filing may encourage other energy, water and communications utilities to improve their credit establishment procedures.

7. Public notification of this filing has been made by mailing copies of the advice letter to other utilities, governmental agencies and to interested parties who requested such notification. A protest to this filing was received from Toward Utility Rate Normalization (TURN).

8. In its protest TURN states that "Credit and service standards such as this should be reviewed in Edison's pending test year 1985 rate proceeding (A. 83-12-53)." TURN requests that the advice letter be rejected or consolidated with Edison's rate case.

9. SCE responded to TURN's protest by stating that "Section V.A of G.O. 96-A provides that utility tariffs may be revised by advice letter where such changes do not result in an increase or decrease in any rate or charge." Furthermore, SCE states that "Advice Letter No. 649-E does not request an increase in any rate or charge" and that TURN's protest should be dismissed.

10. The staff of the Consumer Affairs, Energy Service & Safety, and the Rate Design Economics Branches, after an extensive review and analysis of SCE's proposal, recommend approval.

11. Except as noted above, this filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with other tariff schedules or rules.

12. TURN's position, in its protest, has merit considering that an SCE general rate case is pending. The proposals in this filing can be readily addressed in SCE's Application 83-12-53.

13. We reject Advice Letter 649-E and request SCE to address this matter in its general rate case.

THEREFORE:

1. Southern California Edison Company is denied authority under Sections 451, 454 and 490 of the Public Utilities Code to place the above tariff sheets into effect.

2. The above advice letter and accompanying tariff sheets are rejected for filing by Commission Resolution E-2005-A. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular conference on June 6, 1984. The following Commissioners approved it:

Executive Director