

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



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In the Matter of the Application of
Southern California Gas Company
(U904G) For Approval of The Branch
Office Optimization Process

Application 13-09-010
(Filed September 16, 2013)

**SOUTHERN CALIFORNIA GAS COMPANY'S (U904G) RESPONSE TO THE UTILITY
WORKERS UNION OF AMERICA'S APPLICATION FOR REHEARING**

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I. INTRODUCTION

Pursuant to Rule 16.1(d) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Southern California Gas Company (“SoCalGas”) submits this response to the Utility Workers Union of America’s (“UWUA”) application for rehearing of Decision (“D.”) 16-06-046, filed on July 27, 2016.

II. BACKGROUND

In D.16-06-046, the Commission granted, in part, and denied in part, SoCalGas’ request for permission to close six branch offices.¹ When granting SoCalGas authority to close four branch offices, D.16-06-046 concluded that “closure of the Bellflower, Monrovia, Santa Monica and Palm Springs² branch offices is in the public interest because it permits SoCalGas to reduce costs by closing four branch offices with relatively few transactions while ensuring that customers affected by the closure have access to reasonably comparable service through alternate means.”³ In addition, the Decision concluded that the closure of these four branch offices “will

¹ D.16-06-046 is referred to herein as the “Decision.”

² The Decision contingently approved closure of the Palm Springs branch office, holding SoCalGas may file a Tier 3 Advice Letter proposing to close the Palm Springs branch office upon completion and implementation of a Fair and Accurate Credit Act (“FACTA”) compliance process that eliminates the need for customers to present identity verification in person.

³ D.16-06-046 at Conclusion of Law 5.

not disproportionately impact low-income, elderly or disabled customers, because those customers will continue to have access to reasonably comparable customer service through alternate means.”⁴

The Decision declined to approve SoCalGas’ request to close the San Luis Obispo branch office, citing the distance to the next branch office and the shortage of alternative payment locations (“APLs”) within a three-mile radius of the branch office.⁵ Likewise, the Decision denied SoCalGas’ request to close the Santa Barbara branch office, citing the distance to the next branch office and the rise in service orders at the branch office since 2005.⁶ The Decision also declined to adopt and utilize SoCalGas’ proposed Branch Office Optimization Process as an evaluation process to review future utilization and potential closure of branch offices.⁷

In its application for rehearing of D.16-06-046, UWUA alleges the Decision is unlawful because: 1) the Decision departs from Public Utilities Code Sec. 451 and Commission precedent; and 2) the Decision is not supported by Findings of Fact, and the Decision’s Findings of Fact are not supported by record evidence. As explained below, the Commission should deny UWUA’s application for rehearing because it raises no new issues of law. To the extent that the application includes new arguments, such arguments also lack merit, and none of the arguments identify any legal errors or deficiencies in the Decision.

⁴ D.16-06-046 at Conclusion of Law 6.

⁵ D.16-06-046 at pp. 42-43.

⁶ D.16-06-046 at pp. 43-44.

⁷ SoCalGas’ Branch Office Optimization Process is a three-step process to evaluate the utilization of branch offices. In the first step, SoCalGas applied four transaction trend criteria to identify underutilized and low-volume branch offices. In the second step, SoCalGas next applied three low-income screens to exclude branch offices that are primarily frequented by low-income customers. Third, SoCalGas applied a proximity screen to provide that any potentially closed branch offices must have at least two APLs located within a three-mile radius of an existing branch office.

III. DISCUSSION

A. The Application for Rehearing Raises No New Issues of Law.

The stated purpose of Rule 16 of the Commission’s Rules of Practice and Procedure, as to applications for rehearing, is to alert the Commission to a legal error. Under this standard, the burden rests upon UWUA to demonstrate that the Commission acted contrary to required law. UWUA has failed to meet this burden because its application for rehearing does not raise any new issues of law. Rather, and improperly, UWUA reiterates the same arguments raised earlier in this proceeding—arguments which this Commission summarily rejected.

UWUA repeats its meritless claim that SoCalGas’ proposal to close branch offices fails to adhere to the legal standards established by the Commission in D.92-08-038 and D.08-07-046, and, as a result, violates Public Utilities Code Section 451. As before, UWUA’s claims fail. D.16-06-046 expressly rejects UWUA’s unfounded claim that proposals to close branch offices must follow, and cannot deviate from, past Commission precedent in D.92-08-038 and D.08-07-046. D.16-06-046 makes clear that the Commission is not beholden to any one policy or precedent, and “the Commission may change and update its policies and precedent, after appropriate notice and opportunity to be heard, and frequently must do so to address changing conditions and technologies, so long as the new policy is consistent with P.U. Code Section 451.”⁸

Again, UWUA argues that D.92-08-038 essentially adopted a “one-stop” customer service requirement, dictating that SoCalGas’ branch offices offer the full panoply of services, including payment receipt, information and field services to all customers. Again, UWUA is wrong. As SoCalGas repeatedly explained, D.92-08-038 did not establish a “one-stop” legal

⁸ D.16-06-046 at p. 31.

standard by which the Commission must approve a branch office closure.⁹ In addition, D.16-06-046 corrected UWUA's error:

We find in D.92-08-038 and D.08-07-046 no explicit requirement for a "one-stop" customer service. Contrary to the assertions of UWUA, the Commission has not defined adequate service as the "one-stop" concept supported in UWUA. In fact, in D.13-05-010 and D.07-05-058, the Commission found that it was reasonable to close two SoCalGas branch offices, and nine PG&E branch offices, respectively. More recently, the "one-stop" service concept was refuted in D.13-05-010, which denied a UWUA request to staff all branch offices with CCRs.¹⁰

UWUA fails to present any evidence that perpetuation of a one-stop branch office policy is in the best interest of SoCalGas customers, or is even necessary given the many service and payment options currently available to SoCalGas customers, or given the fact that the majority of SoCalGas customers do not use branch offices. In lieu of presenting new issues of law, UWUA's application for rehearing reheats and repackages arguments that the Commission has already vetted and rejected in this proceeding. Accordingly, SoCalGas respectfully requests the Commission reject UWUA's meritless and repeated arguments, and deny the application for rehearing.

B. Contrary to UWUA's Claims, the Record Demonstrates That the Commission's Thorough Review of Record Evidence and Substantial Evidence Supports the Commission's Lawful Decision.

According to UWUA, D.16-06-046 is legally defective because the Conclusions of Law, which approve closure of the Bellflower, Monrovia, Santa Monica and Palm Springs branch offices,¹¹ "are not supported by findings, and its findings, such as they are, are not supported by

⁹ See SoCalGas Response to UWUA Motion to Dismiss at p. 3; Michael Baldwin Rebuttal Testimony at 42; SoCalGas Opening Brief at p. 16; SoCalGas Reply Brief at p. 7. See also D.16-06-046 at p. 30.

¹⁰ D.16-06-046 at p. 30.

¹¹ UWUA takes issue with D.16-06-046's Conclusions of Law 1, 2, 5, 6, 9, and 10. See UWUA Application for Rehearing at pp. 19-20.

the evidence.”¹² We disagree. When assessing SoCalGas’ request to close six branch offices, the Commission evaluated whether the closure of SoCalGas branch offices was reasonable and consistent with SoCalGas’ obligation to provide service that is ‘adequate, efficient, just, and reasonable..., including facilities...necessary to promote the safety, health, comfort and convenience of its patrons, employees and the public.’”¹³ Specifically, the Commission considered two factors: 1) whether customers would have reasonably comparable alternatives to the level of service offered by a branch office; and, 2) whether the impact of closing branch offices would fall disproportionately on customers who are low-income, elderly, or who have disabilities.¹⁴

As the record evidence demonstrates, the Commission properly determined that SoCalGas customers have reasonably comparable alternatives to the level of service offered by the Bellflower, Monrovia, Santa Monica and Palm Springs branch offices:

[SoCalGas] customers have a number of other adequate, reasonably comparable means to remit payment, obtain account information, and receive service assistance. Customers can conduct payment and service transactions using SoCalGas’ My Account, toll-free Customer Contact Center, and Interactive Voice Response (IVR) options, each of which is available 24 hours per day/seven days per week. Payment transactions can be made using an APL, My Account, home banking, direct debit, credit card, electronic check, mail or pay by phone. Customers may arrange for direct/automatic withdrawal from their bank account, or Pay by Phone through SoCalGas’ IVR unit at no charge. Customers may also make payments through My Account on the SoCalGas website at no charge.¹⁵ Customers who do not choose online access may pay with direct withdrawals from their checking accounts, or over the phone through their checking account. Customers may provide a debit card, credit card, or check routing and account number via the IVR or internet through Bill Matrix for a fee of \$1.50.¹⁶

¹² UWUA Application for Rehearing at p. 5.

¹³ D.16-06-046 at p. 26, quoting Public Utilities Code Sec. 451.

¹⁴ *Id.*, citing D.92-08-038, 1992 Cal. PUCLEXIS 563 at p. 14; D.08-07-046 at pp. 20-21.

¹⁵ D.16-06-046 at pp. 27-28.

¹⁶ D.16-06-046 at p. 37-39.

Substantial evidence in the record demonstrates that technology has changed the way in which customers interact with utilities, and one such change is that the majority of customers have migrated to payment and service options other than branch offices.¹⁷ As D.16-06-046 acknowledged, “significant numbers of customers have migrated to other methods of interacting with the utility.”¹⁸ D.16-06-046 also pointed to record evidence that “only 6.8% of customers used a branch office for payment or other transactions in 2012.”¹⁹

In addition, record evidence demonstrates that the Commission properly determined that the impact of closing the four branch offices would not fall disproportionately on customers who are low-income, elderly, or who have disabilities because the majority of these customers do not use branch offices.²⁰ To address the concerns regarding potential adverse impacts on low-income and other vulnerable customers, SoCalGas specially developed three separate low-income screens to help ensure that the proposed branch office closures do not disproportionately impact low-income, special-needs or elderly customers. D.16-06-046 acknowledged SoCalGas’ efforts, finding “most of SoCalGas’ proposed screens are thoughtful and assist in preventing disproportionate impacts to low-income, disabled, and elderly customers.”²¹ D.16-06-049 further noted “the CARE population is therefore not disproportionately impacted, since less than 0.4% of the total CARE population will be impacted by the closure of certain offices.”²²

¹⁷ See SoCalGas Application for Approval of Branch Office Optimization Project at p. 2; Prepared Direct Testimony of Michael Baldwin at p. 2; Prepared Rebuttal Testimony of Michael Baldwin at p. 2, 7-9; SoCalGas Opening Brief at pp. 2-3.

¹⁸ D.16-06-046 at p. 39.

¹⁹ D.16-06-046 at pp. 28-29.

²⁰ D.16-06-046 at p. 28 (“SoCalGas has demonstrated that the majority of customers, including low-income customers, do not use branch offices.”)

²¹ D.16-06-046 at p. 37.

²² *Id.* at 38.

Accordingly, and contrary to UWUA's unfounded assertions, D.16-06-046's findings and conclusions were legally sound, logically reasoned, and based on a robust evidentiary record, in which numerous parties participated, representing various interests.²³

C. UWUA's Self-Interested and Biased Position Undermines Its Claims.

Since the commencement of this proceeding, UWUA has been the most vocal and persistent opponent of SoCalGas' request to close under-utilized and inefficient branch offices. UWUA opposes closure of SoCalGas branch offices because UWUA opposes any utility activity which may jeopardize union-represented positions, irrespective of any benefits which may inure to utility customers. In this instance, the interests of UWUA are not aligned with, or even associated with, the interests of SoCalGas customers.

UWUA consistently disregards facts in evidence, misstates the law, and misapplies Commission precedent. For instance, UWUA disregards record evidence demonstrating that the overwhelming majority of customers no longer use branch offices. UWUA is indifferent to the fact that "within the past two decades, branch offices have steadily declined as a desired and preferred channel used by customers."²⁴ UWUA sidesteps record evidence demonstrating that SoCalGas customers have steadily migrated to alternative means to conduct utility transactions. UWUA ignores record evidence that SoCalGas customers are funding the costs to maintain these underutilized and grossly cost-inefficient branch offices. UWUA dismisses the fact that SoCalGas customers will realize cost savings and cost avoidance benefits if the Commission approves SoCalGas' application requests, deeming the savings "de minimis."²⁵ Moreover, UWUA misstates the requirements of the Public Utilities Code and misapplies Commission

²³ Proceeding participants include the Office of Ratepayer Advocates, The Utility Reform Network, the Greenlining Institute, the Center for Accessible Technology, and the UWUA.

²⁴ SoCalGas Opening Brief, in the Summary of Recommendations, p. iv.

²⁵ UWUA Opening Brief, at p. 6.

