

Decision PROPOSED DECISION OF COMMISSIONER FLORIO  
(Mailed 1/9/2012)

**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)

**DECISION ON PHASE II ISSUES: ADOPTION OF PRACTICES TO REDUCE  
THE NUMBER OF GAS AND ELECTRIC SERVICE DISCONNECTIONS**

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## **DECISION ON PHASE II ISSUES: ADOPTION OF PRACTICES TO REDUCE THE NUMBER OF GAS AND ELECTRIC SERVICE DISCONNECTIONS**

### **1. Summary**

Concerned about the current economic crisis in California and an increase in residential utility service disconnections, the Commission opened this rulemaking to reduce the number of gas and electric service disconnections due to nonpayment. Decision 10-07-048, issued in this proceeding on July 30, 2010, adopted several interim measures to achieve that objective. In this decision the Commission continues in effect certain of the interim measures and takes additional steps to reduce the number of disconnections in the service territories of Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE). PG&E and SCE are directed to:

- Ensure that their customer service representatives (CSRs) offer customers the option of enrollment in the California Alternate Rates for Energy (CARE) rate 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 that 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 (FERA) 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 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 on a bill during an in-person visit prior to disconnection.
- 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.

The utilities shall observe these required practices until December 31, 2013, with two exceptions. The requirement that CSRs offer enrollment in CARE rates by telephone and the requirement for a pre-disconnection site visit for vulnerable customers do not expire. However, in the event that a utility's CARE customer disconnection rate for 2012 is less than a benchmark of 5% for PG&E and 6% for

SCE, the utility may file an advice letter after January 1, 2013 to be relieved of the required practices prior to December 31, 2013. In the advice letter filings, PG&E and SCE are directed to include an addendum that comprehensively reports (on a month to month basis) the IOUs' internal criteria and processes for determining how customers are identified as eligible for disconnected.<sup>1</sup> Where the required practices require the utility to waive otherwise applicable customer deposits, the utilities may nevertheless require deposits from customers who have written three or more bad checks in a year and those involved in fraud.

This proceeding is closed.

## **2. Background and Procedural History**

### **2.1. Order Instituting Rulemaking (OIR)**

The Commission opened this rulemaking to reduce the number of residential gas and electric service disconnections due to nonpayment by customers of the state's four largest energy utilities--Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Southern California Gas Company (SoCalGas). In doing so, the Commission indicated that it was reexamining utility disconnection rules and practices and that it wanted to "identify more effective ways for the utilities to work with their customers and develop solutions that avoid unnecessary disconnections without placing an undue cost burden on other customers."<sup>2</sup>

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<sup>1</sup> Since it is unclear when, during 2013, the Advice Letter will be submitted, the IOUs will provide year-to-date (YTD) data up to last full month before the filing. For example, if the Advice Letter is filed June 10, 2013, the IOUs should provide data from the beginning of this initiative until May 31, 2013.

<sup>2</sup> OIR at 1.

In the OIR, the Commission required the utilities to immediately implement these interim practices:

1. 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 a bill payment plan extending for a minimum of three months the period in which to pay 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. Each utility may implement a repayment plan schedule that exceeds 12 months, but no utility is required to extend the schedule beyond three months. 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. Once a 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.

The OIR also authorized the utilities to establish memorandum accounts using Tier 1 Advice Letters to track any significant additional costs, including operations and maintenance charges associated with implementing the customer practices, and any uncollectable expenses that exceed those projected in the utility's last general rate case.

## **2.2. Decision (D.) 10-07-048**

The first phase of this proceeding was resolved by D.10-07-048, which adopted the following provisions:

- Continued the requirement that all PG&E, SDG&E, SCE, and SoCalGas 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 a bill payment plan extending for a minimum of three months the period in which to repay the arrearage.
- Continued to allow these CSRs the discretion to extend the period in which to pay the arrearage from three months up to 12 months.
- Provided that California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) customers in the PG&E, SDG&E, SCE, and SoCalGas service territories 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.
- Provided that medical baseline or life support customers shall not be disconnected without an in-person visit from a utility representative.
- Directed SDG&E and SoCalGas to develop an automatic payment plan that allows new customers or reconnecting customers a payment option that is in lieu of a cash deposit for credit. Required PG&E and SCE to continue to offer their non cash credit deposit options to all new customers and those required to post a reestablishment of credit deposit following a disconnection.
- Directed PG&E, SDG&E and SCE to 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. Required SoCalGas to continue its current reestablishment of credit deposit amount of a two-month average bill.
- Directed SoCalGas and SDG&E to waive reestablishment of credit deposits for late payment of bills. Required PG&E and SCE to continue their

practice of not collecting credit deposits for late payment of bills.

- Directed PG&E and SCE to provide a field representative who can collect on a bill during an in-person visit prior to disconnection for medical baseline or life support customers. Required SDG&E and SoCalGas to continue this practice.
- Directed PG&E, SCE, SDG&E and SoCalGas to implement these customer service disconnection practices by October 1, 2010.
- Directed SoCalGas, SDG&E, SCE and PG&E to recommend to the Commission, by October 1, 2010, uniform notice of disconnection procedures.
- Authorized PG&E, SCE, SDG&E and SoCalGas to charge significant costs associated with complying with the new practices in the decision to their memorandum accounts.

D.10-07-048 adopted the customer service disconnection practices listed above on a limited term basis.<sup>3</sup> This decision addresses, among other things, whether to order the continuation of any of these practices.

### **2.3. Settlement Agreement**

Following the issuance of D.10-07-048, SDG&E, SoCalGas, and the consumer groups active in this proceeding entered into a settlement resolving all outstanding issues with respect to SDG&E and SoCalGas. In D.10-12-051 the Commission approved the settlement and modified D.10-07-048 accordingly. As

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<sup>3</sup> D.10-07-048, Ordering Paragraphs 15 and 16. With respect to SCE, the practices were made effective until the effective date of SCE's next general rate case, which the Commission anticipated would be January 1, 2012 at the time it issued D.10-07-048. With respect to PG&E, the practices were explicitly made effective until January 1, 2012. D.11-12-028 temporarily extended the effectiveness of the practices for both PG&E and SCE pending the issuance of this Phase II decision.

a result of the approved settlement, the Phase II issues that we resolve today pertain only to PG&E and SCE.

#### **2.4. Phase II Issues**

D.10-07-048 designated the following issues to be addressed in Phase II of this proceeding:

1. What is causing the discrepancy between the disconnection rates of CARE versus non-CARE customers? How can we limit this discrepancy? For example, should the recertification of CARE customers be waived for some period and, if so, for how long?
2. What is causing the discrepancy between the disconnection rates of PG&E and SCE as compared to SDG&E and SoCalGas? Are there certain customer service policies or practices of SDG&E and SoCalGas that PG&E and SCE should adopt in order to further decrease the number of customer service disconnection in the PG&E and SCE service territories?
3. What is the role of CSRs in educating customers about assistance programs and assisting in completing CARE applications and what are the costs of this additional work?
4. Should utilities provide an opportunity for customers to select a language for utility communications, and what are the associated costs?
5. Should the utilities establish a uniform protocol for remote disconnections?
6. Have utilities established a uniform billing and accounting methodology that ensures that the customer receives proper credit for monies paid as discussed in R.10-02-005 at 7.
7. Should particular disconnection notice practices be adopted for all utilities?
8. What should be the sunset date for PG&E's interim practices?

9. Should there be exceptions to deposit rules for certain customers demonstrating continued fraud or bad check activities?
10. Should customers be allowed to choose a monthly billing date for their payments?
11. How should sensitive customers be defined, and how can utilities identify such customers?

D.10-07-048 also provided that Phase II would address the categories and significant costs associated with compliance with the practices in this proceeding. However, as provided in D.10-07-048, memorandum account cost recovery will be determined in the next general rate case (GRC) for each utility.

Administrative Law Judge (ALJ) rulings issued on August 26, 2010, September 21, 2010, and April 19, 2011 (Phase II Rulings) provided guidance on how Phase II issues would be addressed. The first of these rulings provided for comment on three issues: allowing customers to select their own billing date, waiver of deposit exceptions, and definition of “sensitive customer.” The latest of the Phase II rulings provided opportunity for comment on the following issues:<sup>4</sup>

1. What is causing the discrepancy between the disconnection rates of CARE versus non-CARE customers? What low cost strategies can be implemented to help decrease the disconnection rate of CARE customers? How easily can the recommended strategies be implemented and at what estimated cost? Please note that any recommendations that would require modifications to the CARE program (e.g. waiving the

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<sup>4</sup> The August 17, 2011 *Scoping Memo of Assigned Commissioner* (Phase II Scoping Memo) confirmed this expanded list of Phase II issues.

recertification of CARE customers for some period, etc.) should be considered in PG&E's and SCE's respective 2012-2014 Energy Savings Assistance Program (formerly, known as the Low Income Energy Efficiency (LIEE)) and CARE budget applications.

2. What is the current role of CSRs in educating customers about assistance programs? Should CSRs assist in completing over the phone CARE applications and what would be the additional costs of this?
3. Are PG&E and SCE's current communication language options sufficient in meeting their customers' needs? If not, can third party programs like Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) which offer assistance in 18 different languages provide a viable alternative? Please indicate any additional languages that are not represented but would be beneficial to a large population if included.
4. Should PG&E and SCE establish a uniform protocol for remote disconnections in this proceeding? Please explain the advantages and disadvantages of any uniform protocol you recommend.
5. Since the Settlement Agreement for the Joint Utilities is effective until December 31, 2013, should the effective sunset date for PG&E's and SCE's residential disconnection practices also be December 31, 2013?
6. Is there supporting data or studies that show that allowing customers to choose their billing date assists in better bill payment management and result in less arrearages? If so, should all customers be allowed to choose a monthly billing date for their payments, or should this customer class be limited, (such as to CARE only customers, or CARE customers in arrearages)? If you have evidence or

facts which support the contention that allowing customers to choose their own billing dates will provide better bill payment management or bill paying behavior, please provide that support in your comments along with estimated costs associated with allowing this option.

7. Please break down the specific cost by categories tracked in the memorandum account associated with compliance with the practices in this proceeding (e.g. waiver of credit deposits, in person bill collections and disconnections for medical baseline/life support customers, etc.), of March 31, 2011.
8. Utilities are normally the best sources of customer practices intended to reduce disconnections. Other than a bench-marking as adopted in the Settlement Agreement for the Joint Utilities, what other mechanisms or practices might be useful for reducing PG&E and SCE residential customer disconnections which were not included in D.10-07-048? Parties recommending such mechanisms should provide estimates of the costs of implementing them.

## **2.5. Development of the Phase II Record**

Phase I opening and reply comments were filed in response to the OIR on March 12, 2010 and April 2, 2010, respectively, and constitute part of the Phase II record. The Phase II rulings established two additional rounds of comments. Opening and reply comments were filed on September 15, 2010 and September 24, 2010, respectively, by the Center for Accessible Technology (CforAT),<sup>5</sup> the Division of Ratepayer Advocates (DRA), the Greenlining Institute

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<sup>5</sup> The Center for Accessible Technology (CforAT) represents the interests of the disability community. It is acting as the successor to Disability Rights Advocates (DisabRA), which participated actively in this proceeding in earlier stages of this

*Footnote continued on next page*

(Greenlining), the National Consumer Law Center (NCLC), PG&E, SCE, SDG&E and SoCalGas, and The Utility Reform Network (TURN). In the second round, opening and reply comments were filed on May 20, 2011 and May 31, 2011, respectively, by DisabRA, DRA, Greenlining, NCLC, PG&E, SCE, and TURN. The City and County of San Francisco (the City) filed reply comments on May 31, 2011 supporting the comments filed by DisabRA, DRA, Greenlining, NCLC, and TURN (sometimes referred to herein as customer or consumer representatives).

The Phase II record also includes utility filings that were ordered by the Commission. Pursuant to Ordering Paragraph 10 of D.10-07-048, on October 1, 2010 PG&E, SCE, SDG&E, and SoCalGas jointly filed proposals regarding uniform notice of disconnection procedures and the estimated costs and estimated time to implement such procedures. The utilities' joint filing also addressed uniform arrearage billing and accounting practices in accordance with the Commission's discussion of this issue at 7 of the OIR as well as the August 26, 2010 ALJ ruling on Phase II issues. In addition, pursuant to Ordering Paragraph 12 of the OIR and Ordering Paragraph 14 of D.10-07-048, the utilities have filed monthly reports of specified disconnection data.

The Phase II Scoping Memo confirmed earlier determinations that evidentiary hearings are not necessary.

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proceeding. CforAT adopts prior filings by DisabRA as its own, and DisabRA has ceased its active participation in the proceeding. (See ALJ's ruling granting CforAT party status dated November 3, 2011.) Accordingly, the Phase II comments that were filed by DisabRA are referred to herein as CforAT's filings.

### 3. Discussion

#### 3.1. Introduction

As the Commission indicated in the OIR, the objective of this proceeding is to reduce the number of residential disconnections due to nonpayment while avoiding the imposition of undue cost burdens on all customers. It appears that there has been some success in achieving the first part of this objective. PG&E reports that its annual disconnections declined from 272,943 in 2009 to 179,071 in 2010.<sup>6</sup> SCE reports that its disconnection rate for residential customers has steadily decreased over the past two years.<sup>7</sup> While we are encouraged by these reports, we remain concerned that too many customers are facing the hardship of disconnection. In the first ten months of 2011, 158,920 PG&E customers and 203,542 SCE customers experienced disconnection.<sup>8</sup> In comparison, 179,701 PG&E customers experienced a disconnection in 2010 (151,042 in the first ten months of that year)<sup>9</sup> and 245,877 SCE customers experienced a disconnection in 2010 (215,155 in the first ten months of that year).<sup>10</sup> Even though disconnection counts have been reduced, the fact remains that tens of thousands of California utility customers experience the hardship of disconnection every month. It even appears there is an uptick in disconnections

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<sup>6</sup> PG&E Second Round Opening Comments dated May 20, 2011 at 11. We note that PG&E calculates this as a 52% reduction. By our calculations it is a 34% reduction.

<sup>7</sup> SCE Second Round Opening Comments dated May 20, 2011 at 1.

<sup>8</sup> Monthly Disconnect Data Reports of PG&E and SCE for October 2011, filed on November 29, 2011 and November 23, 2011, respectively.

<sup>9</sup> *Id.*

<sup>10</sup> Monthly Disconnect Data Report of SCE for December 2010, filed on January 25, 2011,

for PG&E in 2011 based on ten-month counts in 2010 and 2011. Accordingly, we are not ready to conclude that the disconnection problem no longer warrants our attention and concern.

The keys to achieving the objective of reduced disconnections include preventing customers from being at risk of possible disconnection in the first place as well as ensuring that customers who are at risk have an opportunity to act to prevent that outcome and are fully informed of their options for such action. As we review the comments and proposals before us, we will focus on such measures. While we agree with arguments that rate levels and rate design impact affordability and ultimately are important to addressing the disconnection problem, those matters are beyond the noticed scope of this rulemaking. We encourage parties to advance their concerns about affordability in all appropriate proceedings, and look forward to addressing those concerns.

Sections 3.2 through 3.9 below are generally organized consistent with the designation of eight issues set forth in the April 19, 2011 ALJ ruling that provided for a second round of Phase II comments. As noted above, the August 26, 2010 ALJ ruling had previously asked for comments on three issues. The first of those issues, allowing customers to select their own billing date, is addressed in Section 3.7. Comments on waiver of deposit exceptions are addressed in Section 3.12. Comments on the definition of “sensitive customer” are addressed in Section 3.5. Sections 3.10 through 3.14 address other Phase II issues.

### **3.2. CARE and Non-CARE Disconnection Rates**

In D.10-07-048 the Commission expressed concern that low income customers enrolled in the CARE rate program were continuing to experience higher rates of disconnection than non-CARE customers, notwithstanding a

decrease in the discrepancy. The decision adopted certain measures to address the problem, such as waiving for CARE and FERA customers reestablishment of credit deposits for slow payment or nonpayment following a disconnection.

D.10-07-048 also provided for further review of the discrepancy in Phase II, with a view to identifying the causes and determining any further corrective measures.

The CARE/non-CARE discrepancy observed in D.10-07-048 has continued. As DRA notes, in March 2011 CARE customers of PG&E and SCE were disconnected more than twice as often as non-CARE customers. Specifically, 0.27% of PG&E's CARE customers and 0.13% of its non-CARE customers were disconnected, and 0.84% of SCE's CARE customers and 0.40% of its non-CARE customers were disconnected. In the ensuing seven months (April through October 2011), DRA's observation that both PG&E's and SCE's CARE customers were disconnected more than twice as often as non-CARE customers generally held true. For PG&E, the CARE/non-CARE disconnection rates in those six months were 0.45%/0.22%, 0.52%/0.25%, 0.49%/0.24%, 0.46%/0.21%, 0.53%/0.25%, 0.49%/0.25%, and 0.60%/0.29%.<sup>11</sup> For SCE, the CARE/non-CARE rates in those seven months were 0.68%/0.34%, 0.69%/0.34%, 0.74%/0.34%, 0.61%/0.28%, 0.79%/0.37%, 0.75%/0.35%, and 0.71%/0.34%.<sup>12</sup>

Customer representatives, including CforAT, DRA, and NCLC, identify affordability as an underlying issue leading to CARE customer disconnections. PG&E finds that CARE customers have a higher disconnection rate than non-CARE customers because they have higher payment delinquency rates. In

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<sup>11</sup> Monthly Disconnect Data Report of PG&E for October 2011, filed November 29, 2011.

2010, the delinquency rate among PG&E's CARE customers was 31.4%, compared to 14.9% for non-CARE customers, even though CARE customers have smaller bill amounts. SCE finds that two related factors underlie the higher disconnection rates of its CARE customers. First, SCE notes, the percentage of customers on CARE rates has increased dramatically in the last two years. Second, SCE finds that the process it uses to identify non-CARE customers who are eligible for CARE rates inherently leads to customers who are at higher risk of missing payments and becoming at risk for disconnection.

The reported causes of higher levels of CARE disconnections do not appear to be mutually exclusive. It is reasonable to conclude that the affordability gap is a very significant underlying cause of higher rates of CARE disconnections, and the explanations proffered by PG&E and SCE also strike us as reasonable. In particular, it is not surprising that customers with higher delinquency rates tend to be disconnected more frequently than other customers.

To mitigate the discrepancy between CARE and non-CARE disconnections, several of the consumer representatives recommend a "benchmarking" approach.<sup>13</sup> CforAT supports disconnection benchmarks similar to those adopted for SDG&E and SoCalGas in this proceeding. DRA recommends the use of benchmarks targeted at CARE customer disconnections rates. Greenlining supports DRA's proposal to benchmark low income disconnections. CforAT also believes that consideration should be given to requiring the utilities to adopt arrearage management plans, contending that these plans have been useful in other states for reducing both arrearages and

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<sup>12</sup> Monthly Disconnect Data Report of SCE for October 2011, filed November 23, 2011.

disconnections. PG&E points to numerous low cost strategies that it has implemented that stem from the first phase of this proceeding as well as its own internal initiatives. These measures include a focus on communication and education outreach, suspension and waiver of deposit requirements, more flexible payment plans, and the Relief for Energy Assistance through Community Help (REACH) program. PG&E and SCE support the use of unspent CARE funds designated for the Temporary Energy Assistance for Families (TEAF) program to assist customers in need. SCE also suggests continuing targeted marketing to inform CARE customers who are struggling to pay their bills how SCE can assist them, including information about assistance options and education regarding usage reduction. NCLC similarly argues for systematically targeting low income households, especially those at risk of disconnection, with new and existing assistance programs.

We address proposals for benchmarking and arrearage management plans later in this decision. The remaining suggestions for addressing the higher level of CARE disconnection rates center on notice, outreach, education, and flexibility in the application of deposit requirements. Those suggestions generally appear to be well aligned with our objective for reducing disconnections. Except with respect to the specific measures addressed elsewhere in this decision, we encourage the utilities to continually assess the effectiveness of these and other low-cost strategies, and to adjust their disconnection practices accordingly.

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<sup>13</sup> We describe benchmarking later in this decision.

### **3.3. The Customer Service Representative (CSR) Role**

In ordering the option of three-month minimum payment plans, the OIR addressed the role of CSRs in working with customers to resolve arrearages. D.10-07-048 determined that in Phase II we would examine another role for CSRs – educating customers about assistance programs and assisting them in completing CARE applications.

In 2010 SCE expanded to all of its CSRs a 2009 pilot program in which a limited number of CSRs identified CARE-eligible customers in their telephone discussions and enrolled them on the CARE rate. SCE's CSRs also provide information about all types of available financial assistance, including the Home Energy Assistance Program (HEAP), and SCE's EAF, which is funded by voluntary donations from shareholders, employees, and customers. Additionally, SCE's CSRs provide information about conservation and energy efficiency. SCE indicates that having its CSRs perform online CARE enrolments during calls improves the overall customer experience. SCE considers the program to be highly effective and proposes to continue it.

CforAT supports SCE's efforts to have CSRs assist customers with the CARE application process, and it supports expanding the efforts to other utilities. Noting that in the 2009 SCE pilot, enrolling customers in CARE increased call times by 237 seconds for successful enrollment and by 110 seconds for failed enrollment, and that utilities generally work to keep customer service calls as short as possible, CforAT recommends that if the Commission expands efforts to have CSRs directly enroll customers in CARE and/or have CSRs provide customers with additional information regarding assistance programs, it should ensure that CSRs are not pressured to avoid these responsibilities.

Greenlining likewise supports having CSRs assist in completing CARE applications. Greenlining notes that CSR assistance in completing CARE applications increased enrollment compared to the old mailing process by 12% for the SCE pilot and by 50% when expanded to all SCE representatives in 2010. At the same time, according to Greenlining, SCE's processing cost for phone enrollment is only \$0.89 per enrollment greater than the \$2.77 cost for mail applications. Greenlining agrees with SCE that the extra assistance creates a more positive customer experience, and suggests that the benefits, which include quicker access to program benefits, immediately answering customer questions and concerns, and building trust, justify the added cost.

PG&E states that its CSRs are trained and expected to educate and inform customers of available assistance programs. If, during any call, the CSR determines that the customer needs financial assistance, the CSR is expected to offer all assistance programs, including CARE, FERA, HEAP, Medical Baseline, Balance Pay Plan, etc. However, PG&E takes a different approach to CARE enrollment. In addition to paper enrollments in CARE, PG&E uses an automated phone system designed specifically for CARE applications. Calls are made to potential CARE-eligible customers, including customers who have requested a payment plan, new service starts, customers with a medical baseline allotment, customers who requested but did not return a CARE application, customers who start service at an address where the previous customer had CARE, customers with a third party notification arrangement, and customers in demographically low-income zip codes. PG&E's automated system makes repeated attempts to call such customers and leaves a voicemail after the final attempt. It provides customers with a toll-free number for the customer to call and enroll using the automated system. It also includes information about the CARE program

website where customers can apply online. PG&E has redesigned its contact center phone system to automatically transfer customers to the automated phone enrollment option, with an expected completion date of June 2011. This allows customers to call and enroll in CARE over the phone, and it allows CSRs to transfer customers to the automated system to complete the CARE application. In 2010 PG&E processed 58,000 CARE enrollments through the CARE phone system.

PG&E does not believe that live CSR enrollments would prove to be a better option. Using time data from SCE's pilot program, PG&E estimates that live CSR enrollments would have cost \$455,909 in 2010, whereas the annual cost for the automated enrollment system is estimated to be \$15,000 to \$20,000 after an initial setup cost of approximately \$80,000.

We are encouraged by the reported success of SCE's CARE enrollments by CSRs, including in particular the 50% increase in CARE enrollment compared to mail-in enrollment, coupled with its modest incremental cost of \$0.89 per enrollment. We approve SCE's recommendation to continue the practice. While PG&E's automated system appears to be a potentially cost-effective alternative means of accommodating enrollments, its prospects for success in improving the overall customer experience are not as clear cut, at least at this time. Our primary concern is that there may be a subset of potential CARE enrollees who are not able to interface the system successfully. As NCLC points out, low income consumers may not succeed in enrolling because application procedures can be complicated, and it is unclear whether a customer may be required to repeat the steps of auto-enrollment if the process is interrupted. Also, as CforAT notes, customers who cannot use standard forms of communication, primarily those who are deaf or hard-of-hearing and use specialized telephone devices,

may not be able to use automated systems. Finally, we note SCE's observation that customers are able to get through the application process more efficiently by having a CSR available to answer questions that may have prevented the customer from enrolling in the past. We believe that customers should be given the option of enrollment through a live discussion with a CSR. We therefore direct PG&E to have its CSRs offer the option of live CARE enrollment in addition to automated, paper, and online options. We note that to the extent that customers choose the automated system alternative, the cost to PG&E would be less than the \$455,909 that it estimated for 2010.

In addition to CARE enrollments, the utilities should continue to ensure that their CSRs offer information and assistance regarding the wider range of available programs. CforAT notes that in listing the assistance programs that CSRs are trained and expected to offer to customers, PG&E did not include the Energy Savings Assistance Program (ESAP). Since ESAP assists customers in lowering their bills on an ongoing basis, thereby increasing affordability, we agree with CforAT that information about this program should be offered by CSRs.

Finally, CforAT asks that steps be taken to ensure that CSRs are not pressured to avoid their CARE-related responsibilities out of concern for the incremental time required. SCE responds that this is not needed because it has already taken steps to provide full support and training to both CSRs and external call center vendors to facilitate integration of CARE phone enrollment. We commend this practice, and urge that PG&E undertake similar actions to the extent it has not already done so.

### **3.4. Language Options**

D.10-07-048 addressed concerns that because of language barriers, communications directed at some customers faced with potential disconnection may be either ignored or not understood. Reviewing then-current practices, the Commission noted with approval SCE's practice of identifying customers' language preferences and providing them with relevant information in the preferred language. D.10-07-048 provided for further review of language options in Phase II, focusing on whether utilities should provide an opportunity for customers to select a language for utility communications and on the associated costs. As noted earlier, the ALJ asked parties to comment on whether PG&E's and SCE's current language options are sufficient to meet their customers' needs, and, if not, whether third party programs like Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) provide a viable alternative.

PG&E maintains that its current language options are sufficient for the majority of its customers' needs. It offers several outlets for non-English speaking and reading customers. Its website is available in English, Spanish, and Chinese. It contracts with Language Line Services and Language Service Associates, which provide access to 98.6% of customer requests for assistance in 6,912 languages. It offers Spanish-speaking assistance without the use of an interpreter. PG&E's CARE applications are available in English, Spanish, Chinese, and Vietnamese. It has proposed a "Reformatted Customer Energy Statement" that would provide bill translation and communicate energy usage information to non-English speaking customers. PG&E's bill inserts are fully or partially translated in at least one of three languages. As one example, the CARE/FERA Program Application that is disseminated to 3.2 million non-CARE/FERA customers is fully translated in Spanish.

SCE likewise believes that its current communications language options are sufficient to meet the needs of its customers. Its call centers provide customer assistance in the seven most common languages in its territory, enabling SCE to communicate in-language with 95% of its customer base. SCE also offers translation services in over 190 languages through a third-party vendor. In addition to call center language support, SCE offers in-language options in print and online. CARE recertification letters are provided in-language to customers who have specified their preferred language. Advertising and outreach campaigns are executed in multiple languages and targeted to specific communities where those languages are common. As SCE's smart meters are deployed, pre-installation letters are sent in English and the top two languages in the area, and door hangers are left behind after the installation are in English, Spanish, and Mandarin. SCE's website is available in English, Spanish, Cantonese, Mandarin, Korean, Vietnamese, and Cambodian.

CforAT finds that effective communication can be an obstacle not only for language minorities but also for individuals with disabilities that impact hearing or vision. CforAT recommends that 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 at least 14 point sans serif font. For customers who have previously been identified as disabled and have identified a preferred form of communication, CforAT believes that all information concerning the risk of disconnection should be provided in the preferred format. Finally, CforAT recommends that for households identified as using non-standard forms of telecommunication, outgoing calls regarding the risk of disconnection should be made by a live person. In response, SCE explains that it provides both a written

notice and a telephone call to notify hearing impaired customers if they are at risk for disconnection. Additionally, SCE profiles customers who use teletype/typewriter (TTY) and contacts those customers using TTY.

Greenlining recommends that the utilities translate all printed forms into the top six most frequently spoken languages as determined by Senate Bill (SB) 120.<sup>14</sup> At a minimum, Greenlining would apply this practice to all forms related to disconnections. SCE responds that its billing system cannot currently generate bills or notices with individual customer information in foreign languages and that system modifications to include this capacity would be extremely costly. SCE however does include with its bills and notices a section that directs Cambodian, Chinese, Korean, Vietnamese, and Spanish speaking customers to specified customer service lines.

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<sup>14</sup> Stats. 2009, Ch. 560. The languages are English, Spanish, Chinese, Vietnamese, Tagalog, and Korean.

From the utilities' own program descriptions, it is apparent that their current language assistance options are comprehensive. Our interest here is whether there are additional cost-effective steps that might be taken to provide language options to assist customers and thereby reduce the risk of disconnection. We decline to order the utilities to translate all printed forms into the languages specified in SB 120 because we are not persuaded that this approach is cost-effective. We approve SCE's current practice of including with its bills and notices a section that directs customers speaking certain languages to specified customer service lines. SCE should review and determine whether it would be appropriate to expand the list of languages for which this service is provided to include all those listed in SB 120. PG&E should undertake a review to determine whether it would be cost-effective to include such contact information with its bills and notices.

To accommodate the needs of vision- and hearing-impaired customers, we concur with and adopt CforAT's recommendations for communications with those customers. First, 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. Second, 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. Third, for households identified as using non-standard forms of telecommunication, outgoing calls regarding the risk of disconnection should be made by a live representative. We note that neither PG&E nor SCE raised concerns about the costs of these measures.

It is clear from the comments of both the utilities and the consumer representatives that the CHANGES program is a promising supplement to the utility language practices at issue here, but is not, at least at this time, a substitute for them.

### **3.5. Uniform Protocol for Remote Disconnections**

When D.10-07-048 was issued, PG&E was the only respondent utility with remote shutoff capability through the use of smart meters.<sup>15</sup> PG&E's reported cost of restoring a disconnection remotely using smart meter technology was about \$8, whereas the reported cost of physically restoring a disconnected customer was about \$66.50 during regular working hours. In view of (1) the cost savings from using smart meter technology to remotely shut off and restore service, (2) PG&E's practice of ensuring that customers on life support and medical baseline are protected by in-field visits before any disconnection, and (3) the fact that customers who have been remotely disconnected can have service restored more quickly than restoration through field personnel the Commission declined to adopt a prohibition of the use of remote shutoff technology to disconnect customers, except those who are on medical baseline or life support. However, while the Commission declined to prohibit remote disconnections, it provided for a Phase II review of whether the

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<sup>15</sup> SCE has since acquired the ability to perform remote disconnections through smart meter technology. In a ruling filed on October 14, 2011, the assigned commissioner granted a motion by TURN requesting a delay in SCE's implementation of remote disconnections pending issuance of this Phase II decision. D.11-12-028 affirmed that ruling.

utilities should be required to establish a uniform protocol for remote disconnections.

PG&E does not support a uniform protocol for remote disconnection. PG&E states that its disconnection procedure is the same whether a disconnection is performed remotely or by a field representative. All delinquent PG&E customers receive the same notices and calls, with the exception that additional steps are in place for delinquent medical baseline and life support customers. Most importantly, PG&E field representatives visit the premises of the latter category to disconnect service.

SCE opposes a uniform remote disconnection protocol that would place common limits on the categories of customers exempt from remote disconnection. SCE believes that the focus should be on identifying sensitive customer groups who should have a utility representative at the premises prior to and during disconnection to assess and monitor the situation for any risks to health and safety, regardless of whether the disconnection is performed remotely or by a field representative. Consistent with proposals it made in its 2012 GRC, SCE proposes to allow remote disconnections for all customers, but require that a utility representative be dispatched to the premises of “critical care” customers to monitor the situation for risks to health or safety.<sup>16</sup> SCE believes that preserving the ability to remotely disconnect and reconnect customers can enhance service because remote reconnections can be performed more quickly and at lower cost.

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<sup>16</sup> SCE’s critical care designation is a subset of medical baseline customers who have indicated that they would suffer a risk to health or safety if left without electricity for two or more hours.

The consumer representatives generally argue for adoption of a uniform remote disconnection protocol modeled on that approved for SDG&E and SoCalGas in this proceeding. Based on data showing that PG&E actually disconnects its smart meter customers who are issued a disconnect order more frequently than non smart meter customers, DRA finds it particularly important to have a standard protocol with enhanced consumer protections. NCLC similarly recommends that remote disconnection should only be implemented with enhanced protections, noting that customers have developed expectations based on customary disconnection practices and that customers who are subject to remote disconnection are more immediately vulnerable to the harmful consequences of utility error.

While the consumer groups' proposals for remote disconnections differ in their specifics, they would generally provide the following:

- Mandatory in-person visits prior to disconnection. Greenlining proposes that the utility provide in-person delivery of the 48 hour notice during which the representative will attempt to make contact with the customer. Also recommending in-person contact within 48 hours before disconnection, NCLC proposes that the utility representative be specifically trained to take payment, exercise authority to make payment arrangement, educate, and enroll at-risk customers in all available assistance programs for which the customer qualifies.
- Prohibition of remote disconnection for customers vulnerable to health and safety risks. Parties offered somewhat different proposals for which customers should be considered vulnerable. In addition to continuing the current prohibition applicable to Medical Baseline and Life Support customers, CforAT, Greenlining, NCLC and TURN would add self-identified seniors, self-identified disabled

customers, and customers who self-certify that they may have a serious illness or condition that could become life-threatening if service is discontinued. Greenlining would also add customers with young children at home. DRA would add customers with serious illness.

- A one-year transition process for customer education prior to implementation of remote disconnection. CforAT proposes that the transition period begin on the date that remote disconnection capability is installed on the customer premises or the date of the decision requiring the protocol to go into effect, whichever is later. TURN would allow remote disconnections during the first year if the customer initiates a termination of service.
- No remote disconnection of gas service.
- No charges for remote disconnection or remote reconnection. TURN would limit such a ban on charges to disconnection for nonpayment.

We affirm the general approach to remote disconnections that we adopted in D.10-07-048, *i.e.*, we continue to believe that it is reasonable to take advantage of the significant cost savings that modern metering technology can provide while providing enhanced protection to consumers whose health and safety might be jeopardized by a remote disconnection program. Where customer health and safety concerns are not implicated, we find insufficient reason to forego the savings. Accordingly, we do not adopt a universal requirement for an in-person visit by a utility representative prior to disconnection. However, based on the Phase II comments, we find it necessary to and will continue to require on-site visits by a utility representative to protect vulnerable or sensitive customers. Such visits should take place within 48 hours, or at the time, of disconnection. We clarify that we do not require the

representative who makes the in-person visit to physically disconnect service. The actual disconnection may be performed remotely.

We expand the definition of vulnerable customers to 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. We do not require the customer to produce a physician's statement in support of the certification; *i.e.*, customers may self-certify as to the illness or condition. While we recognize SCE's argument that its criteria for medical baseline eligibility include customers "being treated for life-threatening illnesses" and that this includes both temporary and permanent illnesses, we remain concerned that the medical baseline designation alone may not be adequate to protect at-risk customers. As CforAT points out, there are many households containing disabled individuals who are not enrolled in programs such as medical baseline because they are unaware of them or because their disability does not cause them to use above-average levels of energy. "The fact that they are not enrolled in these programs ... does not mean that they would not be subject to severe harm if they were disconnected."<sup>17</sup>

We decline to more broadly expand the definition of sensitive customers requiring site visits to include all seniors and all customers with young children. Those categories may be too broad to be sufficiently targeted to customers whose health or safety may be jeopardized by disconnection. However, we emphasize that we are adopting *minimum* standards for in-person visits. The utilities should continue to evaluate whether it would be

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<sup>17</sup> CforAT First-Round Opening Comments, September 15, 2010, at 1.

cost-effective or otherwise appropriate to broaden the protection beyond what we require here. We note that at one point in this proceeding SCE proposed including elderly customers among those eligible for in-person visits, and that SCE had used that criterion for several years.<sup>18</sup>

We also decline to establish a one-year transition period during which there would be a moratorium on remote disconnections. As discussed above, the protections we adopt today are adequate to protect sensitive customers. With respect to non-sensitive customers, the notification procedures followed by PG&E and SCE are the same irrespective of the method of disconnection. Further, we do not require zero charges for remote disconnection and reconnection. While remote switching technology enables substantial cost savings, the costs of these services are not reduced to zero. These charges are appropriately addressed in the utilities' respective rate proceedings. Finally, we confirm that gas service should not be remotely disconnected or reconnected.

### **3.6. Sunset Date for Interim Practices**

For SCE, D.10-07-048 provided that the disconnection practices ordered by the OIR and that decision would remain in effect until the effective date of its GRC, which it anticipated would be January 1, 2012. D.10-07-048 provided alternative treatment for PG&E since the effective date of its next GRC was expected to be January 2014. The decision ordered continuation of the interim practices for PG&E until January 1, 2012 unless otherwise ordered, and it identified the sunset date for PG&E's interim disconnection practices as a Phase II issue. Subsequently, the ALJ asked parties to comment on whether the sunset date for both PG&E's and SCE's interim practices should be extended to

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<sup>18</sup> SCE First Round Opening Comments, September 15, 2010, at 11.

December 31, 2013, the date that the Phase II settlement applicable to SDG&E and SoCalGas expires. As noted earlier, D.11-12-028 temporarily extended the interim practices until issuance of this Phase II decision.

CforAT, DRA, and Greenlining, joined by TURN in its reply comments, support continuation of the interim practices beyond their originally scheduled expiration date. CforAT supports their continuation until December 31, 2013 to match the expiration date applicable to SDG&E and SoCalGas. CforAT also proposes that provision be made for further extensions for practices that are found to be useful.

In support of extending the interim practices, the consumer groups point to ongoing economic conditions that may impact disconnections. CforAT and DRA note that low income Californians are particularly affected. DRA and Greenlining also point to California's continuing high unemployment rate. For example, in 35 of 40 counties where PG&E provides service, unemployment exceeded the statewide average of 12.3% in March 2011. Unemployment exceeded 20% in six of those counties that same month. Unpaid bills of two months or older totaled \$55 million among low-income customers, double what was owed a year earlier, according to a March 2011 DRA report. DRA also points to forecasts that it will take until 2015 - 2020 for unemployment to drop to 8% in California as well as projections of a decline in the total CARE subsidy to PG&E customers in 2012.

PG&E and SCE maintain that the disconnection practice requirements should be discontinued. PG&E asserts that the reduction in its disconnections from 2009 to 2010, as well as an increase in payment plans and enrollment in assistance programs, demonstrate its ability to adapt to the needs of its customers. SCE notes (in its May 2011) comments that it has recorded \$400,000

in incremental costs attributable to the practices in this proceeding, and that that number was expected to grow. SCE believes that allowing the sunset date to stand would provide an opportunity to analyze the impact of the practices to determine whether any of them have been effective in reducing disconnections or helping manage arrearages without causing high-cost write-offs borne by all ratepayers.

As we discussed in Section 3.1, the latest available disconnection data for PG&E and SCE point to a somewhat encouraging scenario of reduced disconnection levels, but cause for concern about the number of disconnections and the hardship imposed on customers remains at this time. As Greenlining points out, the reduction in PG&E's disconnections from 2009 to 2010 should be viewed in the context that disconnections were at a high level in 2009. While we are mindful that additional costs are being imposed on the general body of ratepayers by continuing the interim practices in effect, we must balance this concern against the hardship faced by customers at risk for disconnection. It is too early to declare the interim measures as an unqualified success, but we conclude it is also too early to terminate them, even on a "time-out" basis as suggested by SCE. We therefore order their continuation as follows. We tie the continuation of the interim practices to the benchmarking program that we adopt in Section 3.9 of this decision. The required practices shall remain in effect until December 31, 2013, provided, however, that in the event that the utility's disconnection rate does not exceed the benchmark, the practices may be terminated earlier. We address additional details of this provision in Section 3.9.

### **3.7. Customer Choice of Billing Date**

Finding that a mismatch between a customer's income cycle and a utility's billing cycle can be an obstacle to timely bill payment, the consumer

representatives support allowing customers to select their own billing date. To the extent that it is not feasible for utilities to offer the option to all customers, CforAT recommends such a policy apply at a minimum to CARE and FERA customers and customers that have experienced difficulty paying their bills. DRA notes that CARE customers have more problems with the timing of bills as evidenced by their higher reconnect rates. Greenlining finds that even a few days' flexibility for a payment date that aligns with a paycheck can make a critical difference to a low-income person's bill management. To the extent that utilities' bill generation capacity would be overwhelmed by accommodating billing date requests generally, Greenlining believes it would be possible to offer the benefit to customers chronically at risk of disconnection. NCLC notes that other state regulatory agencies and utilities support the practice, and suggests a pilot program to evaluate how such an option would impact customers' payment histories. Referring to PG&E focus groups and its own experience working with customers, as well as a 1998 study published by the American Water Works Association Research Foundation and an Indiana study, TURN finds that accommodating requests for different billing cycles could reduce late payments and associated revenue lags to the benefit of all ratepayers. TURN's primary recommendation is to require that the utilities allow all residential customers to select a personal billing date. To the extent that the Commission prefers to limit the option to a pilot program, TURN supports allowing CARE and FERA customers and those with a history of late payment to select their billing date.

PG&E's current practice is to accommodate customer requests for specific meter read or billing dates provided that there are no operational obstacles or limitations to prevent such selections. However, PG&E would not be able to accommodate a large number of customer requests for a specific billing

date. In any event, PG&E maintains that it has a generous timeline for collection. Its collection process does not begin until 42 days after the bill is issued, providing ample time for customers to pay their bill on a day of their choosing during the following month once they receive their paycheck. In addition, PG&E does not assess late payment fees to its customers. Accordingly, PG&E does not support the expenditure of additional funds to enable billing date choice for all customers.

SCE also does not support a requirement to allow billing date choice. SCE analyzed the practices of other utilities that were cited by consumer groups as examples of programs to allow billing date selection. In general, SCE finds that such programs have important restrictions and have not been shown to be successful in reducing arrearages. In fact, SCE finds the referenced programs to be more restrictive than the methods of assistance that it provides. Because SCE does not assess late payment charges to CARE customers, those customers already have flexibility to pay their bill after its due date. SCE customers can pay their bills within 52 days of receipt of the bill before becoming eligible for disconnection. SCE states that implementing a system where customers are able to select their own billing date would require costly system changes.

While customer choice of billing date could be beneficial for some customers at risk for disconnection, we are not persuaded that requiring the utilities to provide the option would be cost-effective. Such programs have been implemented elsewhere, but it has not been demonstrated that they have been effective or would be for PG&E and SCE. In making this determination, we are mindful that both PG&E and SCE offer considerable flexibility in bill payment. They do not impose late fees (for CARE customers in SCE's case). PG&E customers have 42 days after a bill is issued and SCE customers have 52 days

after a bill is received before the disconnection process begins. We are also mindful that there could be significant costs if we required the option to be widely available. On balance, we do not find a mandated billing date option to be cost-effective. Nevertheless, we urge the utilities to allow such choice to the extent their billing systems allow, as PG&E does now, without the need for significant new expenditures.

We share CforAT's concern that PG&E and SCE customers may not be aware of the degree of flexibility they now enjoy in aligning their bill payment date with their income cycle, notwithstanding the due date notated on the bill. PG&E and SCE should ensure that customers who are at risk for disconnection are made aware of how they can take advantage of this option.

### **3.8. Compliance Costs**

The OIR authorized the utilities to file Tier 1 advice letters to establish memorandum accounts to track any significant costs associated with complying with the new practices initiated with this proceeding, including any operations and maintenance charges associated with implementation of the practices as well as any uncollectible amounts in excess of those projected in the utility's last GRC. While the OIR provided that this proceeding would consider the categories and amounts of costs in the memorandum account that should be considered reasonable for recovery, D.10-07-048 confirmed that memorandum account cost recovery would be determined in the next GRC for each utility. The second Phase II ruling directed the utilities to provide in their second round Phase II comments a breakdown of compliance costs tracked in their memorandum accounts as of March 31, 2011. PG&E reported that it had recorded \$4.8 million costs since the inception of this proceeding. SCE reported that it had recorded \$35,223 in technology costs and \$417,719 in write-off expenses due to waived

deposits and extended payment plans. As of October 31, 2011, PG&E had recorded approximately \$6.6 million in its memorandum account. In May 2011, PG&E began to record amounts for “write off impacts.” The total for the 6-month period is approximately \$2.6 million.

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 costs 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 costs.

### **3.9. Benchmarking and Alternative**

The OIR’s preliminary scoping memo asked parties to comment on whether the Commission should set a benchmark for the number of disconnections experienced and what the benchmark should be. DRA and the utilities responded to this request in their Phase I opening comments. DRA proposed a 3% disconnection benchmark and a separate delinquency benchmark to reduce the total dollar amount owed by customers. DRA portrayed its proposal as a tool to encourage the utilities to commit to lowering their disconnections, not as a disconnection moratorium. TURN supported DRA’s proposal but also noted that it would accept a benchmark that functions as an expectation rather than an absolute standard that the utility would have to meet to avoid a penalty. The utilities objected to a benchmark that would effectively impose a moratorium on disconnections because that would lead to an increase in bad debt expense that would be passed on to all ratepayers. PG&E also noted

that a benchmark that limited disconnections could lead to some customers being unable to pay service restoration charges.

D.10-07-048, the Phase I decision in this proceeding, did not address DRA's benchmarking proposal. Subsequently, SDG&E and SoCalGas entered into a settlement with consumer groups that was approved by D.10-12-051. Among other things, the settlement provided for separate disconnection benchmarks for all-residential customers (2.08% and 3.36% for SDG&E and SoCalGas, respectively) and for CARE customers (3.44% and 4.32% for SDG&E and SoCalGas, respectively). In summary, if the utility does not exceed the benchmark, it retains the discretion to manage its disconnection program. If the benchmark is exceeded, mandatory measures are imposed, including a requirement that the utility offer minimum three month payment plans and limits on reestablishment of credit deposits.

Referring to the SDG&E/SoCalGas settlement and its benchmarking provisions, the ALJ's second Phase II Ruling invited parties to comment on alternative mechanisms or practices that might be useful for reducing PG&E's and SCE's residential customer disconnections. In response, parties offered proposals for benchmarking as well as suggestions that are addressed elsewhere in this decision.

DRA proposes a modification to its earlier benchmarking proposal that focuses on CARE customers. DRA proposes CARE disconnection benchmarks that would limit disconnections to 5% annually for PG&E and 6% annually for SCE. As before, DRA does not support a disconnection moratorium. Instead, it sees a disconnection benchmark as a tool that would leave the utility with discretion for how to accomplish a regulatory goal at least cost. Referring to historical disconnection data, DRA finds that its proposal would essentially

require PG&E to maintain the progress it made in 2010 to reduce CARE customer disconnections. DRA finds SCE's CARE customer disconnection rates, consistently over 8% each month from April 2010 to March 2011, to be unacceptably high. DRA believes that its proposal would encourage SCE to make changes in its treatment of CARE customers regarding disconnections.

Greenlining supports DRA's benchmarking proposal. PG&E and SCE do not support benchmarking. SCE reiterates its earlier opposition to any cap on disconnections, as it could have a negative impact on write-off expenses.

We concur with the utilities' concern that a moratorium or a cap on the number of disconnections could potentially lead to an excessive increase in write-offs of bad debt, thereby imposing unreasonably high costs on all ratepayers. However, a benchmark approach does not necessarily require a cap on disconnections. As TURN suggested earlier in this proceeding, a benchmark that functions as a target, rather than an absolute standard that the utility would have to meet to avoid a penalty, may have value in encouraging utilities to reduce disconnections.

We find that certain aspects of the overall benchmark framework adopted for SDG&E and SoCalGas have merit and applicability here. To the extent that the utilities are able to manage their operations to keep disconnections at or below the benchmark, they should continue to do so without further regulatory oversight such as mandatory disconnection practices. However, to the extent that disconnections exceed the benchmark, that would indicate a need for further review or oversight to address the disconnection problem. With these basic principles in mind, we adopt the benchmarking approach described below.

We adopt DRA's proposed annual CARE customer disconnection thresholds of 5% for PG&E and 6% for SCE. If the utility's annual CARE customer disconnection rate for 2012 exceeds this benchmark rate, the disconnection practice requirements adopted in this decision shall continue in effect for that utility for 2013, as discussed in Section 3.6 of this decision. If the utility does not exceed the CARE disconnection benchmark for 2012, it may file a Tier 2 advice letter requesting authority to discontinue the practices prior to December 31, 2013. If the utility exceeds the benchmark for 2012 but, for any month during 2013, the utility's CARE disconnection rate for the previous 12 consecutive months is less than the threshold, the utility may file a Tier 2 advice letter requesting authority to discontinue the practices prior to December 31, 2013. In both cases, the Tier 2 advice letter, if filed, shall become effective no earlier than 30 days after the date filed pursuant to General Order 96-B. In the advice letter filings, PG&E and SCE are directed to include an addendum that comprehensively reports (on a month to month basis) the IOUs' internal criteria and processes for determining how customers are identified as eligible for disconnection and the elapsed time before they are disconnected.<sup>19</sup>

After reviewing the consumer group comments on the proposed decision, we are persuaded to adopt two exceptions to the benchmark plan's sunset provision. First, we provide that the requirement for a pre-disconnection site visit by a field representative for vulnerable customers will remain permanent. Second, the requirement that utilities ensure that CSRs offer the

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<sup>19</sup> Since it is unclear when, during 2013, the Advice Letter will be submitted, the IOUs will provide YTD data up to last full month before the filing. For example, if the

*Footnote continued on next page*

option of live enrollment in the CARE program will remain in effect permanently.

We provide for the December 31, 2013 sunset date for the required disconnection practices, as well as the possibility of an earlier sunset date in 2013 if the utility's benchmark is not exceeded in 2012, with the understanding and expectation that the utilities can and will manage their customer service operations to achieve significant, durable reductions in the number of disconnections, particularly for low-income customers. If, however, one or more of the utilities continue to report high disconnection rates through 2013, whether measured against the benchmarks we adopt today or comparable industry-wide disconnection data, then we intend to revisit the disconnection issue in a new rulemaking. We anticipate that such rulemaking would address not only the types of disconnection practices that we have considered and adopted in this proceeding, but also the broader issue of affordability for customers generally and low-income customers in particular.

PG&E's comments on the proposed decision suggest that PG&E may not understand the benchmark plan that we are adopting. We therefore emphasize that the plan does not limit the number or percentage of CARE disconnections. Thus, PG&E's suggestion at page 2 of its opening comments that "establishing a fixed disconnection level will cause [customers who develop large delinquencies] to be treated differently based on the number of customers already in the delinquency queue" is without merit. PG&E should manage

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Advice Letter is filed June 10, 2013, the IOUs should provide data from the beginning of this initiative until May 31, 2013.

disconnections fairly and prudently irrespective of its actual CARE disconnection rate.

### **3.10. Uniform Billing and Accounting for Arrearages**

The OIR raised a concern that an anomaly can occur in the billing/accounting departments of the utilities when a customer owes both for an arrearage and a current bill, citing the following example:

[A]ssume a customer owes an arrearage of \$150, is on a 3-month re-payment plan whereby the customer pays \$50 towards the arrearage, and the customer has a current monthly bill of \$100. If the customer makes a payment of \$150, representing the \$50 arrearage payment and the \$100 current bill payment, how does the utility ensure that the proper monies are credited to the appropriate accounts? If all \$150 is applied to the arrearage, the customer is delinquent on the current bill, whereas if all \$150 is applied to the current bill the customer has a credit, but is in default on the arrearage re-payment arrangement. (OIR at 7.)

The OIR directed that the utilities propose a uniform billing/accounting methodology that ensures that the customer receives proper credit for monies paid. D.10-07-048 identified this as a Phase II issue, and the utilities (PG&E, SCE, SDG&E, and SoCalGas) addressed this request in their October 1, 2010 joint filing.

The utilities' joint response demonstrates that each utility has safeguards in place to help prevent inappropriate crediting of payments. We are persuaded that any benefits of having a uniform methodology across utilities are outweighed by the expenditures and resources that would be required to implement uniform practices.

### 3.11. Disconnection Notices

D.10-07-048 identified the question of whether particular uniform disconnection notice practices should be adopted for all utilities as a Phase II issue. PG&E, SCE, SDG&E, and SoCalGas addressed this issue in their October 1, 2010 joint filing.

Reporting that they have slightly different time frames and similar but not identical language on disconnection notices, the utilities offer a proposal for more uniform language that they believe will benefit customers who move from one service territory to another and make it easier for consumer groups and representatives at the Commission to respond to customer questions about disconnection. First, they would create uniform language that would be included in customer notices related to late payment and disconnection and uniform language on the notice of pending disconnection, as described below.

The utilities will include, at a minimum, the following language on the initial late payment notice. They may include additional information that varies among them.

Your bill includes a past due balance. To avoid disconnection of your [gas/electric/utility] service, please pay the past due amount **on or before XX/XX/XXXX**. For assistance or to make a payment, please call Customer Service at 1-800-XXX-XXXX.

The utilities will include, at a minimum, the following language on the notice of pending disconnection. They may include additional information that varies among them.

Our records indicate that your account has an overdue balance. To avoid disconnection of your [gas/electric/utility] service, please pay the past due amount of \$[amount] on or before XX/XX/XXXX. For assistance or to make a payment, please contact Customer

Service at 1-800-XXX-XXXX. We are available to help you. You may also be eligible for financial assistance and income-qualified energy assistance programs.

PLEASE NOTE: If your utility service is disconnected for non-payment, there will be additional service charges and you will be required to pay all past due amounts before service is restored. In addition, a deposit may be required to re-establish your credit, whether or not your service is terminated.

Second, the utilities propose to create uniform timeframes for customer notices.

Day 0	Day 19	Day 27-33	Day 40-48
Bill Issued	Bill Due	Subsequent Monthly Bill Issued-Provides Notification of Delinquency	Notification of Pending Service Disconnection

Each of the utilities anticipated it would be able to implement this notice procedure during 2011 at no significant cost. Since uniform disconnection notice procedures may help consumers who move from one service territory to another, as well as consumer organizations and our own staff representatives who assist customers facing disconnection, we approve these proposals. PG&E and SCE should implement them to the extent they have not already done so.

We note that the adopted time frames are minimum standards, and that the utilities may adopt actual practices that are more generous to customers.

**3.12. Waiver of Deposit Exceptions**

The interim rules adopted in the OIR and in D.10-07-048 address circumstances where otherwise applicable customer deposit requirements will be waived. D.10-07-048 posed as a Phase II issue the question of whether there should be exceptions to deposit rules for certain customers demonstrating

continued fraud or bad check activities. Parties addressed this question in their first-round Phase II comments.

PG&E believes there should be an exception to deposit waivers for instances of customer fraud, continued delivery of bad checks, or where bankruptcy has occurred. PG&E addresses approximately 9,000 cases of fraud annually costing over \$3 million. In 2009, PG&E had approximately 11,000 customers who provided 3 or more bad checks representing \$21.5 million, and it processed 3,165 bankruptcies. SCE likewise proposes exceptions to deposit waivers for fraud, returned checks, and bankruptcy, finding that such exceptions would protect all customers.

In general, the consumer groups find the utility proposals overly broad. Greenlining proposes various parameters for identifying customers in “good standing.” Greenlining is also concerned about the definition of “fraud” as used by the utilities. NCLC argues that bankruptcy alone should not be a basis for a waiver exception, and that more should be required of a customer who has filed bankruptcy, such as a history of non-payment of bills. TURN does not oppose limiting customers who bounce checks to a cash-only option but recommends against a re-establishment of credit deposit.

We authorize exceptions to our otherwise applicable deposit waivers for customers who have written three or more bad checks in a year and those involved in fraud. At this time there is no indication that the utilities would inappropriately apply the fraud exception and we therefore decline to define the circumstances in which it would apply. However, we concur with NCLC and other consumer groups that customers who have filed bankruptcy should not be placed in the same category as customers who have been involved in fraud or who have repeatedly written bad checks. As NCLC notes, bankruptcy is a legal

process to resolve debt, whereas perpetrators of fraud and bad check writers are not engaging in legitimate activities.

### **3.13. Reporting Requirements**

Pursuant to Ordering Paragraph 12 of the Order Instituting Rulemaking and Ordering Paragraph 14 of D.10-07-048, the utilities have filed and continue to file monthly reports of specified disconnection data. Since disconnections are an ongoing problem, and it remains important for parties and our staff to monitor utility progress in addressing the problem, such reporting should continue as follows. Existing reporting requirements shall remain in effect through December 2013. Beginning in 2014 and continuing through 2018, the utilities will file semiannual reports. We expect our Energy Division to report annually to the Commission on the status of disconnections and associated utility practices.

### **3.14. Balanced/Level Payment Plans**

PG&E offers a “Balanced Payment” plan and SCE offers a “Level Payment Plan” that remove bill volatility by breaking the estimated annual bill into 12 equal monthly payments. Noting that SCE excludes customers with arrearages from participating in the DRA recommends that these plans be made available to all customers. DRA believes that this would remove one of the causes of delinquent bills and would have a positive impact on customer payment behavior.

SCE notes that it is evaluating a level payment option for CARE customers in arrears, and several of the consumer advocates supports this proposal to explore a level payment plan. We urge SCE to implement the option but decline to order it to do so in the absence of a demonstration that it would be cost-effective.

### **3.15. Reporting on Implementation**

In comments on the proposed decision, consumer groups propose that the utilities be required to file advice letters within 60 days of the effective date of the decision to explain how they will respond to certain directives of this decision. In particular, the consumer groups seek information from the utilities on (a) how they will notify customers with a serious illness or condition that could become life-threatening if service is disconnected of their option to provide certification to that effect; (b) how they will implement the directive to communicate with customers regarding their option to align their bill payment date with their income cycle notwithstanding the date printed on the bill; and (c) the results of the language option review directed in Section 3.4 above.

While we agree that information sought by the consumer groups will be helpful to parties, we are concerned that the proposed advice letter process could interfere with timely implementation of the measures we adopt today. Accordingly, in lieu of explanatory advice letters, we direct the utilities to file compliance reports within 60 days of the effective date of the decision that address the topics noted above.

### **4. Change of Party to Settlement**

As noted earlier, CforAT represents the interests of the disability community. CforAT is acting as the successor to DisabRA, which actively participated earlier in this proceeding. DisabRA is a party to the settlement agreement between SDG&E, SoCalGas, and various consumer groups, including DisabRA, that was approved by D.10-12-051.

By letter dated September 28, 2011, CforAT advised the ALJ that the parties to the settlement agreement had agreed to modify the settlement to add CforAT as a party to the settlement. This will enable CforAT to receive the

reports described in the settlement and participate in regular discussions regarding implementation. Since CforAT has been granted party status and it is the successor to DisabRA in this proceeding, it is appropriate to recognize CforAT as a party to the settlement agreement.

## **5. Disposition of Proceeding**

This proceeding has been open for nearly two years and has been informed by three separate rounds of comments. We have addressed the issues that are ready for decision. While we recognize some parties' requests for further proceedings including workshops to address topics such as arrearage management plans, we believe that the range of measures that we adopt today are adequate to address the issue of disconnections at this time. Accordingly, it is appropriate to close the proceeding. We make this determination without prejudice to future consideration of arrearage management plans.

## **6. Comments on Proposed Decision**

The proposed decision of the Commissioner in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments on the proposed decision were filed by PG&E, SCE, and, jointly, by CforAT, Greenlining, NCLC, and TURN. PG&E, SCE, CforAT, DRA, Greenlining, NCLC, and TURN filed replies to the comments. This decision adopts certain revisions that we make in response to the comments and replies, including but not limited to the following:

- This decision continues in effect the requirement adopted in D.10-07-048 that PG&E and SCE shall provide a field person who can collect on a bill during an in-person visit prior to disconnection for medical baseline or life support customers. It also expands the requirement to include customers who certify that they have a serious illness or

condition that could become life threatening if service is disconnected. We clarify this requirement to specify that the field representative is not required by this order to accept cash payments. We also provide clarification that customers certifying to an illness or condition that could become life threatening are not required to obtain a physician's statement.

- The proposed decision provided that certain required new practices shall be implemented within 30 days of the date of this order. In response to concerns about the time needed for implementation, we revise the proposed decision to provide that these new practices shall be implemented within 45 days of the date of this order.<sup>20</sup>
- The proposed decision's requirement that written communications to customers concerning the risk of service disconnection shall provide certain key information to customers in large print is revised to state that the requirement does not apply to billing statements.
- This decision adopts a joint utility proposal regarding uniform timeframes for notices to customers regarding disconnection. We add clarification to the proposed decision's discussion of this issue to confirm that the adopted timeframes are minimum standards and that the utilities may adopt actual practices that are more generous to consumers facing possible disconnection.

A new discussion section (Section 3.15) is added to address comments of consumer groups proposing that the utilities file advice letters to explain how they will implement certain directives in this decision.

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<sup>20</sup> We reject PG&E's unreasonable and unsubstantiated request to delay implementation of certain measures by more than ten months to January 1, 2013.

## 7. Assignment of Proceeding

Michel Peter Florio is the assigned Commissioner and Maryam Ebke is the assigned ALJ in this proceeding.

### Findings of Fact

1. While there has been some success in achieving the objective of reducing the number of residential disconnections due to nonpayment, tens of thousands of California utility customers experience the hardship of disconnection every month.
2. Low income customers enrolled in the CARE rate program continue to experience rates of disconnection that are more than twice the disconnection rates for non-CARE customers.
3. SCE's experience is that having its CSRs perform online CARE enrollments during calls increased enrollment compared to the old mailing process by 50% when expanded to all SCE representatives in 2010 and improved the overall customer experience.
4. SCE's processing cost for phone enrollment is only \$0.89 per enrollment greater than the \$2.77 cost for mail applications.
5. PG&E's estimated cost of live CSR enrollments would have been \$455,909 in 2010.
6. There may be a subset of potential CARE enrollees who are not able to interface PG&E's automated enrollment system successfully.
7. PG&E and SCE offer comprehensive language assistance options.
8. It has not been shown that ordering the utilities to translate all printed forms into the languages specified in SB 120 would be cost-effective.
9. It is reasonable to take advantage of the significant cost savings that modern metering technology can provide while providing enhanced protection

to consumers whose health and safety might be jeopardized by a remote disconnection program.

10. Many households include disabled individuals who are not enrolled in programs such as medical baseline because they are unaware of them or because their disability does not cause them to use above-average levels of energy.

11. Remote switching technology enables substantial cost savings for performing disconnections and reconnections but the costs of these services are not reduced to zero.

12. In March 2011 unemployment exceeded the statewide average of 12.3% in 35 of 40 counties where PG&E provides service, and it exceeded 20% in six of those counties.

13. In March 2011, unpaid bills of two months or older totaled \$55 million among low-income customers, double what was owed a year earlier.

14. According to economic forecasts, it will take until 2015 - 2020 for unemployment to drop to 8% in California.

15. Although customer choice of billing date could be beneficial for some customers at risk for disconnection, it has not been shown to be cost-effective for PG&E or SCE.

16. PG&E and SCE offer considerable flexibility in bill payment and do not impose late fees (for CARE customers in SCE's case).

17. Annual CARE disconnection benchmark rates of 5% for PG&E and 6% for SCE would essentially require PG&E to maintain the progress it made in 2010 to reduce CARE customer disconnections encourage SCE to make changes in its treatment of CARE customers regarding disconnections.

18. A moratorium or a cap on the number of disconnections could potentially lead to an excessive increase in write-offs of bad debt, thereby imposing unreasonably high costs on all ratepayers.

19. To the extent that the utilities are able to manage their operations to keep CARE customer disconnections at or below a defined benchmark, there may not be a need for further regulatory oversight such as mandatory disconnection practices; however to the extent that CARE disconnections exceed the benchmark, that would indicate a need for further review or oversight to address the disconnection problem.

20. The utilities have safeguards in place to help prevent inappropriate crediting of payments.

21. Customer fraud and continued delivery of bad checks impose significant costs on utilities that are passed on to all customers.

22. Bankruptcy is a legal process to resolve debt, whereas perpetrators of fraud and bad check writers are not engaging in legitimate activities.

### **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. Because customers enrolled in the CARE rate program experience disconnection more than twice as often non-CARE customers, it is reasonable to design remedial measures that target the CARE disconnection rate.

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.

## **O R D E R**

### **IT IS ORDERED** that:

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 certify 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.
- i. The utilities shall ensure that their customer service representatives (CSRs) offer customers the option of enrollment in the California Alternate Rates for Energy (CARE) 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. For households identified as using non-standard forms of telecommunication, the utility shall ensure that outgoing calls regarding the risk of disconnection are made by a live representative.
- m. The utilities are directed to continue to file monthly reports in this proceeding of data as shown on Appendix A of Decision 10-07-048. The monthly reports shall be filed by

the 25th day of each month and continuing until December 2013. Beginning in 2014 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. The customer service disconnection practices ordered in this decision, other than those set forth in Ordering Paragraphs 2.b, 2.i, and 2.m, shall remain in effect until December 31, 2013, provided, however, that in the event that a utility's California Alternate Rates for Energy customer disconnection rate for 2012 is less than a benchmark of 5% for Pacific Gas and Electric Company (PG&E) and 6% for Southern California Edison Company (SCE), the utility may file a Tier 2 advice letter after January 1, 2013 requesting authority to discontinue the required practices prior to December 31, 2013. If filed, the Tier 2 advice letter shall become effective no earlier than 30 days after the date filed in accordance with General Order 96-B. In the advice letter filings, PG&E and SCE are directed to include an addendum that comprehensively reports (on a month to month basis) the IOUs' internal criteria and processes for determining how customers are identified as eligible for disconnection and the elapsed time before they are disconnected.<sup>21</sup> The practices set forth in Ordering Paragraphs 2.b., and 2.i shall remain in effect until further order of the Commission.

5. If the utility exceeds the benchmark for 2012 identified in Ordering Paragraph 4 but, for any month during 2013, the utility's California Alternate Rates for Energy disconnection rate for the previous 12 consecutive months is

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<sup>21</sup> Since it is unclear when, during 2013, the Advice Letter will be submitted, the IOUs will provide YTD data up to last full month before the filing. For example, if the

*Footnote continued on next page*

less than benchmark, the utility may file a Tier 2 advice letter requesting authority to discontinue the required customer service disconnection practices ordered in this decision prior to December 31, 2013. If filed, the Tier 2 advice letter shall become effective no earlier than 30 days after the date filed in accordance with General Order 96-B. In the advice letter filings, Pacific Gas and Electric Company and Southern California Edison Company are directed to include an addendum that comprehensively reports (on a month to month basis) the IOUs' internal criteria and processes for determining how customers are identified as eligible for disconnection and the elapsed time before they are disconnected.<sup>22</sup>

6. Within 60 days of the effective date of this decision, Pacific Gas and Electric Company and Southern California Edison Company shall file compliance reports in this docket explaining (a) how they will notify customers with a serious illness or condition that could become life-threatening if service is disconnected, and who face possible disconnection of service, of their option to provide certification to that effect; (b) how they will implement the directive to communicate with customers regarding their option to align their bill payment date with their income cycle notwithstanding the date printed on the bill; and (c) the results of the language option review directed in Section 3.4 above.

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Advice Letter is filed June 10, 2013, the IOUs should provide data from the beginning of this initiative until May 31, 2013.

<sup>22</sup> Since it is unclear when, during 2013, the Advice Letter will be submitted, the IOUs will provide YTD data up to last full month before the filing. For example, if the Advice Letter is filed June 10, 2013, the IOUs should provide data from the beginning of this initiative until May 31, 2013.

7. Rulemaking 10-02-005 is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.