

Decision 10-03-006 March 11, 2010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Petition of The Utility Reform Network to Adopt, Amend, or Repeal a Regulation Pursuant to Pub. Util. Code § 1708.5 Related to Arrearage Management and Shutoff Prevention for Residential Customers of the Major Jurisdictional Electric and Gas Utilities.

Petition 09-06-022
(Filed June 19, 2009)

**DECISION DENYING PETITION OF THE UTILITY REFORM NETWORK
FOR A RULEMAKING REGARDING ARREARAGE MANAGEMENT
AND SHUTOFF PREVENTION**

1. Summary

This decision denies the petition of The Utility Reform Network asking the Commission to initiate a rulemaking or investigation to address arrearage management and shutoff prevention for residential customers of the major jurisdictional electric and natural gas utilities because it is moot.

Petition 09-06-022 is closed.

2. Background

In its petition, The Utility Reform Network (TURN) asks the Commission to initiate a rulemaking or investigation to consider adopting regulations related to arrearage management and shutoff prevention for residential customers of the major jurisdictional electric and natural gas utilities: Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas and Electric Company (SDG&E) and Southern California Gas Company (SCG).

TURN states that the need for the petition is brought about by the economic crisis in California and impending utility rate increases.

TURN identifies the proposed issues as follows.

- Should the utilities be required to create arrearage management programs and offer forgiveness plans to low income customers in arrears?¹ If so, how should the plans be structured in terms of participant eligibility, program administration, program parameters and cost recovery?
- Should bill payment plans be modified to increase the likelihood customers in arrears will be able to afford the payments and avoid shutoff through consideration of the customer's ability to pay, extending the term of amortization of arrearage amounts, and requiring utilities to offer other assistance programs to customers seeking payment arrangements?
- Should the utilities be prohibited from requiring residential customers to pay reestablishment of credit deposits under certain circumstances, such as when customers agree to participate in certain assistance programs or receive budget counseling?
- Should the ratemaking treatment of utility uncollectibles associated with residential customer accounts be temporarily modified to subject some or all of these costs and revenues to two-way balancing account treatment?

3. Procedural Background

TURN filed this petition on June 19, 2009. Comments were filed on July 20, 2009 and reply comments were filed on August 3, 2009.

The parties who filed comments on the petition are as follows.

- The Division of Ratepayer Advocates (DRA);

¹ A forgiveness plan would allow the customer to not pay all or part of the amount owed on past bills if specified conditions are met.

- Disability Rights Advocates (DisRA);
- National Consumer Law Center (NCLC);
- The Greenlining Institute (Greenlining);
- PG&E;
- SCE; and
- SDG&E and SCG (collectively Sempra)

DRA, DisRA, NCLC and Greenlining support TURN's proposal. PG&E, SCE and Sempra oppose it.

On November 19, 2009, DRA released a report, "Status Report on Energy Utility Service Disconnections," that discussed data regarding service disconnections and reconnections from January 2006 through August 2009. Based on the data contained in DRA's Report, the Commission held an en banc on December 16, 2009. Following the en banc, all four utilities agreed to a moratorium on service disconnections beginning December 21, 2009 and extending through January 5, 2010.²

The Commission held a workshop on January 5, 2010 to afford the utilities and other stakeholders an opportunity to discuss "best-practices" for customer outreach and education so that customers can address repayment of arrearages before they are disconnected.

On February 4, 2010, the Commission adopted Rulemaking (R.) 10-02-005 to establish ways to improve customer notification and education to decrease the number of gas and electric utility service disconnections due to non-payment of bills.

² SCE voluntarily extended its moratorium through January 21, 2010.

4. Discussion

In R.10-02-005, the Commission required PG&E, SCE, SDG&E and SCG to implement the following interim practices:

- 1) All customer service representatives (CSRs) must inform customers who owe an arrearage on a utility bill that puts them at risk for disconnection that the customer has a right to arrange for a bill payment plan extending a minimum of three-months in which to repay the arrearage. CSRs may exercise discretion as to extending the three-months up to twelve-months depending on the particulars of a customer's situation and ability to repay the arrearage.³ 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.
- 3) Each utility is authorized to file a Tier 1 advice letter to establish a memorandum account to track any significant additional costs associated with complying with the new practices initiated with this rulemaking, including any operations and maintenance charges associated with implementation of the practices as well as any uncollectables that are in excess of those projected in the utility's last general rate case. As part of this proceeding, the Commission will consider the process for determining the categories and amounts of costs in the memorandum account that should be considered reasonable for recovery, as well as the appropriate methods for recovery.

³ Each utility may implement a repayment plan schedule that exceeds 12 months, but we are not currently requiring any utility to extend the schedule beyond 12 months.

The focus of the rulemaking is to reduce the number of gas and electric utility service disconnections due to non-payment of bills by improving customer notification and education, including ways to help customers avoid disconnections while working with the utilities to pay arrearages and keep current on bills. The utilities and parties will have an opportunity to comment on the interim practices adopted in R.10-02-005 and their efficacies, as well as sunset provisions if appropriate, while the parties continue to address other solutions to assist customers to pay their utility bills and avoid disconnection of service.

Because of the Commission's initiation of the above rulemaking, TURN's petition is moot and should be denied.

5. Comments on Proposed Decision (PD)

The PD of Administrative Law Judge (ALJ) Jeffrey P. O'Donnell in this matter was mailed to the parties in accordance with § 311 of the Public Utilities Code and comments were allowed pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure. Opening and/or reply comments were filed by TURN, DRA, DisRA, Greenlining, SCE, PG&E and Sempra on October 15, 2009 and October 20, 2009, respectively.

As a result of the comments filed on the PD, the comments received at the December 16, 2009 en banc hearing and the January 5, 2010 workshop, and the Commission's initiation of the above rulemaking, the PD's holding (denial of the petition) is unchanged, but the rationale for doing so is revised as indicated above.

6. Extension of the Six-Month Statutory Deadline

On December 16, 2009, the Commission held an en banc hearing in order to obtain further public comment on the issue of arrearages raised in the petition.

On January 5, 2010, the Commission held workshops on the subject. On February 4, 2010, the Commission adopted R.10-02-005 as described above. As a result, the Commission extended the six-month deadline for the purpose of public review and comment pursuant to Pub. Util. Code Section 1708.5(b)(2).

7. Assignment of Proceeding

John A. Bohn is the assigned Commissioner and Jeffrey P. O'Donnell is the assigned ALJ in this proceeding.

Finding of Fact

The Commission opened R.10-02-005 to address ways to improve customer notification and education resulting in a decrease in the number of gas and electric utility service disconnections.

Conclusions of Law

1. Petition 09-06-022 is moot and should be denied.
2. The six-month deadline to consider this petition was extended to allow for public review and comment pursuant to Pub. Util. Code Section 1708.5(b)(2).

ORDER

IT IS ORDERED that:

1. Petition 09-06-022 is denied.
2. Petition 09-06-022 is closed.

This order is effective today.

Dated March 11, 2010, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
TIMOTHY ALAN SIMON
NANCY E. RYAN
Commissioners

