

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**11-15-10  
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November 15, 2010

Agenda ID #9961  
Quasi-Legislative

## TO PARTIES OF RECORD IN RULEMAKING 10-02-005

This is the proposed decision of Commissioner Grueneich. It will appear on the Commission's December 16, 2010 agenda. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Pursuant to Rule 14.6(c)(2), the comment period on the proposed decision is reduced, and comments on the proposed decision must be filed within ten days of its mailing and reply comments must be filed within five days after the day for filing comments.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ DeBerry at [bmd@cpuc.ca.gov](mailto:bmd@cpuc.ca.gov) and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

/s/ MICHELLE COOKE for  
Karen V. Clopton, Chief  
Administrative Law Judge

KVC;jt2

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER GRUENEICH**  
(Mailed 11/15/2010)**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 GRANTING PETITION TO MODIFY DECISION 10-07-048, AND  
APPROVING SETTLEMENT AGREEMENT****1. Summary**

Today's decision approves a Settlement Agreement between San Diego Gas and Electric Company, Southern California Gas Company (collectively the Joint Utilities), Disability Rights Advocates (DisabRA), the Division of Ratepayer Advocates (DRA), Greenlining Institute (Greenlining), National Consumer Law Center (NCLC), and The Utility Reform Network (TURN). The Settlement Agreement resolves all Phase I and Phase II issues in this proceeding as these issues relate to the Joint Utilities.

Approval of the Settlement Agreement today will allow Joint Utility residential customers to immediately benefit from the customer disconnection practices proposed in the Settlement Agreement. Among other disconnection practices, the Settlement Agreement provides performance-based residential disconnection benchmarks which will allow the Commission, the Joint Utilities, and consumer groups an opportunity to evaluate the Joint Utilities' success in assisting customers to reduce service disconnections.

This decision also grants the Petition of the Joint Utilities, DisabRA, DRA, Greenlining, NCLC and TURN (Petition) to modify Decision (D.) 10-07-048. Granting the Petition and approving the Settlement Agreement means that the residential customer disconnection practices ordered in D.10-07-048 will no longer apply to the Joint Utilities. Instead, the Joint Utilities will be required to implement those residential customer disconnection practices delineated in the Settlement Agreement.

## **2. Background**

On February 5, 2010, the Commission issued Rulemaking (R.)10-02-005. In addition to encouraging utilities to identify their best practices to reduce customer disconnections, the Commission required Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (the Joint Utilities), and Southern California Edison Company (SCE) to immediately implement three interim practices:

- a. 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 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. 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.
- b. 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.

- c. Each utility is authorized to file a Tier I 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 the operations and maintenance charges associated with implementing the practices as well as any uncollectibles that are in excess of those projected in the utility's last general rate case (GRC). 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.

R.10-02-005 established a Preliminary Scoping Memo which outlined issues to be considered, required the utilities to file monthly reports of specific disconnection data and provided utilities and parties an opportunity to comment on the interim practices and address other issues in the Preliminary Scoping memo.

Furthermore, R.10-02-005 directed utilities to file Tier 3 advice letters to establish a new fund using California Alternate Rates for Energy (CARE) funds as matching funds to apply for federal funds available through the Temporary Assistance to Needy Families Emergency Contingency Fund.

Opening and Reply Comments to R.10-02-005 were filed on March 12, and April 2, 2010, respectively.

On June 17, 2010, the Assigned Commissioner issued a proposed decision, and on July 29, 2010, the Commission issued Decision (D.) 10-07-048 to resolve Phase I of the proceeding.

Specifically, D.10-07-048:

- a. Continues the interim practice that PG&E, Joint Utilities, and SCE CSRs inform customers owing an arrearage of their rights to repay the arrearage for a minimum of three months;<sup>1</sup>
- b. Continues the interim practice to allow CSRs the discretion to extend the arrearage repayment period from three months up to twelve months;
- c. Provides that CARE and Family Electric Rate Assistance customers in the PG&E, Joint Utilities, and SCE service territories are not required to pay additional reestablishment of credit deposits with a utility for either slow-payment or no-payment of bills or following a disconnection;
- d. Provides that medical baseline or life support customers shall not be disconnected without an in-person visit from a utility representative;
- e. Directs the Joint Utilities 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, and requires PG&E and SCE to continue to offer their non-cash deposit options to all new customers and those required to post a reestablishment of credit deposit following a disconnection;
- f. Directs PG&E, SCE and SDG&E 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. SoCalGas is required to continue its current reestablishment of credit deposit amount of two times the monthly average bill;
- g. Directs the Joint Utilities to waive reestablishment of credit deposits for later payment of bills, and requires PG&E and SCE

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<sup>1</sup> D.10-07-048 provides that while each utility may implement a repayment plan exceeding 12 months, the Commission only requires a three-month extension. (at 5.)

- to continue their practice of not collecting credit deposits for late payment of bills;
- h. Directs 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 of life support customers, and requires the Joint Utilities to continue this practice;
  - i. Directs PG&E, the Joint Utilities, and SCE to implement these customer service disconnection practices by October 1, 2010;
  - j. Directs the Joint Utilities, PG&E and SCE to recommend to the Commission, by October 1, 2010, uniform notice of disconnection procedures;
  - k. Authorizes PG&E, the Joint Utilities, and SCE to charge significant costs associated with complying with the new practices in D.10-07-048 to their disconnection memorandum accounts (DMA); however the recovery of costs tracked in the DMA will be reviewed in the utilities' next GRC; and
  - l. Continues the disconnection data reporting requirements adopted in R.10-02-005, and adds other data reporting requirements.

D.10-07-048 also listed 12 issues to be addressed in Phase II of this proceeding.<sup>2</sup>

On August 26, 2010, the Assigned Administrative Law Judge (ALJ) issued a ruling which provided an opportunity for comments from parties on three Phase II issues, and explained how five other matters would be addressed in this proceeding.

On September 9, 2010, the Joint Utilities, Disability Rights Advocates (DisabRA), the Division of Ratepayer Advocates (DRA), Greenlining Institute (Greenling), National Consumer Law Center (NCLC) and TURN (Settling

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<sup>2</sup> D.10-07-048 at 27-28.

Parties) filed a Joint Motion (Joint Motion of Settling Parties) for Adoption of a Residential Disconnection Settlement Agreement (Settlement Agreement),<sup>3</sup> and a Petition to Modify D.10-07-048.

On September 21, 2010, the Assigned ALJ issued a ruling shortening the time for responding to the Joint Motion for Adoption of the Settlement Agreement and the Petition to Modify D.10-07-048.

Comments on the Settlement Agreement and the Petition were received from The City and County of San Francisco (CCSF), PG&E and SCE on September 29, 2010. Reply comments were received from the Joint Utilities and DisabRA, DRA, Greenlining, NCLC and TURN (jointly, Consumer Groups).

### **3. Settlement Agreement**

#### **3.1. Background**

Settling Parties state that beginning in May 2010 and for the next two months, the Settling Parties met to discuss the possibility of settlement. On July 23, 2010, the Settling Parties reached an agreement in principle. On July 28, 2010, the Settling Parties noticed a settlement conference pursuant to Rule 12.1,<sup>4</sup> and a settlement conference was convened on August 5, 2010. Participating parties included the Settling Parties, PG&E, SCE, and CCSF.

#### **3.2. Terms of the Settlement Agreement**

The Settlement Agreement addresses those residential disconnection practices adopted in D.10-07-048, and resolves Phase II issues in this proceeding.

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<sup>3</sup> See, Appendix A. References to exhibits for the Settlement Agreement are to attachments, and not to formal exhibits in this proceeding.

<sup>4</sup> All references to Rules are to the Commission's Rules of Practice and Procedure unless otherwise noted.

The Settlement Agreement improves customer notification and education, enhances reporting requirements, and proposes performance-based residential disconnection benchmarks intended to allow the Commission to better evaluate the Joint Utilities' success in assisting customers to reduce disconnections. The performance-based benchmarks provide a reference point from which to evaluate the Joint Utilities' efforts to reduce residential connections, and create incentives to achieve this reduction. The Settlement Agreement also incorporates additional customer service and communications practices, policies, and protocols to address additional issues articulated in, or related to, this rulemaking. Upon approval by the Commission, the Settlement Agreement is effective until December 31, 2013, unless the Settling Parties agree to extend the terms of the Settlement Agreement. The Settlement Agreement:

- a. Establishes a performance benchmark for all residential service customers, and a performance benchmark for CARE-only customers. The benchmark provisions include how disconnection rates are reported, calculated, and measured over time;
- b. Establishes the consequences to the Joint Utilities if disconnections exceed the benchmarks, including "mandatory measures," and the implications to the Joint Utilities if the disconnections are less than or equal to the benchmarks;
- c. Sets forth that the mandatory measures include minimum payment arrangement requirements, longer payment plans, if appropriate, notice and information on renegotiated payment plans, and rules addressing re-establishment of credit deposit requirements;
- d. Provides that the Joint Utilities will not seek incremental operating and maintenance costs resulting from implementing the Commission's Orders in this proceeding, but that uncollectible costs for SoCalGas and SDG&E may be increased depending on specified uncollectible cost factors;



- e. Establishes an “extreme weather policy” which restricts disconnections during specified high and low temperatures;
- f. Sets forth utility protocols for delivering 48-hour residential customer disconnection notices including inserts in non-English languages;
- g. Provides for Braille and large print bills and 48-hour notices;
- h. Establishes protocols for pre-disconnection customer telephone communications;
- i. Offers all customers the option of automated messages providing service disconnection information;
- j. Provides for the use of sign language and relay services by field staff and CSRs;
- k. Establishes remote disconnection policies including use of in-person field deliveries of 48-hour notices; and
- l. Provides for dialogue between the Settling Parties regarding reporting requirements, and other measures to further the objectives stated in R.10-02-005.

### **3.3. Settlement Criteria**

Commission criteria on Settlements are set forth in Article 12 of the Commission’s Rules. Rule 12.1(a) requires that the motion to adopt the settlement contain a statement of the factual and legal considerations to advise the Commission on the scope of the settlement and the grounds on which adoption is urged. Rule 12.1(b) requires that the parties convene a settlement conference with notice and opportunity to participate. Rule 12.1(d) states that settlements will not be approved unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

In addition, any settlement must be consistent with the Commission decisions on settlements, which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole

record.<sup>5</sup> This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.<sup>6</sup>

### **3.4. The Settlement Agreement is Reasonable in Light of the Whole Record**

Settling Parties demonstrate how the Settlement Agreement meets the criteria in Rules 12.1 (a) and (b).<sup>7</sup> Settling Parties state that on July 28, 2010, a settlement conference was noticed pursuant to Rule 12.1<sup>8</sup> and a settlement conference was convened on August 5, 2010. Participating parties included the Settling Parties, PG&E, SCE, and CCSF.

The record shows that the Settlement Agreement was reached after significant give-and-take between the parties. This give-and-take is expressed in the parties' comments and reply comments setting forth their legal and policy arguments on the issues in this proceeding, conducting research, participating in a workshop on the issues, presenting their position before the Commission, evaluating their respective positions, and conducting informal discussions regarding the merits of the issues. The Settlement Agreement accomplishes mutually acceptable outcomes to help reduce residential customer disconnections, and thus the Settlement Agreement represents a reasonable compromise of the Settling Parties' positions.

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<sup>5</sup> See, e.g., D.88-12-083 (30 CPUC 2d, 189, 221-223), D.91-05-029 (40 CPUC 2d, 301, 326), and D.05-03-022, at 8.

<sup>6</sup> See, D.92-12-019, 46 CPUC 2d 538, 553.

<sup>7</sup> Joint Motion of Settling Parties at 5.

<sup>8</sup> *Id.* at 4.

The filings of the parties in this proceeding, the workshop record, including party presentations, the Settlement Agreement itself, and the Petition to Modify D.10-07-048 as discussed below provide the necessary record for the Commission to find that the Settlement Agreement is reasonable.

### **3.5. The Settlement Agreement is Consistent With the Law**

The Settling parties represent that the Settlement Agreement is fully consistent with the law and prior Commission Decisions. Settling parties state that the Settlement Agreement is consistent with the Commission's objectives in R.10-02-005, and are not aware of any basis on which it could be alleged that the Settlement Agreement is not consistent with law, nor have we found any inconsistencies. The Settlement Agreement is consistent with the law.

### **3.6. The Settlement Agreement is in the Public Interest**

The Settlement Agreement is in the public interest and in the interest of the Joint Utilities' customers because it enables the Joint Utilities to advance the Commission's goal of reducing residential disconnections without unduly overburdening other ratepayers.

In addition, adoption of the Settlement Agreement will reduce the workload on Commission resources, and the resources of parties that must be devoted to resolving the issues in his proceeding regarding residential disconnections, as they relate to the Joint Utilities. Thus, Commission resources may be devoted to other matters, and the resources of parties will not incur additional expense in this proceeding, as these relate to the Joint Utilities.

### **3.7. Comments on the Settlement Agreement**

Although PG&E and SCE participated in the August 5, 2010, settlement conference, these utilities declined to become parties to the Settlement Agreement. PG&E explains that it did not join the settlement for a variety of

reasons including PG&E's perspective on the cost of implementation, the Settlement Agreement's failure to provide a clear cost recovery mechanism, the expansion of the definition of sensitive customers and the disconnection benchmark provision. PG&E adds that it believes it currently provides its customers with many of the benefits reflected in the proposed provisions of the Settlement Agreement.<sup>9</sup> Although PG&E states that it does not actively oppose the Settlement Agreement, it has concerns regarding excusing SDG&E and SoCalGas from the directives and obligations that arise from D.10-07-048. PG&E adds there is the potential for inconsistency in reporting and compliance requirements required of PG&E and SCE by D.10-07-048, and the requirements imposed by the Settlement Agreement on SoCalGas and SDG&E.

SCE states that while it is not opposed to the Settlement Agreement, it did not join the settlement for reasons related to cost-effectiveness and cost recovery. SCE states it provides disconnection services to its customers similar to those provided by the Joint Utilities.<sup>10</sup>

CCSF states that while it did not join in the Settlement Agreement, it supports the settlement as the settlement reflects sound public policy.<sup>11</sup>

In response, Consumer Groups contend that the Settlement Agreement is not opposed by any party, that the Settlement Agreement adequately addresses

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<sup>9</sup> PG&E September 29, 2010 Comments in Response to the Petition at 6-7.

<sup>10</sup> SCE September 29, 2010 Response to the Petition at 4.

<sup>11</sup> CCSF September 29, 2010 Comments Supporting the Joint Motion and the Petition at 1.

Phase I issues, and resolves Phase II and Phase III issues.<sup>12</sup> The Joint Utilities point out that the Settlement Agreement is a collaborative resolution that directly advances the Commission's goal to reduce residential disconnections which will benefit customers. The Joint Utilities also state that they committed to continue active participation in R.10-02-005.

Additional parties' comments addressing the Petition are discussed below.

#### **4. Settling Parties' Petition to Modify D.10-07-048 (Petition)**

##### **4.1. Procedural Background**

Pursuant to Rule 16.4,<sup>13 14</sup> the Settling Parties petition the Commission to modify D.10-07-048.<sup>15</sup> Settling Parties request that the Commission grant their petition on the grounds that the Settlement Agreement represents a comprehensive resolution of all the material issues identified in Phase I and Phase II of R.10-02-005, as they relate to the Joint Utilities. Settling Parties contend the Settlement Agreement memorializes utility best practices to reduce

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<sup>12</sup> Although D.10-07-048 identifies certain Phase II issues, the possibility that this proceeding would include Phase III issues are noted in the September 21, 2010 Assigned ALJ Ruling at 3.

<sup>13</sup> Rule 16.4(d) requires that a petition for modification must be filed within one year of the effective date of the decision proposed to be modified. As D.10-07-048 was effective on July 29, 2010, the Petition is timely filed.

<sup>14</sup> Rule 16.4(b) requires that the petitioners propose specific wording to carry out the requested modifications. Settling Parties have proposed the specific wording in their Petition and therefore have fulfilled the requirements of Rule 16.4(b).

<sup>15</sup> The Petition was filed concurrent with the Joint Motion of the Settling Parties' for Adoption of the Settlement Agreement.

customer disconnections, and that the Joint Utilities have relatively low disconnection rates due to these customer service practices.<sup>16</sup>

The Joint Utilities represent they have achieved these low disconnection rates through aggressively working with customers on service matters such as information, guidance and assistance. The Joint Utilities further represent that they have developed approaches to interact with customers, including financial assistance, and as a result further the Commission's goals articulated in R.10-02-005.<sup>17</sup>

Settling Parties explain that as a consequence of the various provisions of the Settlement Agreement previously articulated above, the Settlement Agreement addresses all material issues in Phase I and Phase II of this proceeding, as they relate to the Joint Utilities. Furthermore, because the Joint Utilities are already achieving the Commission's goal of maintaining fairly low rates of residential service disconnections, the Settling Parties request that the Commission modify D.10-07-048 to exempt SDG&E and SoCalGas (the Joint Utilities) from the requirements imposed in D.10-07-048. Notwithstanding the Petition, the Joint Utilities state they will continue to participate in Commission workshops, meetings, and engage in dialogue with other parties to discuss other means to assist customers to avoid disconnections.

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<sup>16</sup> Petition at 6.

<sup>17</sup> *Id.* at 5.

## 4.2. Discussion

### 4.2.1. Comments of SCE and PG&E

Neither PG&E nor SCE opposes the Petition. SCE states that it does not oppose the requested modifications so long as they apply to the Sempra Utilities (Joint Utilities) only.<sup>18</sup> As discussed above with regards to the Settlement Agreement, SCE explains that it was not a party to the Settlement Agreement for cost effectiveness and recovery reasons. SCE adds that it provides customer services and communications which are similar to those provided by the Joint Utilities.<sup>19</sup>

Although PG&E is not opposed to the Settlement Agreement or the Petition, it has concerns related to the Commission's jurisdiction to apply additional customer protections by granting the Petition. Furthermore, PG&E questions whether the Joint Utilities' lower disconnection rates used as justification for modifying the Petition are due to their current customer service practices. PG&E offers that there may be other reasons for these disconnection rates including whether the current Joint Utilities' disconnection timeline is more lenient. In addition, PG&E contends that it already has adopted many of the practices in the Settlement Agreement, including an extreme weather policy, Braille bills, large font bills, training of CSRs in relay services and pre-disconnection outbound calls. PG&E also argues that it is premature to adopt remote disconnection policies in the Settlement Agreement when the Joint

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<sup>18</sup> SCE Response to the Petition at 1.

<sup>19</sup> *Id.* at 5.

Utilities will only begin Smart Meter infrastructure installation near the Settlement Agreement's sunset date.<sup>20</sup>

#### **4.2.2. Replies to Responses to Petition**

The Commission instituted R.10-02-005 to continue its efforts to reduce the number of gas and electric utility residential service disconnections due to nonpayment by improving customer notification and education.<sup>21</sup> Settling Parties contend that this purpose is accomplished through the various provisions of the Settlement Agreement. Furthermore, the Consumer Parties who represent all of the participating consumer groups, except for CCSF (which also has stated its support of the Settlement Agreement), argue that the Settlement Agreement delivers important benefits to SDG&E and SoCalGas customers at risk of disconnection, as well as ratepayers as a whole, consistent with the Commission's goals for this proceeding, the law and prior Commission decisions, the record in R.10-02-005, and the public interest.<sup>22</sup>

The Consumer Groups argue that adoption of the Settlement Agreement and granting the Petition does not preclude the Commission from exercising its jurisdiction and furthers the Commission's disconnection polices and includes forward-looking consumer protections. Joint Utilities state they will continue to actively participate in R.10-02-005 to reduce customer disconnections and costly arrearages.<sup>23</sup> Furthermore, Consumer Groups point out that consumer

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<sup>20</sup> See, PG&E's September 29, 2010 Response to the Petition.

<sup>21</sup> See R.10-02-005 at Ordering Paragraph (OP) 1.

<sup>22</sup> October 6, 2010 Reply of Consumer Groups to Responses to Petition to Modify D.10-07-048 at 6.

<sup>23</sup> October 6, 2010 Reply of Joint Utilities at 4.



protections, such as remote disconnection policies, provide safeguards where no previous obligation existed. Consumer Groups add that there is an opportunity to extend the provisions of the Settlement Agreement beyond the sunset date, and that the pre-disconnection call practice in the Settlement Agreement is more effective than PG&E's similar practice. For all of these reasons, the Consumer Groups request that the Petition should be granted to reflect the Settlement Agreement as it applies to the Joint Utilities.<sup>24</sup>

#### **4.3. Conclusion**

We agree with the Settling Parties that approval of the Settlement Agreement will provide the necessary customer protections adopted in D.10-07-048 as these apply to the Joint Utilities. We note that no party opposes the Petition and as the Petition directly relates to our approval of the Settlement Agreement, we agree that the Petition should be granted. Approval of the Settlement Agreement and granting the Petition do not preclude future action by the Commission.

For all of the foregoing reasons, Settling Parties' Petition to Modify D.10-07-048 should be granted and the Settlement Agreement should be approved as set forth in the order below.

#### **5. Comments on Proposed Decision**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311 (g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure the comment period is reduced so that comments may be filed within 10 days of

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<sup>24</sup> See, October 6, 2010 Reply of Consumer Groups to Responses to Petition.

the proposed decision's service on the parties and replies may be filed within five days after the day for filing comments. The content of comments and replies is governed by Rule 14.3. Comments were filed on \_\_\_\_\_ and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

## **6. Assignment of Proceeding**

Dian M. Grueneich is the assigned Commissioner and Bruce DeBerry is the assigned ALJ in this proceeding.

### **Findings of Fact**

1. On September 9, 2010, Settling Parties filed a joint motion requesting the Commission to adopt the Settlement Agreement, and grant the Petition.
2. Settling Parties are the Joint Utilities, TURN, DRA, Greenlining, DisabRA, and NCLC.
3. Although PG&E, SCE and CCSF participated in the settlement conference, these parties declined to become parties to the Settlement Agreement.
4. The Settlement Agreement resolves those Phase I residential customer disconnection issues adopted in D.10-07-048, and resolves Phase II issues in this proceeding.
5. The Settlement Agreement provides an extreme weather policy, improved customer communications, and protocols addressing residential customer disconnections.
6. The Settlement Agreement provides that the Joint utilities will not seek incremental operating and maintenance costs resulting from implementing the Commission's orders in this proceeding, but may seek additional uncollectible costs.

7. The Settlement Agreement establishes performance benchmarks for all residential customers and for CARE-only customers which provide consequences including mandatory measures if the benchmarks are not met.

8. The performance benchmarks also create incentives for the Joint Utilities to reduce residential customer disconnections.

9. The Settling Parties fairly reflect the affected interests of the Joint Utilities' residential customers.

10. No term of the Settlement Agreement contravenes statutory provisions or prior Commission decisions.

11. The Settlement Agreement conveys to the Commission sufficient information to permit it to discharge its future regulatory obligations with respect to the parties and their interests.

12. Granting the Petition and adopting the Settlement Agreement reduces expenses associated with further litigation as related to the Joint Utilities, and provides the realization of the benefits identified above pertaining to the Joint Utilities' residential customers.

13. The Settlement Agreement is reasonable in light of the record, consistent with law, and in the public interest.

14. No party opposes approving the Settlement Agreement or granting the Petition.

15. Approval of the Settlement Agreement will provide the necessary customer protections adopted in D.10-07-048 as these apply to the Joint Utilities.

### **Conclusions of Law**

1. The Settlement Agreement fully resolves and settles all disputed issues among the parties concerning the Phase I and Phase II issues as they pertain to the Joint Utilities.

2. The Settlement Agreement should be approved.
3. The Settling Parties' Petition is timely filed.
4. The Settling Parties have fulfilled the requirements of Rule 16.4(b) regarding specific wording for the proposed modifications.
5. No party opposes the Settlement Agreement or the Petition.
6. Approval of the Settlement Agreement and granting the Petition do not preclude any future action by the Commission regarding matters in this proceeding.
7. This decision should be effective today so that the Settlement Agreement may be implemented expeditiously.

**O R D E R**

**IT IS ORDERED** that:

1. The Settlement Agreement between San Diego Gas & Electric Company, Southern California Gas Company, the Division of Ratepayer Advocates, Greenlining Institute, The Utility Reform Network, Disability Rights Advocates and the National Consumer Law Center, attached as Appendix A, shall be approved without change.
2. The Petition of San Diego Gas & Electric Company, Southern California Gas Company, Disability Rights Advocates, the Division of Ratepayer Advocates, Greenlining Institute, National Consumer Law Center and The Utility Reform Network to Modify Decision 10-07-048 should be granted.
3. The following Conclusion of Law is added to Decision 10-07-048:  
On December 16, 2010, the Commission approved a Settlement Agreement between San Diego Gas and Electric Company, Southern California Gas Company, Disability Rights Advocates, the Division

of Ratepayer Advocates, the Greenlining Institute, the National Consumer Law Center and The Utility Reform Network, as reasonable in light of the record, consistent with law and in the public interest. Accordingly, because the Settlement Agreement addresses all material issues in Phase I and Phase II of this proceeding as they relate to San Diego Gas & Electric Company and Southern California Gas Company, San Diego Gas and Electric Company and Southern California Gas Company should be exempt from the requirements imposed in D.10-07-048.

4. Decision 10-07-048 is modified to delete Southern California Gas Company and San Diego Gas & Electric Company from Conclusion of Law 2, and Ordering Paragraphs 1, 2, 3, 8, 10, 13, 14, and 15. Ordering Paragraphs 3, 5, and 9 are deleted in their entirety.

5. Rulemaking 10-02-005 remains open.

This order is effective today.

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

**INFORMATION REGARDING SERVICE**

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated November 15, 2010, at San Francisco, California.

/s/ JOYCE TOM

Joyce Tom

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TDD# (415) 703-2032 five working days in advance of the event.