

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 6, 2007

Advice Letter 3710

Mr. Sid Newsom
Regulatory Tariff Administration
Southern California Gas Company – GT14D6
555 West Fifth Street
Los Angeles, CA 90013-4957



Subject: Reinstatement of Credit Card Payment Option and Addition of ACH
(Electronic Check) Option

Dear Mr. Newsom:

Advice Letter 3710 is effective March 7, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division



J. Steve Rahon

Director

Tariffs & Regulatory Accounts

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srahon@SempraUtilities.com

February 5, 2007

Advice No. 3710
(U 904 G)

Public Utilities Commission of the State of California

Subject: Reinstatement of the Credit Card Payment Option and Addition of Automated Clearing House (ACH) Option (Electronic Check)

Purpose

The purpose of this filing is to notify the Public Utilities Commission of the State of California (Commission) that Southern California Gas Company (SoCalGas) is reinstating its credit card payment option program in addition to its debit card payment option as originally outlined in Advice No. (AL) 2965 dated October 10, 2000. Moreover, SoCalGas wishes to add an Automated Clearing House (ACH) option (electronic check).

Background

SoCalGas filed AL 2965 on October 10, 2000 to seek approval to implement a one-year pilot program to allow payment of utility bills by credit card and/or debit card through an independent service provider. Approval was authorized by Commission Resolution G-3310 on May 3, 2001. As part of its advice filing, SoCalGas said it would file another advice filing to seek approval to make these payment options available to customers on a permanent basis. On May 3, 2002, SoCalGas filed AL 3148 to continue the credit/debit card payment options on an indefinite basis. AL 3148 was approved by letter, on June 18, 2002, to extend the program indefinitely.

On July 7, 2003, SoCalGas filed AL 3275 to extend its debit card payment option, but withdrew its credit card payment option. The credit card payment option was discontinued due to notification from Bill Matrix Corporation (Bill Matrix), the third party vendor contracted to process SoCalGas' credit/debit card payment options, that VISA had changed its rules on credit card transactions by increasing the fees that customers are compelled to pay for the credit and debit card payment options. VISA was formerly charging a higher fee for its credit card payments and a lower fee for its debit card payments, but the new VISA rules required that VISA charge one fee for both types of

transactions and the fee was to be set at the higher level previously associated only with credit card payments. AL 3275 was approved by letter on August 20, 2003.

In September 2005, Assembly Bill (AB) 746 was signed by the Governor. This law authorizes customers to pay their utility bills using credit or debit cards and permits regulated utilities to recover the fees imposed by banks and credit cards companies from the customers who do so, as long as the utilities do not mark up their costs incurred by accepting credit and debit card payments.

Pursuant to AB 746, SoCalGas is hereby proposing to reinstate a transaction cost based credit card payment option program as follows:

Proposed Credit Card Program

SoCalGas proposes to reinstate the credit card program using only MasterCard credit cards in which customers will be given the additional option of paying their gas bills by telephone or through its web site using an authorized credit card, debit card or ACH. Credit, debit card and ACH payments will be made available through the same duly authorized independent service provider; Bill Matrix, and a transaction fee of \$1.50 for these services over and above the Utility bill amount will be charged to the customer by Bill Matrix. VISA will not be offered because the VISA rules described above are still in place. SoCalGas believes that adding the credit card and ACH options provides a particularly useful tool for customers to manage their gas bills.

Please note that this program will reduce the fee currently paid by customers for the use of debit cards from \$1.95 to \$1.50.

This proposal complies with SoCalGas' Tariff Rule No. 12, Payment of Bills, which states that, "Payment shall be made at the office of the Utility ***or, at the Utility's option, to duly authorized collectors of the Utility.***" (Tariff Rule No. 12, paragraph A, emphasis added.) SoCalGas has appended a copy of Tariff Rule No. 12 to this advice letter, as Attachment B. Also appended are a revised description of consumer protection measures and sample informational material associated with this program as Attachments C and D, respectively.

This filing will not affect any other rate or charge, cause the withdrawal of service, or conflict with any other rate or schedule.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (mas@cpuc.ca.gov) and to Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas believes this filing is subject to Energy Division disposition and therefore respectfully requests that this filing be approved on March 7, 2007, which is 30 calendar days after the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A.

J. STEVE RAHON
Director
Tariffs and Regulatory Accounts

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY/ U 904 G**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Nena Maralit

Phone #: (213) 244-2822

E-mail: nmaralit@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3710

Subject of AL: Reinstatement of Credit Card Payment Option and Addition of ACH

(Electronic Check) Option

Keywords (choose from CPUC listing): Bill Payment, Credit Card

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: 3/7/07

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): _____

Estimated system average rate effect (%): _____

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: _____

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: _____

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West Fifth Street, ML GT14D6

Los Angeles, CA 90013-4957

snewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3710

(See Attached Service List)

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ATTACHMENT B

Advice No. 3709

Rule No. 12

PAYMENT OF BILLS

Rule No. 12
PAYMENT OF BILLS

Sheet 1

A. Bills for gas service will be based upon the measured quantity of gas delivered to the customer, except as provided in Rule No. 14(e), and as noted in Section D. below. Such bills will be rendered at regular intervals and are due and payable upon presentation. Payment shall be made at the office of the Utility or, at the Utility's option, to duly authorized collectors of the Utility.

Payments for service or any type of billing may be made using the following options: cash, check, auto debit, debit card, branch office, alternate payment location, pay by phone or electronically, as defined in Rule No. 1. Customers choosing to use an alternative payment method, such as a bill aggregator or financial institution, may be charged a fee by the third party.

B. Removal bills, special bills, bills rendered on vacation of premises, or bills rendered to persons discontinuing the service shall be paid on presentation. Bills for connection or reconnection of service and payments for deposits or for reinstatement of deposits as required under rules of the Utility shall be paid before service will be connected or reconnected.

C. The Utility may demand and collect a \$7.50 fee when a customer's payment is returned unpaid by the bank.

D. LevelPay Payment Option

This Payment Option (formerly known as Level Pay Plan) is available to customers, subject to the following conditions:

1. Eligible customers include the following facilities:
 - a. Residential meter that is individually metered;
 - b. Residential master-meter; and
 - c. Core commercial and core industrial meters that use less than 3,000 therms per year.
2. Eligibility requirements include:
 - a. Customer has no outstanding arrears on their account at the time their Plan starts, or agrees to amortize the arrears amount.
 - b. In the event that a customer has been involuntarily removed from LevelPay for non-payment, customer has made payment of all past due amounts.
3. Participation is subject to approval by the Utility.
4. Eligible customers may join in any month.
5. Participating customer may voluntarily withdraw from the program.

(Continued)

(TO BE INSERTED BY UTILITY)
ADVICE LETTER NO. 3545
DECISION NO. 05-10-044

ISSUED BY
Lee Schavrien
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
DATE FILED Nov 1, 2005
EFFECTIVE Nov 1, 2005
RESOLUTION NO. _____

D

ATTACHMENT C

Advice No. 3710

Consumer Protection Measures

Selection of a Credit/Debit Card Service Provider:

In 2000, SoCalGas issued a Request for Proposal from a number of independent service providers. SoCalGas selected Bill Matrix Corporation as the service provider whose proposal indicated the best balance of experience, low transaction fee, financial strength, ease of implementation, customer satisfaction, and consumer protection measures.

SoCalGas requires, through a written agreement, Bill Matrix to employ stringent consumer protections. These protections will ensure that consumers are well informed about the service they are using, protected from cramming and other forms of fraud, have adequate access to customer service support, and can be secure in the knowledge that their customer information is being kept strictly confidential.

Eliminating Customer Confusion:

To eliminate customer confusion regarding card payments, SoCalGas requires Bill Matrix to disclose all relevant terms of service to potential customers. First, when customers call the Bill Matrix toll-free number, they will immediately be informed that they have reached an independent service provider that is authorized by SoCalGas to accept gas bill payments by credit and debit cards.

Next, customers will be advised that there is a transaction fee charged by the service provider for all payment types and the amount of the transaction fee. The transaction fee is \$1.50. At this point, the customer can choose to terminate or proceed with the transaction. Should the customer choose to proceed by inputting card information and desired payment amount, a second advisory will provide the specific transaction fee. And, again, the customer can choose to either terminate or authorize payment. By incorporating this type of redundancy, customers will have a clear understanding of these options and their responsibility should they elect to make a payment.

To prevent cramming, BillMatrix will not be permitted to place any charges on SoCalGas bills. In fact, the service provider will only be able to charge customers the \$1.50 fee, which will appear on the customer's bank or credit card statement – not the SoCalGas bill -- as a separate and distinct line item next to Bill Matrix name.

ATTACHMENT C

Advice No. 3710

Consumer Protection Measures

Page 2

Protections Against Use of Lost or Stolen Cards:

Equally important will be various transaction screening safeguards employed by Bill Matrix to mitigate the possibility of unauthorized card use, such as use of a lost or stolen card, or use of a credit card number from a receipt imprint. Before a transaction can be completed, the credit or debit card or ACH information will go through several steps of real-time authentication and verification.

If the Bill Matrix system determines that the card being used was reported lost or stolen, the transaction will be terminated immediately. Further, credit card transactions will not be completed unless the customer inputs either one, or several, of the following: the correct ZIP code associated with the card billing address, the expiration date of the card, and the 3-digit number found only on the back of the card. Similarly, debit card transactions cannot be completed unless the customer inputs the correct 3-digit number found on the back of some debit cards.

Access to Customer Support Services:

Customers opting to utilize the Bill Matrix system to make card or ACH payments would also call Bill Matrix with any service inquiries related to those payments. Consequently, SoCalGas will require Bill Matrix to maintain adequate customer service resources to handle service inquiries expeditiously and professionally. In instances when a customer disputes a payment, the service provider will be required to research the transaction with the credit card company or bank and provide details to the customer. If the details do not seem familiar, and the customer still wishes to dispute that they made the transaction, the dispute will become a "charge-back" and the customer's card or bank account will be credited for the disputed bill amount.

Protection of Customer Information:

Finally, SoCalGas will require Bill Matrix to strictly maintain confidentiality of customer information, and to establish and maintain procedures to safeguard that information.

ATTACHMENT D

Advice No. 3710

Sample Informational Material

Informational material is provided for illustrative purposes only. It is intended to outline generally what SoCalGas will say when customers are notified of these service options. Appropriate modifications may be needed, depending on the means of communication, such as a bill insert, newsletter, website, or via a SoCalGas Customer Service Representative.

“SoCalGas now allows you to pay your gas bill by credit, debit card or ACH transaction through Bill Matrix.”

“To pay your bill with a credit, debit card, or ACH transaction, all you need is a touch-tone phone, your Gas Company account number and credit card, debit card or banking information.”

“A fee of \$1.50 for each transaction will be charged by ‘Bill Matrix’, the independent service provider.”

“Simply call Bill Matrix at its toll- free number, to pay by credit or debit card or ACH.”