

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 16, 2010

**Advice Letter 4074**

Ronald van der Leeden, Director  
Rates, Revenues and Tariffs  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**Subject: Establishment of the Disconnect Memorandum Account (DMA)  
In Compliance with R.10-02-005**

Dear Mr. van der Leeden:

Advice Letter 4074 is effective February 8, 2010.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Ronald van der Leeden**  
Director  
Rates, Revenues & Tariffs

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February 8, 2010

Advice No. 4074  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Establishment of the Disconnect Memorandum Account (DMA) in Compliance with Rulemaking (R.) 10-02-005**

Southern California Gas Company (SoCalGas) hereby submits for filing revisions to its Preliminary Statements Part VI, Memorandum Accounts, applicable throughout its service territory, as shown on Attachment B.

**Purpose**

This filing seeks approval to establish a Disconnect Memorandum Account (DMA) as discussed below.

**Background**

On February 4, 2010, the Commission issued 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. The economic crisis currently existing in California and the recent increase in utility service disconnections led the Commission to reexamine utility disconnection rules and practices. The "Disconnection OIR" is the result of the Commission identifying more effective ways for the utilities to work with their customers to develop solutions that avoid unnecessary disconnections without placing an undue cost burden on other customers.

**History**

In the summer of 2009, The Utility Reform Network (TURN) filed a Petition to initiate a rulemaking (Petition) to address arrearage management and shutoff prevention for residential customers<sup>1</sup>. On December 17, 2009, the Commission held an en banc hearing and learned from the four major utilities and consumer advocates that the disconnect rate

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<sup>1</sup> Petition 09-06-022

was rapidly rising for low-income households.<sup>2</sup> The Commission also held a workshop on January 5, 2010 and discussed interim practices that could be implemented immediately, aimed to address the primary focus of having the utilities work with their residential customers to address bill arrearages before disconnection. Ordering Paragraph 3 of R.10-02-005 directs SoCalGas to immediately implement the following practices no later than five business days of February 5, 2010:

- (a) *All customer service representatives (CSRs) must inform any customer that owes 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. 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 1 advice letter to establish a memorandum account 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 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.*

### **Disconnect Memorandum Account (DMA)**

Consistent with R.10-02-005, SoCalGas therefore proposes to record significant costs of compliance in the DMA, including, but not limited to, operations and maintenance charges related to implementation of new practices and procedures, and any uncollectible expenses in excess of those projected in SoCalGas' last general rate case Decision 08-07-046.

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<sup>2</sup> SoCalGas' experience is different from the other utilities, in that its disconnection rates decreased in 2009 as compared to 2008 as noted in the DRA's report issued in November 2009.

**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 of 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](mailto:mas@cpuc.ca.gov)) and Honesto Gatchalian ([jnj@cpuc.ca.gov](mailto: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](mailto:snewsom@SempraUtilities.com)

**Effective Date**

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 1 pursuant to GO 96-B. SoCalGas respectfully requests that this filing become effective on February 8, 2010, the date filed, in accordance with R.10-02-005.

**Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in R10-02-005.

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Ronald van der Leeden  
Director  
Rates, Revenues & Tariffs

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 904G)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@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) #: 4074

Subject of AL: Establishment of Disconnect Memorandum Account (DMA) in Compliance with R.10-02-005

Keywords (choose from CPUC listing): Memorandum Account, Disconnect Service

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

R10-02-005

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 AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required?  Yes  No

Tier Designation:  1     2     3

Requested effective date: 2/8/10

No. of tariff sheets: 4

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: None

Service affected and changes proposed<sup>1</sup>: NA

Pending advice letters that revise the same tariff sheets: None

**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 Ave.,**

**San Francisco, CA 94102**

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

**Southern California Gas Company**

**Attention: Sid Newsom**

**555 West 5<sup>th</sup> Street, GT14D6**

**Los Angeles, CA 90013-1011**

**SNewsom@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT A**

**Advice No. 4074**

**(See Attached Service Lists)**

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ATTACHMENT B  
Advice No. 4074

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 45737-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS, Sheet 1	Revised 45281-G*
Original 45738-G	PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS, DISCONNECT MEMORANDUM ACCOUNT (DMA)	
Revised 45739-G Revised 45740-G	TABLE OF CONTENTS TABLE OF CONTENTS	Revised 45713-G Revised 45653-G

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS  
DESCRIPTION AND LISTING OF MEMORANDUM ACCOUNTS

Sheet 1

A. GENERAL

Memorandum accounts are special accounts authorized by the Commission for the purpose of tracking certain costs and revenues. Please refer to each individual memorandum account description for the specific accounting treatment applicable to each account.

B. LISTING OF MEMORANDUM ACCOUNTS

- PCB Expense Account (PCBEA)
- Research Development and Demonstration Expense Account (RDDEA)
- Curtailement Violation Penalty Account (CVPA)
- Economic Practicality Shortfall Memorandum Account (EPSMA)
- Catastrophic Event Memorandum Account (CEMA)
- Vernon Avoided Distribution Cost Memorandum Account (VADCMA)
- Vernon Rate Savings Memorandum Account (VRSMA)
- Vernon Negotiated Core Contract Memorandum Account (VNCCMA)
- Research Royalty Memorandum Account (RRMA)
- Intervenor Award Memorandum Account (IAMA)
- Z Factor Account (ZFA)
- Self-Generation Program Memorandum Account (SGPMA)
- Blythe Operational Flow Requirement Memorandum Account (BOFRMA)
- FERC Settlement Proceeds Memorandum Account (FSPMA)
- Gain/Loss On Sale Memorandum Account (GLOSMA)
- Affiliate Transfer Fee Account (ATFA)
- Firm Access and Storage Rights Memorandum Account (FASRMA)
- General Rate Case Revenue Requirements Memorandum Account (GRCRRMA)
- System Reliability Memorandum Account (SRMA)
- Fire Hazard Prevention Memorandum Account (FHPMA)
- Disconnect Memorandum Account (DMA)

N

(TO BE INSERTED BY UTILITY)  
 ADVICE LETTER NO. 4074  
 DECISION NO.

ISSUED BY  
**Lee Schavrien**  
 Senior Vice President  
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
 DATE FILED Feb 8, 2010  
 EFFECTIVE Feb 8, 2010  
 RESOLUTION NO. \_\_\_\_\_

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS  
DISCONNECT MEMORANDUM ACCOUNT (DMA)

1. Purpose

The purpose of the DMA is to record the costs associated with complying with the new practices and procedures consistent with Rulemaking (R.) 10-02-005 including operational and maintenance expenses associated with the implementation of the practices as well as any uncollectibles that are in excess of those projected in the utility's last general rate case.

2. Applicability

This account shall apply to all gas customers except for those specifically excluded by the Commission.

3. Rates

See Disposition Section.

4. Accounting Procedures

SoCalGas shall maintain the DMA by recording entries at the end of each month as follows:

- a) A debit entry equal to the costs associated with the interim practices as outlined in Ordering Paragraph 3 of R.10-02-005 aimed to focus SoCalGas to work with its customers to address bill arrearages before disconnection;
- b) A debit entry equal to the costs related to implementation of other new practices and procedures consistent with R.10-02-005;
- c) A debit entry equal to uncollectible expenses that are in excess of those projected in SoCalGas' last general rate case (i.e., uncollectible factor of 0.238% as authorized in D.08-07-046) as authorized in Ordering Paragraph 3.c. of R.10-02-005; and
- d) An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J

5. Disposition

The DMA balance will be addressed in future phases of R.10-02-005 in which the Commission will consider the process for determining the categories and amounts of costs in the DMA that should be considered reasonable for recovery, as well as the appropriate methods for recovery.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 4074  
DECISION NO.

1H12

ISSUED BY

**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

DATE FILED Feb 8, 2010  
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