

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on December 3, 2002

COMMISSIONER PRESENT:

Maureen O. Helmer, Chairman

CASE 02-M-1465 - Proceeding on Motion of the Commission to Investigate Rochester Gas and Electric Corporation's Proposal to Close its Customer Service Centers.

ORDER DIRECTING ROCHESTER GAS AND ELECTRIC CORPORATION
TO SUSPEND CLOSURE OF ITS CUSTOMER SERVICE CENTERS

(Issued and Effective December 3, 2002)

BACKGROUND

By a press release dated October 24, 2002, Rochester Gas and Electric Corporation (RG&E) announced plans to close seven of its customer service centers (Centers) in January 2003. Department Staff began examining the company's proposal, and on October 30, 2002, submitted a number of interrogatories to the company seeking information on the company's plans. In a response provided on November 14, 2002, RG&E indicated that it has not decided on the options it will provide to its customers in place of the Centers, and it does not have any outreach or communication plans in place to advise customers of their alternatives. The company also reported that it does not have specific proposed dates for closing the Centers or plans for relocation of the 24 employees at the Centers. RG&E did not provide the number of customers using the Centers or a description of services offered at the Centers.

By letter dated November 21, 2002, the New York State Consumer Protection Board (CPB) has requested that the Commission formally investigate RG&E's actions and their impact on the public interest. CPB also has requested that the Commission direct RG&E to postpone closure of the Centers until the investigation is concluded.

By letter dated November 22, 2002, the Office of the Attorney General (OAG) has joined in this request. OAG has suggested that the proposed closure of the Centers may violate commitments RG&E made during the proceeding investigating the merger of Energy

East Corporation and RGS Energy Group, Inc.¹ OAG also has noted that, in its March 23, 2001 petition requesting approval of the merger, RG&E stated that it would not close its regional service centers.

DISCUSSION

Due to RG&E's failure to notify the Commission of its intention to close its Centers and or to provide supporting information, the Commission does not have information upon which to determine the reasonableness of the company's action.² Inasmuch as the Centers may provide an important and essential role related to customers' ability to apply for and continue service and enable the company to carry out its customer service obligations (see e.g., Public Service Law Article 2), the Commission must determine whether the closures would adversely impact customer service quality. The Commission's concerns relate to continuation of the customer service functions that are typically provided at customer service centers (e.g., application for service, billing complaints, payment arrangements to avoid service termination, bill payment), traffic volumes at the Centers, and RG&E's outreach plan to educate customers about their customer service options. Additionally, closure of the Centers in January 2003 may not allow sufficient time to provide proper and adequate notice to customers of the closures and of their alternatives.

RG&E's apparent change in position related to operation of the Centers also warrants explanation. The company should address the allegation that its proposal is contrary to the representations it made to the Commission in support of its request for approval of the merger that no Centers would be closed. Further, RG&E should explain how its proposal is consistent with the statements made to its customers in the Spring of 2001 regarding the merger

¹ Case 01-M-0404, Energy East Corporation, RGS Energy Group, Inc. New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation and Eagle Merger Corp. - Merger and Stock Acquisition.

² RG&E's position that it was unnecessary to advise the Commission of its intentions is misplaced. The Commission routinely examines matters involving the potential diminution of customer service quality, including the closure of customer service centers. See, e.g., Case 99-M-0851, Public Utility Law Project of New York, Inc., et al. - Closing of Consolidated Edison's Customer Service Offices, Order Approving Joint Proposal (Issued March 27, 2001).

(see "RG&E Point of View," Spring 2001), wherein the company explained that its Centers "will remain open throughout our service territory."

Accordingly, this proceeding is commenced to determine what impact, if any, closures would have on customer service quality, to examine the nature, scope and extent of notice provided to customers, to review the quality of available alternatives, and to evaluate the consistency of RG&E's prior representations with its current proposal.

CONCLUSION

The closure of the Centers, without clearly defined alternatives or the establishment and implementation of an appropriate customer outreach and education plan, might be inconsistent with, and impair, RG&E's obligation to provide safe and adequate service and customer service protections, as required by Articles 2 and 4 of the Public Service Law. Because RG&E does not yet have any specific plans regarding options available to customers, the existing quality of the service provided by RG&E to customers may be diminished by the Center closings. To ensure that RG&E's customers are adequately protected until the investigation of this matter is completed, RG&E is directed not to close its Centers until the Commission is able to address these issues. The Commission will endeavor to conclude this matter expeditiously, provided RG&E promptly provides necessary information.

It is Ordered:

1. A proceeding is instituted to determine the impact of the proposed closures of Rochester Gas and Electric Corporation's Customer Service Centers and related issues.
2. Rochester Gas and Electric Corporation is directed to refrain from closing any Customer Service Center and shall take all necessary actions to ensure the continued operation of the Customer Service Centers pending a Commission determination on the issues described in the body of this Order.
3. This proceeding is continued.

(SIGNED)

Commissioner