

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on March 24, 2003

COMMISSIONER PRESENT:

William M. Flynn, Chairman

CASE 03-M-0380 - Proceeding on Motion of the Commission to Investigate New York State Electric & Gas Corporation's Proposal to Close its Customer Service Centers.

ORDER INSTITUTING PROCEEDING AND DIRECTING
NEW YORK STATE ELECTRIC & GAS CORPORATION
TO SUSPEND CLOSURE OF ITS CUSTOMER SERVICE CENTERS

(Issued and Effective March 24, 2003)

BACKGROUND

On January 3, 2003, New York State Electric & Gas Corporation (NYSEG) announced plans to close its 13 customer service centers (Centers) on February 7, 2003. Department of Public Service Staff (Staff) thereafter performed an informal evaluation of information provided by NYSEG on the use and continued need for its Centers. Additionally, Staff solicited views from interested parties, including the New York State Consumer Protection Board (CPB), Department of Law (DOL) and Public Utility Law Project of New York, Inc. (PULP).

After consultation with Staff and the parties, NYSEG modified its plans. By letter dated March 3, 2003, NYSEG stated that it: (1) changed the date for the closures to March 31, 2003; (2) modified its website to inform its customers about the closures and their alternatives; (3) conducted additional outreach in the Binghamton area; and (4) directed its customer service representatives to advise customers at the Centers of the closures and their alternatives. By Petition dated March 7, 2003, PULP requests that the Commission commence a formal proceeding to review the proposed closures and stay them during the pendency of the proceeding. PULP argues that NYSEG's provision of walk-in service to its customers is a service required in its electric service tariff. PULP contends that Commission authorization is

required for the proposed closures and for the changes in NYSEG's tariff to eliminate walk-in service.

PULP states that its concerns about NYSEG's proposal have not been satisfied. A better understanding of the alternatives for obtaining services provided by the Centers is needed before walk-in service ceases. Additionally, PULP alleges that approximately 8% of NYSEG's customers use the Centers at least once a year. Because NYSEG has not provided any demographic information, PULP claims that it is not possible to evaluate certain customers' continued need for the Centers. For example, PULP suggests that the proposed closures may unduly affect low-income, elderly, disabled and other vulnerable customers. PULP believes that NYSEG has not adequately analyzed the potential impacts on these particular customers.

PULP is also concerned that NYSEG's proposal may be inconsistent with the Commission's regulations and NYSEG's tariff on processing payments. That is, PULP suggests that although payments may be timely made, they may not be credited prior to termination of service. Further, PULP questions whether the proposal will put additional customers at risk of termination. PULP points out that NYSEG has historically experienced significant increases in its termination rate in the month of April, after the end of the winter heating season, and asserts that allowing the closures to occur on March 31 could cause irreparable harm.

DISCUSSION

The Centers may comprise an important and essential part of NYSEG's ability to carry out its customer service obligations and may provide necessary functions for customers to apply for and continue service. Thus, it is important for the Commission to determine whether the proposed 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,¹ traffic volumes at the Centers, and NYSEG's outreach plan to educate customers about their customer service options.

The Commission has insufficient information to address its concerns or PULP's questions and determine the reasonableness of the company's proposal. The information adduced to date, while helpful, is not adequate to form the basis for a finding that customer

¹ The functions provided by the Centers include receipt and processing of applications for service, handling billing complaints, providing information about bills and services, and negotiating deferred payment agreements and other arrangements to avoid service termination.

service quality would not be adversely affected by closing all 13 Centers. NYSEG's proposed closure date of March 31, 2003 will not allow sufficient time for the Commission to conduct the necessary inquiry.

Accordingly, the Commission hereby institutes this proceeding to investigate NYSEG's proposal. In order to protect NYSEG's customers' rights and interests while this proceeding is pending, PULP's request for a stay is appropriate. Pending the Commission's decision in this proceeding, NYSEG shall continue the full operation of its Centers and refrain from taking any measures related to closure of the Centers, such as relocating employees or announcing specific closure dates.

CONCLUSION

The closure of the Centers may be inconsistent with, and impair, NYSEG's obligation to provide safe and adequate service and customer service protections, as required by Articles 2 and 4 of the Public Service Law. Therefore, this proceeding is commenced to examine NYSEG's proposal, including, but not limited to, the impact, if any, of the proposed closures on customer service quality, the nature, scope and extent of notice provided to customers, and the quality of available alternatives. To ensure that NYSEG's customers are adequately protected until the investigation of this matter is completed, NYSEG is directed to continue the full operation of its Centers until the Commission issues a final order in this proceeding.

It is Ordered:

1. A proceeding is instituted to determine the impact of the proposed closures of New York State Electric & Gas Corporation's Customer Service Centers on its obligation to provide safe and adequate service and customer service protections.
2. New York State Electric & Gas Corporation is directed to 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