

**NEW YORK STATE  
PUBLIC SERVICE COMMISSION**

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Amended Petition of the Public Utility Law Project  
of New York, Inc., Local 1-2 of the Utility  
Workers Union of America, A.F.L.-C.I.O, and  
Save Our Services to Request that the Public  
Service Commission Direct the Consolidated  
Edison Company of New York, Inc. to Cease  
Closing Customer Service Offices and to Re-Open  
Customer Service Offices already Closed.

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**AMENDED PETITION OF THE PUBLIC UTILITY LAW PROJECT  
OF NEW YORK, INC. , LOCAL 1-2 OF THE UTILITY  
WORKERS UNION OF AMERICA, A.F.L.-C.I.O, AND  
SAVE OUR SERVICES.**

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Dated: June 22, 1999

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**PRELIMINARY STATEMENT**

The Consolidated Edison Company of New York, Inc. ("Con Edison" or "company") provides gas and electric service to approximately 3 million customers throughout the metropolitan area. At the beginning of 1998, Con Edison provided personal customer service at seventeen (17) customer service centers located throughout New York City and Westchester County. These service centers, among other things, allowed Con Edison customers to make bill payments, to make inquiries with regard to account matters, to request ordinary maintenance (e.g., check meters for accuracy), to negotiate deferred payment agreements, or to interact with Con Edison employees familiar with their neighborhood and who speak the customer's language. Con Edison has begun to close these customer

service centers, thereby reducing the level of customer service provided to its ratepayers. The manner in which Con Edison made the decision to eliminate these centers ignored the needs and desires of its ratepayers, and the implementation of the decision has and will cause unnecessary difficulties for many of Con Edison customers heretofore served by these customer service centers.<sup>1</sup> The result is, and will continue to be until the process is halted and reversed, the creation of barriers to the provision, without unreasonable qualifications or lengthy delays, of electric and gas service to residential customers of Con Edison.<sup>2</sup>

### **THE PARTIES**

The Public Utility Law Project of New York, Inc. ("PULP") is a not-for-profit law firm representing the utility, energy and telecommunications interests of low-income New Yorkers. PULP participated in the creation of the Home Energy Fair Practices Act ("HEFPA"), the statutory enumeration of the rights of residential customers of gas and electric utility companies, and actively represents low-income residential customers' interests when those rights are subject to change or restriction.

Local 1-2 of the Utility Workers Union of America, A.F.L.-C.I.O. ("the Union") represents, among others, the Con Edison employees who staff the customer service centers. On behalf of Con

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<sup>1</sup> SOS, as a part of its efforts to document the extent of the need for the continued existence of these facilities, has presented petitions to the Chair of the Public Service Commission containing between 30,000 and 40,000 signatures calling for the restoration of the closed offices and the non-closure of the remaining Con Edison business offices.

<sup>2</sup> Public Service Law § 30.

Edison customers who have come to utilize and rely upon the services delivered by these customer service centers the union has taken a position in support of those organized in opposition to the closing of the customer service centers by Con Edison.

*Save Our Services* ("SOS") is a coalition of individuals, and community, labor and citizen organizations in New York City and Westchester County established to oppose the closing of Con Edison customer service centers and to advocate for the re-opening of facilities already shut down by the company.<sup>3</sup>

PULP, the Union and SOS ("petitioners") petition the Public Service Commission ("PSC"), based on the reduction of service to its ratepayers, to order Con Edison to continue the operation of its unclosed customer service centers and to re-open those customer service centers which it has already closed. The company, as part of a settlement and agreement entered into after lengthy negotiations regarding restructuring, had agreed to a 10% reduction in rates. However, there was no indication that ratepayers would pay for this reduction in rates by a decrease in available services and the complete elimination of customer service centers.

## **THE ISSUE**

Con Edison has operated customer service centers throughout its service territory for over fifty

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<sup>3</sup> SOS membership includes thirty-three (33) organizations including *Citizen Action of New York*, *Consumers Union*, *Greater New York Labor-Religion Coalition*, *Harlem Consumer Education Counsel*, *Jewish Labor Committee*, *NAACP/ New York City Chapter*, *Sterling Optical*, *St. Margaret's Episcopal Church*, and numerous other businesses and individuals, including at least twenty-five (25) elected officials.

(50) years. Until recently, there were eighteen (18) customer service centers located within the five boroughs of New York City, and Westchester County. These facilities played numerous roles as they interfaced with ratepayers choosing to access the company through these consumer service centers. Con Edison schooled and trained its personnel located at each center regarding state law affecting residential utility gas and electric customers, the regulations of the Public Service Commission implementing that law, and company policy detailing how Con Edison meets these requirements in its service territory. Because of the great diversity of people in the metropolitan area, the company also insured that personnel assigned to the various locations spoke English as well as the second most dominant language spoken in the neighborhood. Con Edison estimates that nearly one third of its customers do not pay their bills by mail. Thus, the customer service centers are vital as direct Company outreach and contact for a substantial number of Con Edison ratepayers most of whom are a disparate mixture of minority, seniors, disabled, low-income, women, immigrant and alien customers. The customer service centers, to these families, are necessary components to the obtaining and maintaining of utility service. It would appear that the primary service performed by these centers is to accept payments of bills from customers of the company. However, the centers always have meant much more to the resident ratepayers living in the area served than merely a place to offer payments of utility bills. Customers, especially those without telephones, come to the centers to report problems with service at their residence. They ask to and have their bills explained to them. When a customer encounters difficulty paying charges and has accumulated arrears to the extent that Con Edison has threatened to terminate his/her electric service, the customer service centers assisted those customers to

understand the options<sup>4</sup> available<sup>5</sup> to them in order to avoid losing utility service.

The centers benefit the company as well as the ratepayers. By facilitating payment for the one-third of Con Edison customers who opt not to rely on the mails, the centers reduce uncollectibles, thereby decreasing the costs of collection, termination and reconnection. By providing customer representatives to deal directly with ratepayers experiencing any level of difficulty with the company, the centers often defuse issues that would otherwise have evolved into full fledged complaints filed with the PSC. Additionally, the type of company service provided by the centers strengthen the community's perception regarding Con Edison's commitment to providing the best possible utility service to each of its customers regardless of location, race, gender, age, ability or economic status. Most important, the customer service centers enhance Con Edison's reputation as a community based organization with roots in the areas that they serve. As competition is introduced into the electric and gas industry, the benefits of such a reputation are obvious: why buy from a Texas corporation when service is available from a home-town company?

Finally, these centers benefit the community. The centers existence provide a focal point of access to the community for existing businesses who regard the customer traffic to the center as a

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<sup>4</sup> Options available to prevent a termination of utility service include: (1) emergency Home Energy Assistance Program benefits, (2) emergency utility termination assistance from the Office of Temporary and Disability Assistance (previously, local Departments of Social Services), (3) a fair and equitable Deferred Payment Agreement based on the customer's financial circumstances, (4) special protections for aged, blind and disabled individuals, (5) customer and shareholder supported "last resort" programs, and (5) at some utilities, special programs designed to reduce collectibles, such as percentage of income payment plans.

<sup>5</sup> The Con Edison customer service centers are staffed by bilingual personnel so that many of the customers will be able to have questions answered and problems explained in their native tongue with less opportunity for a language driven error.

potential source of clientele, and a magnet to the economic revitalization of a community based on the guaranteed flow of traffic to and from the customer service center. In a real sense, the customer service centers stimulate the fiscal milieu by helping to create and maintain employment opportunities.

Despite all these advantages, Con Edison has announced that it intends to close all of its existing customer service centers. Con Edison has already locked the doors on eleven (11) customer service centers thereby reducing the service provided to each of the areas affected. These facilities were located in Forest Hills, Queens; Mt. Vernon, Westchester; Washington Heights, Manhattan; Rockaway, Brooklyn; Peekskill, Westchester; Four Irving Place, Manhattan; Westchester Avenue, Bronx; Yonkers, Westchester; East 86<sup>th</sup> Street, Manhattan; Kings Highway, Brooklyn; and Courtland Avenue, Bronx. Scheduled to be closed before the end of 1999 are an additional six (6) locations in Flushing, Queens; Bedford Stuyvesant, Brooklyn; Jamaica, Queens; Kingsbridge, Bronx; Harlem, Manhattan; and Flatbush, Brooklyn.

In announcing and defending the closing of its customer service centers, Con Edison has made it clear that its decision was made on its own, without requesting or receiving the consent of the PSC. Similarly, it seems that Con Edison made its decision without consulting its ratepayers, the communities effected by the closings, or the leaders in the communities effected by the closings.

To replace the customer service centers Con Edison suggests that customers who had previously used the facilities created by the company to make payments should now avail themselves of a network of alternative payment locations, primarily banks and check cashing outlets.<sup>6</sup> At these

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<sup>6</sup> Con Edison also has other payment alternatives including electronic funds transfer by phone, paying on line using the internet and Con Edison's world wide web site ([www.coned.com](http://www.coned.com)), or direct debit against a customer's checking account. These payment methods are available regardless of the existence

locations, customers can make payment in cash, as many of the customer service centers clients do now, or by check or money order. These authorized centers will be open during the center's regular business hours. Unlike the customer service centers, they will not be staffed with bilingual personnel unless by chance, and they will not be staffed by Con Edison personnel. These authorized centers will accept payments and offer receipts. For those ratepayers with questions, or problems with service, or a deferred payment agreement to be negotiated, there is a 24-hour bilingual telephone line that customers can call.

Petitioners believe that Con Edison's decision to close its neighborhood customer service centers and replace them with non-company related banks and check cashing institutions, and its 24-hour telephone service constitutes de facto violations of the Home Energy Fair Practices Act ("HEFPA" - Public Service Law §§ 30-52). In particular, the company's decision directly implicates its failure to comply with PSL § 45 which requires a utility which permits its customers to pay bills to a payment agent (in this case, a bank or a check cashing institution) to insure that the "date of payment to any such agent shall be regarded as the date of payment to the utility ...." The PSC has implemented this statute by requiring a utility "to establish procedures to ensure that any payments made in response to final notices of termination ... (1) are posted to the customer's account on the day payment is received; or (2) are processed in some manner so that termination will not occur." 16 N.Y.C.R.R. § 11.4(f).

Petitioners contend that the changeover from the customer service centers to the payment center/agent would result in a significant loss of service to the 30% of Con Edison ratepayers who do

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of the customer service centers and are of little or no consequence to ratepayers who pay in cash, as a rule lack access to the internet, and, in all likelihood, do not have a checking account. These alternatives are irrelevant to the majority of individuals who use the customer service centers.

not rely on the postal service to pay bills. The most obvious loss of service is the inability for a Con Edison customer to sit with a company employee and resolve disputes, arrange for the correction of problems, or negotiate deferred payment arrangements in a personal encounter. However, the problems and difficulties just begin with this simple loss.

Low income, elderly, disabled and disadvantaged Con Edison customers will lose the convenience of dealing with company representatives in their own neighborhood, in many cases, speaking the customer's native tongue. Con Edison customers who turn to banks or check cashing institutions as a substitute for the customer service centers may be subject to additional charges in order to pay their utility bills.<sup>7</sup> Persons who, for whatever reason, are paying an agent of the company in order to prevent a termination of service for non-payment of charges, must offer the proper amount, which the agent cannot verify since it does not have access to company computers. Then, the ratepayer must call a special 24-hour hotline number and provide the company with a special receipt number in order to avoid the termination of service scheduled for the following day. This process constitutes a major hurdle, unforeseen by the statute, to the continued provision of gas and electric service.<sup>8</sup>

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<sup>7</sup> Petitioners are aware that Con Edison is statutorily estopped from adding charges to ratepayers bills based on where payment is made and assures those who ask that no addition charges will be assessed by Con Edison agents. However, petitioners also are aware that banks and check cashing establishments do not perform these services for free and are not subject to statutory restrains as is Con Edison. We draw your attention to the current federal and state legislation seeking to restrict the imposition of fees by banks on non-bank customers..

<sup>8</sup> In order to take advantage of this special procedure a customer, faced with the loss of utility service, must have the money, locate a check cashing establishment which accepts Con Edison payments, confirm that the check cashing institution is authorized to accept payments on an emergency basis, and have the account number available when payment is made.

In fact, according to Con Edison's spokesperson, Joy Faber, since they started closing the customer service centers at least 16 persons have had their service terminated despite having made timely and adequate payment of charges. In short, the implementation of this determination by Con Edison to close business offices has resulted in the illegal, improper and unjustified termination of utility service. 16 households who had paid their Con Edison bill in a timely manner to one of Con Edison's "authorized agencies" because the local service center had been closed have had service terminated despite that payment.<sup>9</sup> A copy of the *New York Daily News* article containing this information is annexed.<sup>10</sup> For no other reason, the Con Edison policy of reducing customer service by closing its customer service centers should be halted and reversed.

An equally perplexing question arises from recent changes inaugurated by Con Edison. Prior to recent changes an applicant for gas or electric service could have service initiated after a simple telephone call to the company. Because of Con Edison's newly adopted policy, approved by the PSC, an applicant who fails to provide proof of identity may be denied service unless the applicant pays a security deposit to Con Edison.<sup>11</sup> The following questions arise from this new service paradigm: where

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<sup>9</sup> The rationalization for the termination sounds reasonable (the agent doesn't forward payments to the company on a daily basis and therefore, the company was unaware of the payment) but it is an inadequate explanation to someone whose service has been terminated, and violates the statute and the regulations.

<sup>10</sup> Con Edison seeks to minimize the seriousness of these improper terminations by suggesting that "only" 16 cases have occurred. In fact, 16 unauthorized terminations is 16 too many; these 16 cases represent only the unauthorized terminations which we know about; and these 16 cases may well represent merely the tip of the iceberg.

<sup>11</sup> An order in *Case 98-M-0256 -Petition of Consolidated Edison Company of New York, Inc. to Request Residential Service Deposits from Applicants Refusing to Provide Adequate Identification*, issued and effective October 2, 1998, the Commission authorized Con Edison to collect security from applicants who fail to provide adequate identification. Con Edison tariffs implementing this

can the deposit be made if the neighborhood customer service centers are closed; will service be established upon a promise to mail the security deposit; may proof of identity for service initiation purposes be presented to non-company employees at the banks and check cashing establishments; and how will Con Edison ensure that the statutory time frames for the start of service will be met. Again, the closing of the customer service centers, which could have been utilized to accept proof of identity or accept the security deposit, will serve as a major hurdle to the provision of gas and electric service to applicants for Con Edison utility service.

Petitioners contend that Con Edison has prematurely and without adequate analysis chosen a course of action with regard to its customer service centers that will hurt its ratepayers, significantly reduce and compromise customer service standards, result in violations of statutory protections for residential customers, and seriously jeopardize the ability of Con Edison customers and applicants to obtain and maintain utility service.

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order provide, in accordance with law, that failure to make the required deposit will permit the company to withhold service.

## **CONCLUSION**

For the foregoing reasons, petitioners respectfully request that the Commission direct Consolidated Edison to cease closing its customer service centers, re-open those customer service centers which have already closed, and prior re-instituting a program of reduced service by the company establish alternative programs that comply with the requirements of the Home Energy Fair Practices Act of the Public Service Law.

Respectfully submitted,

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