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**REGULATORY POLICY PAPER  
RETAIL CUSTOMER DISCONNECTIONS**

**NIS Institutional Based Services Under the  
Energy Efficiency and Market Reform Project  
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## **REGULATORY POLICY PAPER: RETAIL CUSTOMER DISCONNECTIONS**

This paper discusses legal regulatory, policy and other considerations relevant to the disconnection of retail electric customers who do not pay their bills

### **Background**

The Georgian electric sector is currently experiencing a high degree of economic stress. Electric consumers pay only a small percentage of what they owe. Distribution companies, in turn, pay their supplier only a portion of what they should. And the supplier, in its turn, pays generators only a small fraction of sums due. The system produces so little revenue that electric enterprises cannot, for example, buy sufficient fuel, pay sector employees regularly, or perform routine maintenance. Accounting systems, to extent that they exist at all, fail to provide useful information. Financial controls are inadequate and intermittently applied.

The single most important action that can be taken to improve the sector's financial situation is for distribution companies to improve the rate of collections from customers. Distributors have claimed, with some justification, that they are unable to increase customer collections because consumers will simply steal power, by wiring around electric meters or by installing new connections to other distribution cables, because until electric meters are moved out of apartments, tampering and other forms of mischief are commonly employed to reduce recorded consumption levels, because the distribution companies lack the resources to move meters, because they lack the means to ensure proper billing and collections, and because they are uncertain as to their legal authority to disconnect customers who do not pay their bills.

All of these issues can and should be addressed. We believe, however, that the search for solutions must begin somewhere and that a customer disconnect policy is an appropriate place to start. The Georgian National Electric Regulatory Commission (GNERC) can and should address this issue, by explicitly authorizing distribution licensees to disconnect non-paying customers, to eliminate as much uncertainty on the issue as possible.

### **The Disconnect Policy in Context**

The USAID-funded pilot project in Rustavi has shown, we believe, that a successful commercialization program must consist of three elements:

- ▶ Customer service area modifications, which include physically moving meters out of apartments and into a secured common area, with the installation of disconnection switches.

- ▶ The implementation of a commercial collections program in which the distribution enterprise's meter-reading, billing calculations, and bill payments functions are separated
- ▶ The initiation of a new distributor/customer relationship in which customers who timely pay their bills receive full-time electric service (as opposed to only a few hours a day) and those who don't pay their bills are disconnected

Although the Commission's adoption of a rule permitting the disconnection of customers who do not pay their bills may not in and of itself solve the problems endemic to the sector (for example, the threat to disconnect a customer receiving only a few hours electricity per day may not present a meaningful incentive for that customer to pay), it is, nonetheless, an essential ingredient in the overall solution. And it represents one of the most important contributions that the Commission can make to resolve the collection problem.

### **Legal Background**

The Electricity Law makes plain in a number of places that customers who do not pay for service may be disconnected as a result. Clause 24.4 of the Law, for example, provides that no Licensee must continue to provide service in the event of nonpayment:

No Licensee shall be required by the terms of its License, by its tariff, or otherwise to continue supplying electricity or other electric services in any case where another Licensee, a Direct Customer, or any other Legal Person or individual has failed to meet its payment obligations under a contract or approved terms and conditions of service.

Clause 24.3, which specifies Licensees' general obligation to provide service, includes an exception for nonpayment:

No Licensee shall be entitled to discontinue service under any License, except as permitted in the License for non-payment by the customer \* \* \*.

These provisions amply reflect Parliament's intent that distributors have the power to disconnect customers for nonpayment.

Although Clause 24.3 of the Electricity Law, quoted above, appears to state that discontinuation of service is a matter to be addressed in licenses, Clause 34.3 specifies that licensees are to submit disconnection procedures to the Commission for review and approval as part of the licensee's terms and conditions of service (emphasis added):

According to the license conditions, each Distribution Licensee shall, for the duration of the license

\* \* \* \* \*

c Establish and submit to the Commission for approval procedures for obtaining and *terminating the rights to service*, metering, billing, and collections

\* \* \* \* \*

f Make available to the public for review in the Licensee's offices

\* \* \* \* \*

(ii) The Licensee's approved terms of service governing procedures for obtaining *and terminating service*, metering, billing, and collections

In light of the foregoing provisions of the Electricity Law, it appears that disconnection procedures may be reflected either in license conditions or in licensees' terms and conditions of service, or both. Perhaps the best procedure is for the Commission to impose a generic condition on all distribution licenses authorizing the distributee to disconnect nonpaying customers as provided in the procedure elsewhere specified by the Commission, as that procedure may be in effect, altered or amended from time to time. In that fashion, the Commission will retain the flexibility to modify its disconnection rule or policy based on experience or changed circumstances.<sup>1</sup>

### Notice and Comment Rulemaking

We have suggested to the Commission, in workshops and in private tutorials on administrative procedure, that notice and comment procedure has much to recommend it in the current Georgian regulatory context. We believe that a notice and comment procedure would be particularly beneficial to the Commission, to the electric sector, and to licensees in the formulation of a procedure for disconnecting customers for nonpayment. The Commission may propose the text of a draft rule for comment, and in an explanatory statement describe issues on which it particularly invites comments, explain its rationale for the proposed resolution of selected issues, and identify options for different policy choices. Use of notice and comment procedure would make the regulatory process more transparent, would promote public participation, and would serve to make the electric sector feel included in the process of

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<sup>1</sup> A licensee might suggest to the Commission that the terms and conditions of service are to be presented to the Commission for review and approval under Clause 35 ("The Commission shall review and approve, modify, or disapprove the rates and terms and conditions of service provided by Licensees") and that the Commission lacks the authority to dictate service terms and conditions. Termination of service for nonpayment is, however, specifically mentioned as a license condition by Clause 24.3. In any event, there is nothing to stop the Commission from adopting a rule, and stating that to the extent a licensee submits the procedure specified in the rule as part of its terms and conditions of service, the Commission will approve that part of the terms and conditions, without further inquiry.

decisionmaking And the Commission can only benefit from the expression of views and proffers of facts from the public

### **The Fundamentals of a Disconnection Procedure**

Although a disconnection procedure presents several policy considerations requiring the regulator to choose from among options (some of which we discuss below) there are some fundamentals which require neither a choice from among options nor much elaboration These fundamentals include the following

#### **The disconnection procedure must be in writing**

It should go without saying that the disconnect policy should be in writing The requirement that the policy be in writing should, however, apply to the several levels on which the policy will work First, the Commission itself should articulate the disconnect policy, the reasons for the policy, and the regulation itself on a public level, so that electric sector licensees agencies of government (Georgian Ministries and municipalities, for example) will have access to it Second Distribution licensees should keep the written procedure for customer disconnections on file at their offices, as required by Clause 34 3 f(11) of the Electricity Law And, as we next discuss the policy should be communicated in writing to the customers directly and indirectly

#### **The disconnection procedure must be communicated to the customers**

Even the best-written, most thoughtfully considered policy will not serve its purpose unless it is communicated to the customers The most effective way to communicate the essence of the policy--pay, or be disconnected--may be to include a statement to that effect in the customer bills

A distribution utility might, without more simply adopt a disconnect policy and implement it We believe, however, that adoption of a disconnect policy is far more effective if accompanied by a campaign of public information, designed to educate customers and to seek their support For the USAID-funded commercialization pilot project in Rustavi for example, Hagler Bailly designed a comprehensive public information campaign to explain the commercialization program and promote its objectives We have attached the elements of the Rustavi public information program (Attachment B) Such a program would be far more effective than the adoption of a disconnection policy, without more

#### **The disconnection procedure must be clear and easy to understand**

The essence of any disconnection program is simply that a customer must pay its bill or be disconnected That essence is what must be communicated to the customer

Disconnect policies can and do, however, address many other issues, some of which we discuss below A disconnect policy may acquire additional elements over time, as the distribution utility

and the regulator are confronted over a long period of time with issues relating to the policy. A utility based in California, for example Pacific Gas & Electric Company has a policy (Rule 11) for "Discontinuance and Restoration of Service" that is 13 pages long (we have attached the company's Rule 11 as filed with the California Public Utilities Commission as Appendix A). We anticipate that GNERC itself will address several of the issues commonly presented by disconnect policies. Nonetheless, we recommend that the policy be stated as clearly and concisely as possible.

**The procedure must be enforced strictly and on a nondiscriminatory basis**

Distribution companies should strictly enforce the disconnect policy once it is adopted. All customers should be cut off promptly, when they have failed to pay their bills. If distributors delay in cutting off customers, they risk undercutting the very purpose of a disconnect program, which is to encourage all customers to take electricity on a stable, predictable basis. Delays or inconsistent enforcement of the program will undercut the distributor's credibility and create disincentives to payment.

The distributors should also enforce disconnections on a completely nondiscriminatory basis. Nothing will cause more resentment among customers if they perceive that some customers who fail to pay remain connected, while others are cut off. Inconsistent disconnections could, we predict, will, cause significant political problems for any distributor, and also rob the program of public faith in its effectiveness.

To promote strict, nondiscriminatory application of disconnection policies, the Commission should require distribution licensees to keep records of payment and of disconnection for all customers.

**The disconnection rules should allow GNERC to address disputes**

Electric service is generally considered so important to the quality of life that regulators commonly provide a mechanism for the resolution of payment disputes, where disconnection is threatened or imminent. The Electricity Law (Clause 27) provides such a procedure:

Any Licensee, Direct Consumer, or customer of any Distribution Licensee, may refer the dispute to the Commission for resolution, the Commission may, in its discretion order the matter to be resolved through the court.

We recommend that the Commission establish an expedited procedure for the filing of disputes regarding billing, payment, or disconnection, and for the Commission's consideration and resolution of such disputes. Such resolution might appropriately consist of informal decisions, perhaps by a GNERC staff member identified by the Commission for that purpose.

The Commission's rule on disconnections might provide either that so long as dispute resolution has been requested, the distributor may not disconnect the customer. If so, then to avoid a situation in which a distributor might be required to continue serving a non-paying customer indefinitely while the Commission delays its resolution of the dispute, the rule might provide that if the dispute remains unaddressed by the Commission after some period (48 or 72 hours, for example), then the distributor may proceed with disconnection.<sup>2</sup>

**For disconnection purposes, unauthorized use should be treated the same as nonpayment**

The disconnection rule should provide that theft or other unauthorized uses of electricity should be grounds for disconnection, just as with nonpayment. Because theft of electricity is unlawful, however, the rules should permit the distributor to disconnect the customer immediately.

**Policy Choices**

In formulating a disconnection rule, the Commission will have the opportunity to address a number of issues as to which there may be no "correct" choice. On such issues, the Commission may have a variety of choices or options, and the selection of one or more options depends on local or national circumstances. Two areas in which the Commission will have choices are exceptions to the general rule favoring disconnection in the event of nonpayment, and the circumstances under which electric service may be restored after disconnection for nonpayment.<sup>3</sup>

In any areas, such as these, where the Commission may make policy choices, notice and comment procedure will be most useful to the Commission. Selection of appropriate options will most often depend on facts, and it is difficult for the Commission to anticipate, on its own, all possible circumstances in which a given policy or choice might function.

**Exceptions to the disconnection procedure**

Two widely-adopted exceptions to the general rule that customers will be disconnected for failure to pay relate to physical threats to the health and safety of customers. The first of these, the exception for medical reasons, relates to individual customers, the second relates to all customers under certain weather conditions.

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<sup>2</sup> Where a customer has a billing dispute with a distributor, the customer may always avoid disconnection simply by paying the disputed amount, and then seeking recovery of the disputed amount later.

<sup>3</sup> These issues involve electric sector policy. Clause 3 of the Electricity Law generally delegates the function of policy elaboration to the Ministry of Fuel and Energy. We are not aware that the Ministry has formulated any policy on customer disconnections. We believe that the Commission may observe the formalities of Clause 3 by consulting with the Ministry on the proposed disconnection policy in advance, by requesting the Ministry's comments on a draft of the disconnection procedure (within or without the context of notice and comment rulemaking), or both.

*Medical hardship*

The Commission may want to preclude disconnection of a customer for failure to pay where terminating service would be life-threatening either to the customer or to a full-time resident in the customer's home, and where the customer alleges an inability to pay for service. For example, if a patient requires electric life-support machinery to survive, then electric service should not be terminated so long as the customer is unable to pay. The Commission should require some proof from a doctor or other qualified or certified health care provider that disconnection would, in fact, be life-threatening to the customer (or patient).

The details of this policy, to be worked out during the Commission's consideration of the rule include

- ▶ Whether the Commission should require proof of inability to pay and if so what that proof should be
- ▶ How "life-threatening" should be defined
- ▶ What kind of medical certification or documentation should be required and who should provide it
- ▶ Whether interim payment arrangements (for example, partial payments) should be provided
- ▶ Whether there should be a time limit to the moratorium lest the distributor be required to provide free electric service to the medically-impaired customer indefinitely

*Harsh weather*

Many electric customers rely on electric resistance heaters or some other electrical appliance for heat in winter, especially since gas service ceased several years ago. The Commission might consider a moratorium on customer disconnects during periods of exceptionally cold weather, to be defined in the disconnection rule by reference to cold in degrees Celsius. The details of such a rule may usefully be proposed for comment. The details to be worked out in the rule include

- ▶ How the emergency weather condition is to be defined
- ▶ Whether the event is self-defining (for example, when actual or forecast temperatures reach a certain point), or must be declared by the Commission or some other agency of government
- ▶ When the event is over

### **Reconnection procedure**

The Commission's disconnection rule should also define the procedures for reconnection once a customer has been disconnected for failing to pay. The reconnection procedure should certainly require the payment of past-due amounts before the distributor reconnects the customer. The Commission might also consider

Whether the customer should be required to pay for the costs of disconnection and reconnection

Whether the customer should be required to post a security deposit to cover possible future events of payment default, and if so with whom the deposit should be posted and in what amount

### **Liability**

The Commission should consider whether to provide that where a distributor disconnects a customer for failing to pay for service, the distributor shall incur no liability for the disconnection.

### **Conclusion**

We recommend that the Georgian National Electric Regulatory Commission commence a notice and comment rulemaking at its earliest opportunity to adopt a procedure for the disconnection of electric customers for nonpayment, as described in this paper.

## **ATTACHMENTS**

Rustavi Public Information Program

Pacific Gas & Electric Company, Rule 11

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**APPENDIX A**

**PACIFIC GAS & ELECTRIC COMPANY, RULE 11**



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

If PG&E terminates or refuses to restore service to a customer or any other person for any of the reasons or upon any of the grounds stated herein, PG&E shall incur no liability whatsoever to said customer or person or to any other customers or persons

A CUSTOMER REQUEST TO TERMINATE LIABILITY FOR PAYMENT FOR SERVICE

1 SERVICE TO OTHER THAN MULTIFAMILY ACCOMMODATIONS

When a customer wants to terminate liability for payment for service the customer shall give PG&E not less than two days notice and state the date on which the termination is to become effective The customer may be held responsible for all service furnished at the premises until two days after receipt of such notice by PG&E or until the date of termination specified in the notice whichever date is later

2 SERVICE TO MULTIFAMILY ACCOMMODATIONS

When a customer wants to terminate liability for payment for the service supplied to a multifamily accommodation and the termination may deprive residential tenants of service, the customer shall give PG&E and the tenants notice at least 10 days prior to the date the customer desires to terminate liability for payment for the service The customer may be held responsible for all service furnished at the premises until ten days after receipt of such notice by PG&E, or until the date of termination specified in the notice whichever date is later

B TERMINATION OF SERVICE FOR NONPAYMENT—WEEKENDS AND HOLIDAYS

Service will not be terminated for nonpayment of bills or credit deposit requests on Saturdays, Sundays, legal holidays or on days when the offices of PG&E are closed to the public

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

C TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS OR CREDIT  
DEPOSIT REQUESTS—RESIDENTIAL

Monthly bills for residential service are due and payable upon presentation and will be considered past due if payment is not received by PG&E within 19 days after the bill is mailed to the customer. Credit deposit requests for residential service are due and payable upon presentation and will be considered past due if payment is not received by PG&E within 11 days after the credit deposit request is mailed to the customer.

When a bill or credit deposit request has become past due and the customer has received notice in accordance with Rule 8 that service will be terminated for nonpayment, PG&E may terminate any and all services the customer is receiving unless an exception described in Sections C 1 through C 3, below, applies.

1 INABILITY TO PAY—RESIDENTIAL

PG&E may, at its option, extend payment arrangements to a customer who alleges an inability to pay. However, PG&E must extend payment arrangements to a customer who alleges an inability to pay where (1) the customer has provided certification from a licensed physician, public health nurse, or social worker that terminating the service would be life-threatening either to the customer or to a full-time resident in the customer's home, and (2) the customer is willing to enter into reasonable payment arrangements.

It is the customer's responsibility to contact PG&E to request payment arrangements. If payment arrangements are made, such payment arrangements will be by Amortization Agreement, as described in Section C 1 a, below, or by Extension Agreement, as described in Section C 1 b below.

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

C TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS OR CREDIT  
DEPOSIT REQUESTS—RESIDENTIAL (Cont'd )

1 INABILITY TO PAY—RESIDENTIAL (Cont'd )

When the customer and PG&E have agreed upon payment arrangements PG&E will not terminate service as long as the customer complies with the arrangements. However, if the customer fails to comply, PG&E may terminate any and all services the customer is receiving after notice is given in accordance with Section C 1 a or Section C 1 b, below

If PG&E and the customer cannot agree on payment arrangements the customer may submit a complaint to the Commission in accordance with Section C 1 c, below

The customer shall be provided information on the availability of financial assistance

a AMORTIZATION AGREEMENT—RESIDENTIAL

An Amortization Agreement is a contract between PG&E and the customer by which the customer is allowed to make installment payments of a past due balance (for a reasonable period not to exceed 12 months) while also paying subsequent PG&E bills before these bills become past due

If the customer fails to comply with the Amortization Agreement the entire amount owing will become immediately due and payable and any and all services the customer is receiving may be terminated. However, service will not be terminated until the customer has received notice either by telephone or in writing, at least 48 hours prior to termination

(Continued)

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RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

C TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS OR CREDIT  
DEPOSIT REQUESTS—RESIDENTIAL (Cont'd )

1 INABILITY TO PAY—RESIDENTIAL (Cont'd )

b EXTENSION AGREEMENT—RESIDENTIAL

An Extension Agreement is a contract between PG&E and the customer by which the customer is allowed to make a single payment of a past due balance on or by a specified date while also paying subsequent PG&E bills before they become past due

When the customer has received a 15-day notice of termination and fails to comply with the Extension Agreement, the notice of termination will remain in effect, and collection action will continue. When the customer has received a 48-hour notice of termination and fails to comply with the Extension Agreement, the notice of termination will remain in effect, and any and all services the customer is receiving may be terminated without further notice

c FAILURE TO AGREE ON PAYMENT ARRANGEMENTS

When the customer and PG&E fail to agree on payment arrangements, it is the customer's responsibility to contact the California Public Utilities Commission's (CPUC) Consumer Affairs Branch (CAB) in a timely manner to avoid termination. The customer may

- 1) Write to the CAB to make a complaint alleging an inability to pay and indicating that payment arrangements have not been mutually agreed upon by the customer and PG&E
- 2) When the customer has submitted a complaint to the CAB, the CAB will notify PG&E and PG&E will respond to the complaint within 10 days. The CAB will report its proposed resolution to the parties in accordance with CPUC procedures

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

C TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS OR CREDIT DEPOSIT REQUESTS—RESIDENTIAL (Cont'd)

1 INABILITY TO PAY—RESIDENTIAL (Cont'd)

c FAILURE TO AGREE ON PAYMENT ARRANGEMENTS (Cont'd)

3) If the customer is not satisfied with CAB's resolution of the complaint the customer may appeal to the CPUC in accordance with the CPUC's procedures

4) Failure of the customer to observe any time limits set by the CPUC's complaint procedures shall entitle PG&E to insist upon payment and to terminate service if the payment is not made

2 BILLING OR CREDIT DEPOSIT REQUEST DISPUTE—RESIDENTIAL

PG&E will not terminate service when a residential customer has initiated a complaint or requested an investigation within five days of receiving a disputed bill or credit deposit request, until the customer has been given an opportunity for review of the dispute by PG&E or the CPUC in accordance with Rule 10. However, the customer must continue to pay subsequent undisputed PG&E bills before these bills become past due, or the customer's service will be subject to termination in accordance with this rule and Rule 8

3 CORRECTED BILL OR CREDIT DEPOSIT REQUEST—RESIDENTIAL

When PG&E has corrected the customer's bill or the requested credit deposit amount, service may not be terminated until the customer has received notices for the corrected amount in accordance with Rule 8

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

D TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS OR CREDIT  
DEPOSIT REQUESTS—NONRESIDENTIAL

Monthly bills for nonresidential service are due and payable upon presentation and will be considered past due if payment is not received by PG&E within 15 days after the bill is mailed to the customer. Credit deposit requests for nonresidential service are due and payable upon presentation and will be considered past due if payment is not received by PG&E within 11 days after the credit deposit request is mailed to the customer.

When a bill or credit deposit request has become past due and the customer has received notice in accordance with Rule 8, PG&E may terminate any and all services the customer is receiving unless an exception described in Sections D 1 through D 3, below, applies.

1 INABILITY TO PAY—NONRESIDENTIAL

PG&E may, at its sole option, extend payment arrangements to a nonresidential customer who alleges an inability to pay.

It is the customer's responsibility to contact PG&E to request payment arrangements. If payment arrangements are made, such payment arrangements may be by Amortization Agreement, as described in Section D 1 a, below, or by Extension Agreement, as described in Section D 1 b, below.

When the customer and PG&E have agreed upon payment arrangements, PG&E will not terminate service as long as the customer complies with the arrangements. However, if the customer fails to comply, PG&E may terminate any and all services the customer is receiving after notice is given in accordance with Section D 1 a and Section D 1 b, below.

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

D TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS OR CREDIT  
DEPOSIT REQUESTS—NONRESIDENTIAL (Cont'd)

1 INABILITY TO PAY—NONRESIDENTIAL (Cont'd)

a AMORTIZATION AGREEMENT—NONRESIDENTIAL

An Amortization Agreement is a contract between PG&E and the customer by which the customer is allowed to make installment payments of a past due balance while also paying subsequent PG&E bills before these bills become past due

If the customer fails to comply with the Amortization Agreement, the entire amount owing will become immediately due and payable and service may be terminated. However, service will not be terminated until the customer has received notice, either by telephone or in writing, at least 24 hours prior to termination

b EXTENSION AGREEMENT—NONRESIDENTIAL

An Extension Agreement is a contract between PG&E and the customer by which the customer is allowed to make a single payment of a past due balance on or by a specified date while also paying subsequent PG&E bills before they become past due

When the customer has received a 7-day notice of termination and fails to comply with the Extension Agreement the notice will remain in effect, and any and all services the customer is receiving may be terminated without further notice

2 BILLING OR CREDIT DEPOSIT REQUEST DISPUTE—NONRESIDENTIAL

PG&E will not terminate service when a nonresidential customer has initiated a complaint or requested an investigation within five days of receiving a disputed bill or credit deposit request, until the customer has been given an opportunity for review of the dispute by PG&E or the CPUC in accordance with Rule 10. However, the customer must continue to pay subsequent undisputed PG&E bills before these bills become past due or the customer's service will be subject to termination in accordance with this rule and Rule 8

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

D TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS OR CREDIT  
DEPOSIT REQUESTS—NONRESIDENTIAL (Cont'd)

3 CORRECTED BILL OR DEPOSIT REQUEST—NONRESIDENTIAL

When PG&E has corrected the customer's bill or the requested credit deposit amount, service may not be terminated until the customer has received notices for the corrected amount in accordance with Rule 8

E FAILURE TO ESTABLISH OR REESTABLISH CREDIT

When PG&E provides service to an applicant before credit is established or continues service to a customer pending reestablishment of credit, and the applicant/customer fails to establish or reestablish credit in accordance with Rule 6 any and all services the customer is receiving may be terminated after notice has been given in accordance with Rule 8

PG&E will not restore the customer's service until the customer has complied with the Rule 6 requirements to establish or reestablish credit

F TERMINATION OF SERVICE FOR NONPAYMENT OF BILLS AT OTHER  
LOCATIONS

Any and all services the customer is receiving may be terminated for nonpayment of a bill for service previously supplied by PG&E to the same customer at another location after the customer has been given notices of termination in accordance with Rule 8, except that residential service shall not be terminated for nonpayment of a bill for any other class of service Nonresidential service may be terminated for nonpayment of a bill for any class of service Service shall not be terminated for nonpayment within 15 days after establishment of service at the new location

If the customer is receiving service at more than one location, any or all services may be terminated with proper notice for nonpayment of any bill at any location for PG&E service, except that residential service shall not be terminated for nonpayment of a bill for any other class of service Nonresidential service may be terminated for nonpayment of a bill for any class of service

(Continued)

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RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

G TERMINATION OF SERVICE—RETURNED CHECKS

When the customer has received notice of termination in accordance with Rule 8 and a check tendered in payment of the past due bill or credit deposit request for residential or nonresidential service is returned unpaid, PG&E may terminate service in accordance with Sections 1 and 2 below

1 RESIDENTIAL

When the customer has received a 15-day notice of termination, the notice will remain in effect, and collection action will continue. When the customer has received a 48-hour notice of termination, the notice will remain in effect, and service may be terminated without further notice

2 NONRESIDENTIAL

— When the customer has received a 7-day notice of termination the notice will remain in effect and service may be terminated without further notice

H UNSAFE APPARATUS OR CONDITION

1 PG&E may deny or terminate service to the customer immediately and without notice when

- a PG&E determines that the premises wiring, or other electrical equipment, or the use of either, is unsafe, or endangers PG&E's service facilities, or
- b The customer threatens to create a hazardous condition, or
- c Any governmental agency, authorized to enforce laws, ordinances or regulations involving electric facilities and/or the use of electricity, notifies PG&E in writing that the customer's facilities and/or use of electricity is unsafe or not in compliance with applicable laws, ordinances, or regulations

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

H UNSAFE APPARATUS OR CONDITION (Cont'd )

2 When relocation or replacement of electric service by PG&E is necessary the service, including the metering facilities will be installed in locations mutually acceptable to PG&E and the customer and which conform to current applicable codes, regulations and standards If no such mutually acceptable location can be agreed upon, PG&E shall discontinue service until the customer and PG&E reach agreement

3 SERVICE RESTORATION

a When the customer's service has been terminated either because of a determination by PG&E that an unsafe apparatus or condition exists on the premises, or because the customer has threatened to create a hazardous condition service will not be restored until PG&E determines the customer's electrical wiring or equipment or the use of either, has been made safe When service is denied or terminated solely under these sections, the customer may seek remedies before the CPUC

b When the customer's service has been terminated because of an order of termination issued to PG&E by a governmental agency, service will not be restored until PG&E has received authorization to restore the service from the appropriate governmental agency It is the customer's responsibility to resolve the matter with the governmental agency

4 PG&E does not assume the responsibility of inspecting or repairing the customer's facilities, appliances or other equipment for receiving or using service, or any part thereof In the event the customer has knowledge that the service is in any way defective, it is the customer's responsibility to notify PG&E at once PG&E shall not be liable or responsible for any plumbing, appliances facilities, or apparatus beyond the point of delivery which it does not own or maintain in accordance with these rules

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

I SERVICE DETRIMENTAL TO OTHER CUSTOMERS

PG&E will not supply service to a customer operating equipment which is considered by PG&E to be detrimental to either the service of other PG&E customers or to PG&E. PG&E will terminate service and refuse to restore service to any customer who continues to operate such equipment after receiving notification from PG&E to cease.

J UNAUTHORIZED USE

1 PG&E may terminate service without notice for unauthorized use of service as defined in Rule 17.2. When the customer's service has been terminated under this section, PG&E may refuse to restore service until

- a the unauthorized use has ceased, and
- b PG&E has received full compensation for all charges authorized in Rule 17.2.

2 PG&E may terminate and refuse to restore service if the acts of the customer or conditions on the premises indicate an intent to deny PG&E full compensation for services rendered, including, but not limited to, any act which may result in a denial of service under Rule 3. PG&E shall provide the customer with the reasons for such termination and/or refusal to restore service. When the customer's service has been terminated under this section, PG&E may refuse to restore service until

- a the acts and/or the conditions described above have ceased or have been corrected to PG&E's satisfaction, and
- b PG&E has received full compensation for all charges resulting from the customer's acts or the conditions on the premises.

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

**K NONCOMPLIANCE WITH PG&E'S TARIFFS**

Unless otherwise specifically provided, PG&E may terminate service to a customer for noncompliance with any of PG&E's tariffs if the customer fails to comply within five days after the presentation of written notification. The customer shall comply with PG&E's tariffs before service will be restored.

**L REVOCATION OF PERMISSION TO USE PROPERTY**

If PG&E's service facilities and/or a customer's wiring to the meter are installed on property other than the customer's property and the owner of such property revokes permission to use it, PG&E will have the right to terminate service upon the date of such revocation. If service is terminated under these conditions, the customer may have service restored under the provisions of PG&E's line and service extension rules.

**M CHARGES FOR TERMINATION AND/OR RESTORATION OF SERVICE**

- 1 PG&E may require payment of the entire amount due, including the past due amount and current charges, payment of a deposit in accordance with Rule 7, and payment of other charges indicated herein, prior to restoring service to accounts which have been terminated for nonpayment.
- 2 PG&E will require a \$6.00 returned check charge for processing a check which is returned to PG&E unpaid.
- 3 PG&E may require payment of a field collection charge of \$10.00 when a PG&E representative makes a field call to a customer's premises to terminate service for nonpayment of bills or credit deposit requests.

(Continued)



RULE 11—DISCONTINUANCE AND RESTORATION OF SERVICE

(Continued)

M CHARGES FOR TERMINATION AND/OR RESTORATION OF SERVICE (Cont'd )

- 4 PG&E may require payment of a reconnection charge of \$20 00 per connection before restoring service that has been terminated for nonpayment of bills to prevent fraud, or for failure to comply with PG&E's tariffs. If the customer requests that service be restored outside of regular business hours an additional charge of \$10 00 per connection may be made.
- 5 In addition PG&E may charge and collect any unusual costs incidental to the termination or restoration of service which have resulted from the customer's action or negligence.
- 6 Service wrongfully terminated will be restored without charge.

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**APPENDIX B**

**RUSTAVI PUBLIC INFORMATION PROGRAM**

**PUBLIC INFORMATION PROGRAM**

**PROMOTING CUSTOMER ACCEPTANCE  
OF  
COMMERCIAL REFORM**

## OVERVIEW

In order for the Pilot Commercial Reform program to be successful, customers and other interested parties must be fully informed regarding

- The overall objectives of the program
- The methodologies being employed and
- The rationale behind the methodologies

The strategy should be to use various media often in order to keep the issue constantly before the people, raise their awareness, gain their support, and encourage them that things are getting better by keeping them informed of progress

There are several audiences for the Public Information program

- 1 Customers directly involved in the Pilot Project
- 2 Other Customers of the utility
- 3 Other employees of the utility not directly involved in the Pilot Project
- 4 Local municipal officials
- 5 Government of Georgia officials, including other distribution companies
- 6 Members of the International Community working within Georgia who are involved in electric power related issues

In the following we discuss elements of a complete public information campaign

### 1 CUSTOMERS

The general message to be delivered to all customers whether Pilot Project participants or not includes information regarding

- The true condition of the electric power delivery system in Georgia,
- What needs to be done to improve it,
- The steps being undertaken by the Distributor, and
- The degree of participation and commitment required of the customers

In order to educate the customers, the "message" must be defined and refined to its simplest, most fundamental terms, and then all practical media must be used to deliver the message. The message to consumers may be divided into four elements, as follows

#### a THE PROBLEM NON-PAYMENT

The shortage of power and the daily blackouts in Georgia can be resolved only if people pay fully for the electricity they use. Payment is necessary to buy fuel for the

power plants or to import power from other countries when necessary. The Government of Georgia does not have the tax revenue to subsidize power generation costs beyond the present level.

**b THE SOLUTION DISCONNECTION FOR NON-PAYMENT**

The only solution to the problem of daily blackouts is to terminate electric service to people who cannot or will not pay for its use. This will then allow utilities to provide full-time service to those who pay their electric bills in full and on time. It is widely estimated that 80% of the people can pay for electric service but many do not do so simply because there are no consequences for not paying.

The termination of electric service would seem a harsh measure to impose on the poor but in reality, a complete cut-off of 20% of the people is hardly worse than the present circumstance where they, and all of their neighbors, are limited to a few hours of service each day, and the hours of operation are unpredictable and uncertain.

**c THE PLAN**

The plan for recovery has a number of elements which will be tested in pilot programs and then expanded to other customers as quickly as possible. They include the following two basic steps:

- (1) Increased accountability A computerized customer accounting system will be introduced which replaces the present inspector-collection procedure with monthly meter readings and billings. Customer payments are to be made no later than the designated day every month at a neighborhood payment station. Failure to pay will result in disconnection of service.
- (2) Full-Service Subscribers When the computerized billing program has been established, customers will be afforded the opportunity to subscribe to full-time (24-hour-per day) electric service. This will be done on a feeder-by-feeder, transformer-by-transformer basis as minimum subscription levels can be achieved and contingent upon the ability of Sakenergo and the Distributor to switch individual feeders to maintain full service. The threshold for full service would be the subscription of 60% of the customers served by the feeder or transformer. When that level is reached, the remaining customers who do not subscribe will be disconnected and full service implemented on the feeder or transformer.

**d ENFORCEMENT**

Individual customers who fail to make regular monthly payments, will be individually disconnected from the network. This will include removing some or all of the wiring between the customer's meter and its point of connection to the feeder. If the meter is accessible to the workmen, the meter shall also be removed.

Service Inspectors will monitor feeder lines on a continual basis and remove all illegal connections. Check meters will be installed on buildings and feeders and where theft or other un-compensated usage exceeds 5% the entire feeder may be disconnected. This rule is to encourage customers who have subscribed to and are paying for their service to report customers who are stealing electricity to the utility or to assist poor customers in paying for their service.

## **2 POLITICAL AND GOVERNMENT LEADERS**

Local and national political and government leaders should be informed early and often about plans and progress and their public support solicited. The basic message should be "The economic recovery of Georgia begins with a sound infrastructure and no factor is more important to commerce and industry than reliable full-time electric service. This can be made possible only if everyone pays for the electricity they use."

A list of political and government leaders should be prepared and Hagler Bailly staff assure that copies of all news releases and progress reports are delivered to those people.

## **3 THE MEDIA**

The new program, its purpose, and periodic progress reports will need to be publicized very intensively in the areas where the program is scheduled for implementation.

### **a Mass Media**

Publicity should be city-wide, and announced repeatedly in the newspapers, radio, and television during the weeks leading up to the beginning of the pilot program. All customers should be made aware of the plan and the fact that it will start as a pilot program in a selected area of the city. Customers should be encouraged to contact the utility to express their interest in having the program expanded to their area as soon as the pilot program is determined to be successful.

### **b Fliers**

As each area is scheduled for inclusion (first) into the monthly billing program, and (secondly) into the full-time service program, hand-bills or fliers should be prepared and delivered door-to-door in the targeted area. These would reiterate all of the points made in the public announcements regarding the program, specify the period in which the customers in the targeted area would become involved and/or be offered the opportunity to participate.

It should be noted that the billing program will be implemented without the consumers' consent, and the message should be that this is a prerequisite to full-time service. The customer would be advised at this time of the schedule for offering full service and the requirements for eligibility.

#### 4 NEWSLETTER

In a further effort to keep government officials and the international agencies apprised of plans and progress a periodic newsletter should be produced and delivered to all the local and national decision-makers on a regular (e g monthly) basis This newsletter would keep the program before the public and report on the increasing numbers of people in the monthly billing program the number of people signed-up-for and receiving full-time service percentage increases in kilowatt hour sales and revenue individual human-interest ' success stories ' from satisfied customers and various schemes being employed to accommodate the poor people in the new commercial environment

#### 5 PARTICIPATING CUSTOMERS

A number of flyers should be developed for use with participating customers These would include specific instructions regarding what is expected of them at various stages of the program These flyers would include explanations at the time of

- Initial meter reading
- Delivery of the first bill
- Delivery of a bill with a Past Due amount shown
- Finding of power theft
- Disconnection of service for non-payment
- Application for full-time service

Samples of these flyers are attached

#### 6 NEWS RELEASES

An information office should be established for the purpose of providing information on a continuing basis to all interested news media It should be emphasized that these are news stories of general public interest and not advertisements to be placed in space paid for by the utility Whenever practical, public statements should be attributed to the highest local government official (e g , the mayor) This would require that the utility's manager coordinate all publicity with the mayor's office

Involvement of the highest municipal officials is important because political support of the program especially disconnection policies, is important to the program's success

Attached are a series of sample news releases They are for illustrative purposes Timing and details will need to be adjusted to fit the actual schedule and results

# 1

*INITIAL ANNOUNCEMENT*

*For release week of March 2 1998*

*To all news media*

*Press Conference in Rustavi*

*Copies to key Rustavi municipal officials*

*Copies to GERNC appropriate Ministries selected Parliamentarians Office of the President*

*Copies to be delivered to 1 700 participants in the Pilot Project*

*Copies posted at the Rustavi Electric Company office for all employees to read*

Translate this and deliver a copy to Zurab Kokaia Vice Mayor of Rustavi as soon as possible (say, by February 18) Find out if it is possible to get this program before the City Council, get the Council's endorsement, and to get the Mayor to call a press conference to provide the following press release and answer questions Someone from Hagler Bailly should be present at the City Council meeting and any press conference to help the city officials answer questions about the program Note that we have not tried to cover all details or answer all questions in this initial news release There should be at least one news release each week for the first month of the program Some further examples are attached

**Rustavi Mayor Announces Plan to Restore Full-time Electric Service**

Rustavi Mayor \_\_\_\_\_ announced today the approval by the city council of a program that should make available 24-hour electric service throughout the city within the next 12 to 18 months Success of the plan will depend primarily upon the willingness of citizens to pay fully for their electric service, (mayor) said

First step in the recovery program is the implementation of a computerized customer billing procedure, similar to that used in European and other free-market countries, according to Vasiko Koblishvili, Director of (the Electric Company) A pilot program involving 1,700 Rustavi households will begin in March, using computers and billing software provided by the U S Agency for International Development (USAID)

(Mayor) said the monthly billing program is an essential first step in that it helps re-establish a payment discipline among electric customers, and it provides (the Electric Company) with accurate and current data on which customers are paying their bills, and which are not

The monthly billing program differs from past collection systems in that it eliminates on-site collections by individual Inspectors In compliance with Presidential Decree \_\_\_\_, which requires payment for electric services to be made at banks, post offices, or other cash stations, Mayor (mayor) said a bill payment station is being established in the municipal building located

\_\_\_\_\_ Hagler Bailly \_\_\_\_\_

at \_\_\_\_\_ This station is convenient to the \_\_\_\_\_ area where the billing program will begin

The plan calls for a meter reader to read the customers' meters each month. A computer will calculate and print the bills the following day. The bills will then be delivered to the customers. The new procedure requires customers to make payment at the payment station within 15 days. Customers who do not pay their bills will have electric service disconnected. (mayor) said

After one or two months' successful operation in the pilot area, the billing program will be expanded as quickly as practical to other electric customers. Kobiashvili stated

"The reason for the present restrictions on electric service in Rustavi and throughout Georgia is the lack of money to buy fuel," (mayor) said. This power shortage is the direct result of customers not paying their electric bills, according to the mayor.

In the past, electric service was provided to households at artificially low tariffs, Director Kobiashvili said. This was because residential service was previously subsidized by industrial users. "With the shut-down of most industry and the shortage of tax payments into the Government Treasury, there is no source of funds to continue to subsidize residential electric service," Kobiashvili stated. "Customers need to realize they must pay for their electricity or do without," he added.

Mayor (mayor) said that while Presidential Decrees and World Bank officials have called for the privatization of the electric distribution companies throughout Georgia, the timing and effectiveness of the privatization program is uncertain. (mayor) explained that the new billing program and other reforms being contemplated by the city are similar to those which would be implemented if an International Investor bought the company and applied Western techniques and standards to the commercial operations.

"We do not feel it is necessary to wait for some private investor to come in and 'rescue' us from our present situation," (mayor) said. "We know what the problems are, and we have the staff that can solve them," he said.

"Electric costs are a small part of the income of most families," according to (mayor), and he called upon all electric customers to give a higher priority to the payment of their electric bills. "This is the first step toward full-service electricity for our city," he stated.

The Rustavi Electric Company is being assisted in the training of employees and implementation of the computerized billing program by the American company Hagler Bailly Consulting, Inc.

# # #

# 2

**SECOND ANNOUNCEMENT**

*For release week of March 9 1998*

*To all news media*

*Copies to key Rustavi municipal officials*

*Copies to GERNC appropriate Ministries selected Parliamentarians Office of the President*

*Copies posted at the Rustavi Electric Company office for all employees to read*

Translate this and deliver a copy to Utility Director for comment and approval and delivery to local media Have him or Mayor s office try to get local news photographer and local TV cameraman (if there is one) to accompany bill deliverer as bills are being delivered in an apartment building Get photos of courier handing bill to customer

**First Monthly Bills Delivered to Rustavi Electric Customers Under New Billing Program**

Electric customers in the \_\_\_\_\_ area of the city began receiving their first monthly electric bills this week as part of the Rustavi Electric Company's plan to restore full-time electric service to the city This new program was announced by Rustavi Mayor (mayor) last week

About 200 electric bills are produced and delivered each day to customers in the Pilot Project area Customers are instructed to make payment at the \_\_\_\_\_ municipal building within 15 days The payment window is open from 10 a m until 6 p m , Monday through Friday

If bills are not paid before the next monthly bill is delivered, the customer's electric service is subject to disconnection, according to Rustavi Electric Company Director Vasiko Kobiashvili

A small staff is presently engaged in this project, including two meter reader two computer operators, two pay station tellers, and two service inspectors There are 1,700 customers in the initial billing group but this number is expected to increase to 5 000 or 6,000 over the next two or three months as the staff gains experience with the new procedures

Customers in the pilot project are divided into 20 billing groups, with the meters for a different group being read each day The day following a group's reading, bills will be calculated and printed Bills will then be delivered to customers on the third day of the group s billing cycle

Each customer's billing and payment history is recorded in a computerized database Payments are posted daily so that management can have an up-to-date printout of all customers who are delinquent in payments, the amount owed, and the age of any unpaid The computer can print

each day the names of customers whose grace period for payment has expired and who are to be scheduled for disconnection for non-payment

As explained by Mayor (mayor) in his news conference last week the billing program is the first step in establishing individual accountability and payment discipline among electric customers. The computer provides utility management with the information necessary to accurately and fairly enforce collection procedures.

Director Kobiasvili said that neither government nor industrial customers have the money to subsidize residential electric bills as in the past. 'All customers need to realize they must pay for their own electric use or do without.'

If early experience is successful the Rustavi Electric Company expects to have the billing program extended to most of the city by the end of the summer. The billing software and computers are being provided by the U.S. Agency for International Development with assistance in implementation by Hagler Bailly Consulting Inc.

# # #

# 3

**THIRD ANNOUNCEMENT**

*For release week of March 16 1998*

*To all news media*

*Copies to key Rustavi municipal officials*

*Copies to GERNC appropriate Ministries selected Parliamentarians Office of the President*

*Copies posted at the Rustavi Electric Company office for all employees to read*

Interview Utility Director to fill in blanks include additional information Translate this and deliver a copy to Utility Director for comment and approval and delivery to local media

**Rustavi Electric Company Moving on Two Fronts  
to Deliver 24-Hour Service to its Customers**

The Rustavi Electric Company has two experimental programs in progress designed to bring 24-hour electric service to the city In addition to the recently announced computerized billing program in the \_\_\_\_\_ district, the company has also been experimenting in the \_\_\_\_\_ district with an 'all or none' program for entire apartment buildings

"The key to 24-hour service is full payment for electricity used " according to Electric Company Director Vasiko Kobiashvili "The limiting factor to electricity supply in Georgia is money to buy fuel for Gardabani or to import power from neighboring countries," said Kobiashvili "The only source of that money is the customers who are using the power We can no longer expect subsidies from the government or industrial customers," he added

In the \_\_\_\_\_ district, \_\_\_\_ apartment buildings with \_\_\_\_ customers have been receiving all-day service contingent upon full payment for all electricity delivered to the building Instead of the Electric Company collecting individually from each occupant one person in the building is designated to collect the money to pay for all the electricity delivered to the building

The payment is based upon electricity measured by a "check meter" installed on the feeder to the building If the payment cannot be made, service to the entire building is disconnected

The theory is that the majority of customers want all-day electric service and can afford to pay for it If they have neighbors in the building who have tampered with or bypassed their meters, they will bring pressure on those people to stop stealing and pay for the electricity they use

\_\_\_\_\_ Hagler Bailly \_\_\_\_\_

Furthermore where there are truly indigent households the neighbors in the building may chip in and share in paying the cost for those families

So far this program has had mixed results Over a period of \_\_\_\_\_ months \_\_\_\_\_ buildings with \_\_\_\_\_ customers have made required payments on schedule and maintain all-day service On the other hand, \_\_\_\_\_ customers in \_\_\_\_\_ buildings have had service disconnected because of failure to meet required payments

The \_\_\_\_\_ area was selected for this experiment because a feeder in the area remains energized 24-hours a day to provide electric service to communications and hospital facilities in the neighborhood

Director Kobiashvili says that if this experiment proves successful its concept can be extended to other areas in the city

Results from the experiment in the \_\_\_\_\_ area will not be known for several weeks That program involves first the establishment of a computerized monthly billing program that will provide accurate and current information on individual customer usage and payments

After that, it is proposed to offer all-day service on a customer-by-customer basis one feeder at a time If sufficient customers on a feeder agree to full payment, all-day service will be provided Disconnection of non-paying customers would be promptly and strictly enforced

# 4

**FOURTH ANNOUNCEMENT**

*For release week of March 23 1998*

*To all news media*

*Copies to key Rustavi municipal officials*

*Copies to GERNC appropriate Ministries selected Parliamentarians Office of the President*

*Copies posted at the Rustavi Electric Company office for all employees to read*

Translate this and deliver a copy to Utility Director for comment and approval, and delivery to local media Have him or Mayor's office try to get local news photographer and local TV cameraman (if there is one) to go to meter installation site Get photos of metermen installing ABB electronic meters

**New Electronic Meters to Monitor,  
Analyze Electric Power Losses**

Electric metering equipment, like much of the electric distribution equipment in Georgia, is old, in bad repair, and not too reliable according to Soso Kapanadze, Chief Engineer at Rustavi Electric Company

However, the Rustavi Electric Company has received some brand new electronic meters which will help it establish more precisely where and how electricity is being lost on its system

Kapanadze explained that some electricity is lost as it travels along the wires, through connectors, and through transformers These are called "technical losses" because they relate to the design and maintenance of the electric network

There are accepted norms for technical losses on electric systems, but these may not apply where equipment has not been well maintained or has been subjected to severe overloads That is the case throughout Georgia, including Rustavi according to Kapanadze The new meters will allow Rustavi engineers to measure actual losses across transformers and along feeder lines

When precise technical losses are known utility managers can then establish the level of "non-technical" losses and take corrective actions Kapanadze said that non-technical losses include power theft by customers, and poor customer accounting practices by the electric company Some studies have shown that as much as half of the electricity delivered to the residential sector in Georgia is stolen, or otherwise unaccounted for

The new electronic meters are manufactured by ABB (ASEA Brown Boveri) a leading international supplier of electrical utility equipment. They are accurate to 0.1% over a very wide range of voltages and currents.

Kapanadze said they are provided to Rustavi by the U.S. Agency for International Development (USAID) as a part of a program to reduce losses and improve the financial condition of the company.

Sixty-two of the meters have been delivered. They will be used in various places to monitor both technical and non-technical losses.

Delivered to Rustavi with the meters was a small portable computer which allows the extraction of large amounts of stored data from the meters. For example, 12 of the meters have been programmed to store electric usage hour-by-hour for over a month. This information can be extracted electronically by the computer and turned into tables and graphs called load profiles which allow the study of load characteristics of feeders and transformer on a daily, monthly and annual basis. This, in turn, allows engineers to make changes in procedures to operate the system more efficiently.

# 5

**FIFTH ANNOUNCEMENT**

*For release week of April 6 1998*

*To all news media*

*Copies to key Rustavi municipal officials*

*Copies to GERNC appropriate Ministries selected Parliamentarians Office of the President*

*Copies posted at the Rustavi Electric Company office for all employees to read*

The headline below is based on the presumption that the percentage of bills paid as a result of monthly billing will be low. This conclusion will have to be based upon response to the first weeks' bills, possibly as many as 1 000. Content of this news release will need to be coordinated and approved by both the mayor and the Utility Director. Translate the draft, review it with them, and edit as appropriate. Have them deliver it to the local media.

## **Customer Response to Monthly Electric Billing Program is Slow**

Customer response to the new monthly billing program begun by the Rustavi Electric Company last month was disappointing, but not surprising, according to Vasiko Kobiashvili, Director of the company.

The second month's billing cycle began last week, and of the \_\_\_\_\_ bills produced the first week of March, only \_\_\_\_\_ had been paid 30 days later. The second month's bills showed only \_\_\_\_\_% of the amount billed 30 days earlier had been paid at the time the subsequent bills were prepared.

Kobiashvili said the low response was expected because customers have not yet been made fully aware of the changes taking place in the electric power sector. "There will be a period of time during which it will be necessary to 're-educate' customers to the necessity for paying for their electricity," the director said. "Based on their past experience, they think it is still 'business as usual,' where there were no consequences for not paying electric bills."

Kobiashvili said that bills being delivered to customers this week showing last month's bill has not been paid include a written warning that the bill must be paid promptly or service to the customer will be disconnected.

Mayor (mayor) said the electric company has the full support of the city council in regard to the disconnection of service for non-payment. "Customers need to re-order their spending priorities

and put the payment of electric bills at the top if they expect to continue to use electricity the mayor said

'To a very large degree the economic recovery of Georgia is dependent upon restoring reliable full-time electric service to the population and industry This can only happen if the people using the electricity pay for it fully and on schedule, the mayor said

# 6

**SIXTH ANNOUNCEMENT**

*For release week of April 13 1998*

*To all news media*

*Copies to key Rustavi municipal officials*

*Copies to GERNC appropriate Ministries selected Parliamentarians Office of the President*

*Copies posted at the Rustavi Electric Company office for all employees to read*

Same review and approval process as #5 This is a direct follow-on of #5 coming the next week and raising the level of public warning to the customers

**Delinquent Electric Customers  
Disconnected for Non-payment**

The Rustavi Electric Company made good this week on its promise to begin the disconnection of customers for non-payment of bills

Company Director Vasiko Kobiashvili said \_\_\_\_ customers were disconnected for non-payment during the past \_\_\_\_ days "It hurts me deeply to have to disconnect electricity to these people," Kobiashvili said "Many are truly suffering under severe financial hardships "

The Director added, however, that "no one should expect the electric company to supply free electricity anymore than the would expect the fuel station to supply free kerosene, or the kiosk operator to provide cigarettes or bananas without payment "

Mayor (mayor) echoed this sentiment, sympathizing deeply with the hardship on the very poor but conceding that many customers who could pay have enjoyed free electricity far too long because there were no consequences for not paying under previous utility practices

The mayor proposed an open meeting of the council where citizens might come and propose methods of neighborhood support to help the very poor, not only with their electric costs, but the provision of food and other financial support He was quick to point out, however, that neither the city nor the Georgian government could offer direct financial relief because tax collections have been as poor as electric collections for the past few years

"Families and neighbors of the elderly, the infirm, and the very poor will need to play a bigger role in their support, either assisting with their present living arrangements, or moving them into a more affordable situation," the mayor suggested

Some of the disconnected customers complained that people in other parts of the city have not been disconnected for non-payment. They feel discriminated against being singled out for harsh treatment because of being located in the pilot project area.

Director Kobiashvili sympathized with this view but said other areas of the city would be included under the new policies as quickly as the program could be expanded. He said it was not possible to implement the program city-wide from the beginning. We needed to start somewhere on a small scale to develop the procedures and train employees. We expect another 4,000 customers to be included in the billing program by the end of this month and the entire city to be included by the end of the year, he said.

Kobiashvili added that "customers in the initial pilot project area will be the first to be offered all-day service in exchange for full payment."

**# 7**

**SEVENTH ANNOUNCEMENT**

*For release week of April 28 1998*

*To all news media*

*Copies to key Rustavi municipal officials*

*Copies to GERNC appropriate Ministries selected Parliamentarians Office of the President*

*Copies posted at the Rustavi Electric Company office for all employees to read*

This announcement will require substantial discussion and coordination with the utility Director. The complete plan for full service must be discussed and agreed to with the senior staff. Arrangements for the proposed community meeting will need to be made. A special flyer will also need to be prepared and delivered to all customers in the selected area. This is a meeting/function/news release which may be repeated in different areas at different times as the full-service program is expanded.

**Community Meeting Scheduled to  
Promote All-Day Electric Service  
in \_\_\_\_\_ District**

Rustavi Electric officials have scheduled a community meeting for Sunday, May 3 to present the company's new plan for providing all-day electric service to citizens in the area. The meeting will be held at the \_\_\_\_\_.

Rustavi Electric Company Director Vasiko Kobiashvili has provided this newspaper with a tentative outline of the proposed full-service program. The plan is to phase in full service on a feeder-by-feeder basis as sufficient numbers of customers on each feeder sign up for the full-service.

Company officials said there are two basic criteria for an area to be eligible for full service: (1) the network switching must allow the proposed full-service feeder to remain energized while non-qualifying adjacent areas are cut off, and (2) the monthly billing program must be already implemented on full-service feeders.

Customers attached to feeders designated as full-service feeders, but who do not require or want full service, must still pay for all electricity used. They will be expected to restrict their use to a level which they can afford. If they do not pay bills fully on a regular basis, they will be disconnected.

Some of the details of the plan remain flexible such as the number or percentage of customer commitments required before a feeder is designated as full-service. Company officials would like to have public comment on this and other factors before the plan is finalized.

Customers desiring full service will need to make written application. Copies of the application form will be provided at the community meeting on May 3. The principal purpose of the application is to establish the identity of person who will be responsible for payment of bills at a location.

There will be no application fee for full service, but if a customer is disconnected for non-payment he will be required to pay all old bills, trip charges and a deposit against future bills before service is reconnected.

Customers anxious to qualify their feeders for full service may assist the Electric Company in the sign-up of customers. Kobiashvili proposes that small groups organize to solicit their neighbors to sign applications. The utility will provide such groups with listing of other customers on their feeder and provide application forms and instructions.

NOTICE TO CUSTOMERS

MONTHLY METER READINGS

Starting this month your electric meter will be read every month for the purpose of preparing an monthly electric bill. However, payment is not to be made at the time of reading. A few days after the reading, a bill will be delivered to your house. You must pay this bill to the electric company cashier at the **West End Municipal Building** within two weeks after receipt. The payment office will be open from 10 a.m. until 6 p.m. Monday through Friday.

This is the first step in a broad new program being undertaken by the Rustavi Electric Company to restore full-time electric service to the city. The shortage of power and the daily blackouts in Georgia can be resolved only if people pay fully for the electricity they use. Payment is necessary to buy fuel for the power plant. The Government of Georgia does not have sufficient tax revenue to provide free electricity to customers.

Under the new program being developed, service to people who do not pay is to be disconnected.

NOTICE TO CUSTOMERS

PAY THIS BILL WITHIN TWO WEEKS AT THE WEST END MUNICIPAL BUILDING

Starting this month, an electric bill will be delivered to your house each month. You must pay this bill to the electric company cashier at the **West End Municipal Building** within two weeks after receipt. The payment office will be open from 10 a.m. until 6 p.m. Monday through Friday.

This is part of a broad new program being undertaken by the Rustavi Electric Company to restore full-time electric service to the city. The shortage of power and the daily blackouts in Georgia can be resolved only if people pay fully for the electricity they use. Payment is necessary to buy fuel for the power plant. The Government of Georgia does not have sufficient tax revenue to provide free electricity to customers.

Under the new program being developed, service to people who do not pay their electric bills is to be disconnected.

NOTICE TO DELINQUENT CUSTOMERS

THE OLD BILL AMOUNT MUST BE PAID OR  
SERVICE WILL BE DISCONNECTED

This bill shows you have not paid you last month s bill If this bill is not paid within two weeks your service will be scheduled for disconnection You must pay this bill to the electric company cashier at the **West End Municipal Building** The payment office is open from 10 a m until 6 p m Monday through Friday

The shortage of power and the daily blackouts in Georgia can be resolved only if people pay promptly and completely for the electricity they use Payment is necessary to buy fuel for the power plant The Government of Georgia does not have sufficient tax revenue to provide free electricity to customers

Under the new program being developed, service to people who do not pay their electric bills is to be disconnected

NOTICE OF DISCONNECTION FOR NON-PAYMENT

Account Number \_\_\_\_\_

Past Due Amount

Address \_\_\_\_\_

\_\_\_\_\_

Your electric service is being disconnected because you have not paid your electric bills The past due amount is shown above Electric bills must be paid promptly to the electric company cashier at the **West End Municipal Building** The payment office is open from 10 a m until 6 p m Monday through Friday

The shortage of power and the daily blackouts in Georgia can be resolved only if people pay promptly and completely for the electricity they use Payment is necessary to buy fuel for the power plant The Government of Georgia does not have sufficient tax revenue to provide free electricity to customers

Under the new program being developed, service to people who do not pay their electric bills is to be disconnected

NOTICE OF DISCONNECTION FOR ELECTRICITY THEFT

Account Number \_\_\_\_\_ Payment Required for Reconnection \_\_\_\_\_

Address \_\_\_\_\_

Your electric service is being disconnected because you were found to be stealing electricity. The amount stolen has been estimated. In order to have service reconnected you must pay THREE TIMES the amount stolen. The payment required for reconnection is shown above. This payment and request for reconnection can be made at the electric company cashier at the **West End Municipal Building**. This office is open from 10 a.m. until 6 p.m. Monday through Friday.

The shortage of power and the daily blackouts in Georgia can be eliminated only if people pay promptly and completely for the electricity they use. Payment is necessary to buy fuel for the power plant. The Government of Georgia does not have sufficient tax revenue to provide free electricity to customers.

APPLICATION FOR FULL-TIME ELECTRIC SERVICE

Name \_\_\_\_\_ Account Number \_\_\_\_\_

Address \_\_\_\_\_ Date \_\_\_\_\_

I request that full-time electric service be provided to my household. I agree to abide by the rules and regulations of the electric company and pay all of my electric bills when due.

I understand the following conditions must be met before full-time service can be provided:

- 1 I must stay current in the payment of my bills at all times.
- 2 The feeder serving my location must have separate switching arrangements so it can remain energized all of the time.
- 3 80% of the customers on the feeder must be current in their bill payments.
- 4 I will report any cases of electricity theft to which I have knowledge to the electric company.

Signed \_\_\_\_\_

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