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Decision 92-10-004 October 6, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

CTC FOOD INTERNATIONAL, INC., a California Corporation, Complainant, vs. PACIFIC GAS AND ELECTRIC COMPANY, Defendant.	Case 91-09-065 (Filed September 27, 1991)

OPINION

Summary of Decision

The decision orders Pacific Gas and Electric Company (PG&E) to refund $39,883.53 in overcharges for gas service to CTC Food International, Inc. (CTC).

Background

CTC is a food importer and distributor doing business in South San Francisco. CTC conducts business from a one-story warehouse/office building located at 131 West Harris Avenue, South San Francisco. The building is approximately 36,000 square feet in size. CTC employs an average of 30 persons in the building, including office staff and warehouse personnel.

The building has a gas water heater, a gas furnace for the office part of the building, and a gas heater in the warehouse area. The rest of the appliances, including air conditioning, are operated by electricity. PG&E provides gas service to the building. CTC is a commercial customer.

During the period December 5, 1988 through June 5, 1989, CTC's gas bills varied between $60.00 to $150.00 per month for gas use of approximately 100 to 200 therms. In November 1989, CTC received a four-month gas bill of $6,467.84 which indicated a gas use of 13,712 therms between July 5, 1989 and November 2, 1989.

CTC contacted PG&E about this unusually high gas bill. In response, PG&E, on December 4, 1989, sent an inspector to CTC's building. After an inspection of the building, the inspector concluded that the meter reading was correct and that the meter had recorded an additional gas use of 6,794 therms for the one-month period November 2, 1989 to December 4, 1989. The inspector informed CTC that the bill was too high because the heat was on too high.

CTC was not satisfied with the inspector's conclusion and requested further action by PG&E. On January 2, 1990, PG&E sent an accounts representative to CTC's premises. The accounts representative provided CTC information on conservation and advised it to have its furnace inspected to ensure it was operating efficiently.

After the December 4, 1989 inspection, PG&E read CTC's meter in January 1990. CTC's gas use for the two months was approximately 6,500 therms per month. CTC paid its gas bills. Since, CTC's gas bills were too high, CTC made arrangements with PG&E to pay its bills on an installment plan. In addition, CTC took every step to curtail its gas use, including turning off its warehouse heater.

PG&E's next meter reading occurred in May 1990 which reflected a gas use of 25,020 therms and a resulting bill of $14,875.90 for the four-month period, after which PG&E read CTC's meter in June, July, August, and September 1990. For each of these months CTC's gas usage was approximately 6,500 therms.

In September 1990, CTC again complained to PG&E regarding its high gas bills. PG&E sent its gas serviceman, Bill Miller, to inspect the building. After inspecting the meter, Miller was convinced something was wrong. He then performed a clock test. In a clock test a meter is checked for registering any gas use when all gas appliances, including the pilot light, are turned off. The clock test showed that the meter was registering a considerable amount of gas use even after CTC's appliances were turned off. Miller then assisted CTC personnel to find a massive leak in CTC's gas pipe located on the roof of the building.

Upon discovery of the leak, PG&E turned off the gas supply to the building and instructed CTC to repair the leak. CTC had the leak repaired by an independent contractor. Following the repair, PG&E restored CTC's gas service. CTC's gas bills after the repair returned to their pre-leak level. CTC's total gas bills during the approximately 14-month period of gas leak were $42,706.77.

Although CTC has paid its entire gas bill for the period of gas leak, it believes that it should not pay for the full amount of gas registered on its meter during that period. Accordingly, CTC requests refund for the full amount billed during the period of gas leak, less amounts for actual gas use by CTC.

Table 1 shows CTC's gas bills for the period December 5, 1988 to December 4, 1990.

TABLE 1

CTC FOOD INTERNATIONAL INC.
SCHEDULE OF PG&E GAS PAYMENTS

GAS ACCOUNT# DRB69 17605-0

	BILL DAYS	GAS BILLING PERIOD	AMOUNT	READING DIFFERENCE
1989	31	12/05/88 - 01/05/89	$ 143.21	226
	26	01/06/89 - 01/31/89	$ 141.10	219
	34	01/31/89 - 03/06/89	$ 148.95	226
	29	03/06/89 - 04/04/89	$ 84.41	129
	NOT READ	04/04/89 - 05/04/89	$ 0.00	NOT READ
	62	04/04/89 - 06/05/89	$ 122.82	224
	30	06/05/89 - 07/05/89	$ 58.53	102
	NOT READ	07/05/89 - 09/01/89	$ 0.00	NOT READ
	NOT READ	07/05/89 - 10/03/89	$ 0.00	NOT READ
	120	07/05/89 - 11/02/89 *1	$ 6,467.84	13,712
	33	11/02/89 - 12/05/89	$ 4,332.38	6,794
1990	30	12/05/89 - 01/04/90	$ 4,039.61	6,331
	NOT READ	01/04/90 - 02/02/90	$ 0.00	NOT READ
	NOT READ	01/04/90 - 03/06/90	$ 0.00	NOT READ
	NOT READ	01/04/90 - 04/04/90	$ 0.00	NOT READ
	120	01/04/90 - 05/04/90	$14,875.90	25,020
	32	05/04/90 - 06/05/90	$ 3,214.67	6,677
	30	06/05/90 - 07/05/90	$ 2,995.87	6,240
	29	07/05/90 - 08/03/90	$ 2,891.68	6,010
	32	08/03/90 - 09/04/90	$ 3,184.83	6,635
	7	09/04/90 - 09/11/90 *2	$ 703.99	1,466
	21	09/11/90 - 10/03/90	$ 14.48	14
	29	10/03/90 - 11/01/90	$ 16.16	10
	33	11/01/90 - 12/04/90	$ 52.93	64

1. First notice of unusually high gas bills
2. Repair of gas leak and the closing of PG&E Account # DRB69 17605-0

   CTC's current PG&E Gas Account # is DRB69 17611-7.

Hearings

Evidentiary hearings in the matter were held before Administrative Law Judge (ALJ) Garde on April 16, 1992. The matter was submitted on June 21, 1992 upon receipt of briefs.

During the hearings, CTC provided testimony through the following three witnesses:

1. Ikuo Fukumoto, Corporate General Manager
2. Glen Tadakuma, Corporate Controller
3. Jhonny Wong, Accounting Assistant

PG&E's testimony was provided by:

1. John Pinten, Senior Service Representative
2. David Casentini, Account Representative
3. Miller, Gas Serviceman

PG&E's Position

PG&E disagrees with CTC's claim. PG&E contends that CTC was billed in accordance with PG&E's tariffs and for the amount registered on CTC's meter. According to PG&E, CTC was responsible for inspecting and maintaining gas appliances and lines on its side of the meter, and detecting the gas leak was CTC's responsibility. PG&E contends that CTC is not entitled to any refund of charges made in accordance with PG&E's tariffs.

PG&E asserts that it followed all of its own standard practices and procedures and that it was not negligent in any way. According to the testimony provided by PG&E's witness, PG&E's procedure requires that upon receiving high bill inquiry where there is no mention of hazardous conditions, PG&E (1) tests the meter for accuracy and reliability, (2) tests the meter for gas leaks, (3) verifies the meter reading, and (4) reviews the customer's load and capacity to ensure that the customer is capable of using the amount of gas registered on the meter. PG&E claims that its inspector responding to the initial complaint followed all four steps.

Further, PG&E maintains that (1) at no time during the inspection did CTC mention the possibility of a gas leak in the system, (2) CTC's meter tested properly and its readings were verified, (3) the meter investigation did not reveal any evidence of gas leak, and (4) CTC's load and capacity were consistent with the meter readings and gas bills. PG&E also maintains that its inspectors did not detect any odor of gas during their visit and thus did not suspect a leak in the system.

In addition, PG&E opines that CTC, upon learning the results of PG&E's initial inspection of the building, agreed to pay all outstanding bills. According to PG&E, CTC did not express any dissatisfaction with PG&E's efforts and conclusions regarding the December 1989 inspection.

Finally, PG&E opines that while the specifics of lack of accessibility to CTC's meter are not in dispute, between April 1989 and May 1990, CTC's meter was routinely inaccessible to PG&E's meter readers because it was located within CTC's locked chain link fence. PG&E insists that the meter readers could only gain access to the meter when CTC employees provided access and that attempts by the meter reader to gain access to the meter through CTC's employees were unsuccessful.

Discussion

PG&E's tariff rules specify that the customer shall, at his or her own risk and expense, furnish, install, and keep in good and and safe condition all regulators, the mains, appliances, fixtures, and apparatus which may be required to receive gas from PG&E. Accordingly, PG&E is correct in asserting that it complied with its tariff rules and that CTC was responsible for inspecting and maintaining all appliances, including the gas main on CTC's side of the meter.

However, we should examine if PG&E could have taken any measures in accordance with its own procedures to help CTC to detect the leak earlier than it was detected. According to PG&E's procedures, PG&E, upon receiving a high gas bill complaint, (1) tests the meter for accuracy and reliability, (2) tests the meter for gas leaks, (3) verifies the meter reading, and (4) reviews the customer's load and capacity to ensure that the customer's system has the ability to use the billed quantity of gas. PG&E claims that in response to CTC's high bill complaint, PG&E sent its inspector who followed the above procedure. However, PG&E's own logs show that the inspector during this December 4, 1989 visit to CTC's building only checked the meter for leaks and verified the meter reading. Further, PG&E's failure to verify CTC's system capacity during the initial inspection is clear from the following testimony of PG&E's witness Pinten during examination by the ALJ:

> "Q So during your initial visit, the PG&E employee verified that CTC could use that amount of gas?
>
> "A Not the initial visit. The initial visit, your Honor, was only to verify the meter reading and to see if there was any gas leaks at the meter. The reading was found to be correct. The daily usage was in line with the daily average on the prior four-month bill, and it appeared appropriate for the wintertime." (Tr. Vol. 1, 54.)

While PG&E's witness tries to justify PG&E's failure to follow its own procedure by claiming that the inspector found CTC's daily usage in line with daily average for the prior four-month bill, he fails to note that it was the high bill for the prior four-month period which caused CTC to request an inspection of its facility. In fact the reading of 6,794 therms verified by the inspector was over 20 times the highest usage for the previous winter (Table 1). He did not assess the capacity of CTC's appliances to determine if CTC could have used the amount of gas registered on the meter. This omission by PG&E's inspector becomes significant when we notice in Table 1 that CTC's maximum gas use for any one-month period before CTC received its high gas bill was less than 150 therms. Had PG&E's inspector checked the capacities for all CTC appliances, the leak could have been detected earlier.

While PG&E claims that CTC was satisfied with the results of its initial inspection, PG&E's logs show CTC was not satisfied with the results of the initial inspection and as a result PG&E sent its accounts representative, Casentini, to CTC's premises. PG&E's procedure requires that a clock test be peformed during the second inspection. Not only did Casentini not perform the clock test on CTC's meter, he did not even check the capacity of CTC's appliances. A clock test would have revealed the leak.

It was not until September 11, 1990 that PG&E sent a gas serviceman to CTC's premises. The gas serviceman testified that during his inspection of the meter, it was obvious to him that something was wrong. He then proceeded to perform the clock test. It was the clock test that finally discovered that leak, approximately ten months after CTC initially filed the complaint about its high bill.

Another factor contributing to the delay in discovery of CTC's gas leak was that PG&E did not read CTC's meter at the end of each billing cycle of approximately 30 days. In addition, Table 1 reveals that twice during the period of the gas leak, CTC's meter was not read for 120 days. This infrequent reading of CTC's meter further delayed the discovery of the gas leak.

As to the reason for not reading CTC's meter at the end of each billing cycle, PG&E claims that its meter readers could not access CTC's meter. There is a disagreement between PG&E and CTC regarding the reason for inaccessibility to CTC's meter. However, PG&E, according to its procedure, should have notified a commercial customer, such as CTC, in writing about the problem of inaccessibility to the meter. PG&E's witness testified that a notice of inaccessibility to the meter should have been sent to CTC but was not sent.

From the above discussion it appears that it was PG&E's failure to follow its own procedures which delayed the discovery of the leak in CTC's system. CTC is entitled to some reimbursement from PG&E. Because the loss is due to inadequate efforts on PG&E's part, the reimbursement should not come from PG&E's other ratepayers, but instead from the shareholders.

Next, we will consider the appropriate amount of refund. According to Table 1, CTC's average monthly bill for the period December 5, 1988 through July 5, 1989 was $99.86. Had the leak not occurred, CTC's average monthly bill would have been $99.86 per month or a total of $1,398.04 for the 14-month period of gas leak. However, during the period of gas leak CTC's total bill was $42,706.77, or $3,050.48 per month. We will evaluate if CTC should pay any portion of the high bill.

Since significant increase in CTC's gas use was noticed after a four-month delay (July 5, 1989 to November 2, 1989) in the reading of CTC's meter, it is difficult to determine when the gas leak in CTC's pipe started. In fact, due to PG&E's failure to follow its procedures, the leak was not discovered until September 11, 1990. However, even if PG&E had followed its procedures and read CTC's meter at the end of each billing cycle, CTC would still be responsible for paying for the leaking gas during the billing cycle in which the leak started. Since it is not possible to determine the precise beginning of the gas leak during a billing cycle, it would be reasonable to assume that the leak started in the middle of the billing cycle. We will assume that the gas leak in CTC's pipe started during the middle of the first billing cycle of the 14-month period of the gas leak. Based on that assumption, we will require CTC to pay one-half of the higher average monthly gas bill of $3,050.48, or $1,525.24, for the first month. CTC is responsible for a total gas bill of $1,525.24 for one month and $99.86 per month for 13 months, or a total of $2,823.24. CTC has paid PG&E a total of $42,706.77. CTC is entitled to a refund of $39,883.53 ($42,706.77 - $2,823.24).

Findings of Fact

1. CTC, a food importer and distributor, conducts its business from a one-story warehouse/office building of 36,000 square feet.

2. CTC is PG&E's commercial gas customer.

3. During the period December 5, 1988 through June 5, 1989, CTC's gas bills varied between $60 to $150 per month for gas use of approximately 100 therms to 230 therms.

4. In November 1989, CTC received a four-month gas bill of $6,467.84 which indicted a gas use of 13,712 therms between July 5, 1989 and November 2, 1989.

5. CTC complained to PG&E about its high gas bill.

6. PG&E sent an inspector to CTC's building on December 4, 1989.

7. According to PG&E's procedure, PG&E, upon receiving a high bill complaint, (1) tests the meter for accuracy and reliability, (2) tests the meter for gas leaks, (3) verifies the meter reading, and (4) reviews the customer's load and capacity to ensure that the customer is capable of using the amount of gas registered on the meter.

8. PG&E's inspector failed to follow PG&E's procedure on December 4 by failing to verify the load and capacity of CTC's gas appliances.

9. CTC was not satisfied with results of PG&E's initial inspection.

10. On January 4, 1990, PG&E sent an account representative to CTC's premises.

11. PG&E's account representative also did not assess the load and capacity of CTC's appliances.

12. In response to a further complaint by CTC, PG&E, in September 1990, sent a gas serviceman to inspect CTC's premises.

13. The gas serviceman performed a clock test on CTC's meter; as a result a gas leak was discovered in CTC's gas pipe.

14. Had PG&E followed its own procedures, the gas leak would have been detected sooner.

15. PG&E's procedures require it to read a commercial customer's gas meter at the end of each billing cycle of approximately 30 days.

16. PG&E did not read CTC's gas meter at the end of each billing cycle.

17. PG&E's procedures require that if a commercial gas customer's gas meter is inaccessible, the customer should be notified in writing about the inaccessibility to the meter.

18. PG&E did not notify CTC in writing about inaccessibility to CTC's gas meter.

19. Had PG&E read CTC's meter at the end of each billing cycle, CTC would have received a high gas bill within one month of the occurrence of the leak in its gas pipe.

20. CTC has paid its gas bills totaling $42,706.77 for the 14-month period of July 5, 1989 to September 4, 1990.

21. The delay in discovery of the gas leak caused CTC to pay $30,883.53 more in gas bills than it would have paid had PG&E followed its procedures and consequently helped in earlier detection of the leak.

22. PG&E's lack of diligence allowed almost $40,000 worth of natural gas to be lost to atmosphere.

<u>Conclusions of Law</u>

1. PG&E should refund CTC $39,883.53 in overcharges for gas service.

2. Without a financial penalty, there is little incentive for the utility to follow its procedures. To increase PG&E's

incentive, it should not be allowed to recover this loss from other ratepayers.

3. Since all issues raised in this proceeding have been addressed, this proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E) shall refund CTC Food International, Inc. (CTC) $39,883.53 in overcharges for gas service during the period July 5, 1989 to September 11, 1990.

2. PG&E shall not recover from its ratepayers the $39,883.53 payment to CTC.

3. The proceeding in Case 91-09-065 is closed.

This order becomes effective 30 days from today.

Dated October 6, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

I CERTIFY THAT THIS DECISION WAS APPROVED BY THE ABOVE COMMISSIONERS TODAY

Neal J. Shulman

NEAL J. SHULMAN, Executive Director

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