

Decision No. 90258 MAY 8 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

KENT C. MCKINNEY,)
)
 Complainant,)
)
 vs.)
)
 PACIFIC GAS AND ELECTRIC)
 COMPANY,)
)
 Defendant.)
)

Case No. 10648
(Filed August 15, 1978)

Kent C. McKinney, for himself, complainant.
Malcolm Furbush and Bernard J. Della Santa,
 Attorneys at Law, for Pacific Gas and
 Electric Company, defendant.

O P I N I O N

Complainant, a data processing computer expert, alleges that defendant misinterprets its tariff for gas deliveries in such a way that persons living within lifeline quantities are systematically overcharged, and defendant correspondingly receives revenues to which it is not entitled. He requests that the Commission rectify the situation by ordering defendant to comply with its tariff, to refund the alleged overcharges he has paid, and to make similar refunds to all other customers similarly situated.

Defendant denies the allegations.

A duly noticed hearing was held before ^{the assigned} Administrative Law Judge ~~Gillanders~~ on October 10, 1978, and the matter was submitted.

Background

The tariff in issue is Cal. P.U.C. Sheet No. 10223-G, filed and made effective on July 12, 1977. We take official notice of it. It sets forth the monthly therm allowances per dwelling unit, segregating the fuel into quantities for basic allowance, lifeline allowance, and nonlifeline allowance.

As lifeline quantities are not provided for space heating from May 1 to October 31, the defendant utility must prorate lifeline quantities when the billing period spans May 1 or October 31, or both. For example, there is no space heating lifeline allowance in October, but there is in November; therefore, it is necessary to prorate when the billing cycle covers a portion of both months - this can be called a transitional billing period.

The method of proration, and the crux of this case, is specified in the tariff as follows:

"Seasonal Rate Changes: The lifeline allowances for space heating will be prorated in the May and November billing periods based on the ratio of the number of days prior to May 1 and subsequent to October 31, respectively, to the total number of days in the billing period." (Appendix A.)

Position of the Parties

Complainant alleges, as one instance, that he was overcharged in the amount of 45 cents for the billing period October, 17 1977 to November 16, 1977 during which time he used 51 therms of gas in climatic band X under Schedule No. G-1 (Appendix A). He computes his bill as follows:

Prorated lifeline allowance:

Basic allowance =	26 therms
Space heating = 80 therms x 16/30 (fraction November days in period)	<u>42.7</u>
	68.7 therms

Computed charges:

Basic customer charge =	\$ 1.20
All 51 therms within prorated allowance x \$.1417 =	<u>7.2267</u>
	\$ 8.4267

Defendant's billing was as follows:

First, assume all usage occurred in October and compute the bill. Second, assume all usage occurred in November and compute the bill. Third, prorate each bill on the basis of days usage each month and derive a total.

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Thus:

Basic customer charge =	\$1.2000
1st 26 therms x \$.1417 =	3.6842
Next 25 therms x \$.1804 =	<u>4.5100</u>
October =	\$9.3942
Basic customer charge =	\$1.2000
All 51 therms x \$.1417 =	<u>7.2267</u>
November =	\$8.4267

Actual computed charges:

\$9.3942 x 14/30 (Fraction of October days in period) =	\$4.38396
\$8.4267 x 16/30 (Fraction of November days in period) =	<u>4.49424</u>
	\$8.87820

Result:

Total bill per defendant	\$8.88
Total bill per complainant	<u>8.43</u>
Difference:	\$.45

Discussion

Complainant has correctly discerned an inconsistency between defendant's filed tariff and its billing practices. The tariff provision calls for prorating the lifeline allowance; defendant prorates the bill itself. Simply stated, PG&E has not been billing its customers in accordance with its tariff.

This practice cannot be permitted to continue, and if it has resulted in significant overbilling of customers, this Commission would feel compelled to order that refunds be made. These retrospective and prospective matters will be considered in turn.

The retrospective question of whether refunds should be ordered depends for its answer upon whether the inconsistency between defendant's tariff and its billing practice has caused customers to be charged significantly more for their service than would have been the case under a proration system consistent with defendant's tariff. Complainant's method of prorating lifeline

volumes would result in significantly lower bills during proration billing periods. His 45 cent savings during one such period represents over five percent of his bill, and defendant has calculated that to correct the discrepancy between its and complainant's proration methods back to July 1977 would require refunds of \$2.5 to 3.0 million. Thus, if this level of overcharges were based on the proration method, those overcharges certainly would be significant enough to warrant that refunds be ordered, but complainant's method is not the only means of prorating lifeline volumes; moreover, it is not the most reasonable method.

As set forth on page 2 of this Order, complainant's approach makes use of the basic lifeline allowance and the prorated space heating lifeline allowance for the entire transitional billing period. Thus, the lifeline allowance for space heating can be allocated to the nonspace heating fraction of the transitional billing period. No grounds have been offered to justify this result, which was not contemplated in the Commission's calculation of lifeline allowances.

An alternative method of space heating lifeline allowance proration is available which avoids the above problem and results in a bill nearly equivalent to that calculated by the defendant under its current billing procedures. This method would allow the customer that portion of each calendar month's total lifeline allowance - space heating and/or basic - proportional to the fraction of that month included in his billing period.

The workings of this proration method can be shown by using the example of complainant's October-November 1977 bill, covering 14 days in October and 16 days in November, with a basic lifeline allowance of 26 therms in October and a basic plus space heating lifeline allowance of 106 therms in November. Complainant's prorated lifeline allowances for portions of the two months would be:

14/31 x 26 = 11.742 for October, and

16/30 x 106 = 56.533 for November.

The customer's consumption would also have to be prorated. Given the uncertainties of weather and usage, a fair assumption would be that his consumption is constant throughout the billing period.^{1/}

Referring again to complainant's example, his consumption of 51 therms would be prorated over the 30-day billing period as follows:

14/30 x 51 = 23.8 therms in October, and

16/30 x 51 = 27.2 therms in November.

His bill would then be computed as follows:

October: 11.742 therms at \$.1417 = \$1.6638

12.058 therms at \$.1804 = 2.1753

November: 27.200 therms at \$.1417 = 3.8542

Basic customer charge = 1.2000

Total bill \$8.8933

Complainant's bill under this method of prorating the lifeline allowance would thus exceed defendant's billing under its bill proration method by the difference between \$8.8933 and \$8.8782, or about 14 cents.

In general, the more equitable and accurate method of prorating the lifeline allowance just described results in billings very nearly identical to those which defendant has made based upon its bill proration method. The reason for the large discrepancy between complainant's proposed proration method and the other two methods is simply that complainant would take the benefit of space heating lifeline allowances in the nonspace heating fraction of each transitional billing period. Thus, the inconsistency between defendant's tariff provision and its billing method has not caused its customers to be charged significantly more for their service than would have been the case under a fair method of lifeline allowance proration. Therefore, we shall not order defendant to make reparations in this case.

^{1/} It is recognized that weather, consumption patterns and meter reading dates vary. The proration method advocated by McKinney would give a special advantage to customers with mid-month meter reading dates.

As demonstrated above, a fair method of prorating the lifeline allowance in computing bills for transitional periods will not result in significantly different billings than defendant's present billing procedure. Thus, there appears to be no important equitable interest in choosing between proration of the bill or of the lifeline allowance.

Prospectively, defendant must revise its billing practice or its tariff provision so that they are consistent. Proration of the lifeline allowance during transitional periods would render ambiguous and unclear the indication on customer bills of the cost for consumption in excess of lifeline amounts. The complexity of lifeline proration is further aggravated by the addition of lifeline allowances for air conditioning, creating even more difficulty for consumers in understanding their utility bills. Changing the tariff provision would avoid this problem and thus would not hinder this Commission's conservation efforts by promoting customer consciousness of energy consumption and its cost. Therefore, we expect the defendant to revise its tariff to provide a fair and simpler method for lifeline allowance allocations.

Findings

1. Cal. P.U.C. Sheet No. 10223-G, effective from July 12, 1977 through August 11, 1978, and Cal P.U.C. Sheet No. 10309-G, effective on August 12, 1978, state that "the lifeline allowance for space heating will be prorated in the May and November billing periods based on the ratio of the number of days prior to May 1 and subsequent to October 31, respectively, to the total number of days in the billing."

2. Defendant does not prorate the lifeline allowance for space heating according to its filed tariff sheet, but instead prorates the bill itself.

3. Defendant's method of proration has not resulted in an overcollection from the complainant.

4. Complainant's method of proration can allow lifeline allowances for space heating to be allocated to the nonspace heating fraction of a transitional billing.

5. The present tariff provision relating to proration is cumbersome and ambiguous.

Conclusions

1. Defendant has violated a provision of its filed tariff, but no overcollection from complainant has resulted.

2. Complainant's method of proration is not reasonable.

3. Complainant is entitled to no relief in this proceeding, and no reparation should be ordered.

4. Defendant should be ordered to revise its tariff provisions to provide a fair and simpler method for lifeline allowance allocations.

ORDER

IT IS ORDERED that:

1. Kent C. McKinney is not entitled to any relief in this proceeding and in all respects the complaint in Case No. 10648 is denied.

2. Within thirty days of the effective date of this order, Pacific Gas & Electric Company shall file revised tariff sheets to conform with findings and conclusions expressed in this decision.

The effective date of this order shall be thirty days after the date hereof.

Dated at San Francisco, California, this 8th of MAY, 1979.

John E. Coyne
President
Dorson L. Sturgeon

Richard D. Gravelle
Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the discussion of this proceeding.

Pacific Gas and Electric Company
San Francisco, California

Revised Cal. P.U.C. Sheet No. 10309-G
Canceling Revised Cal. P.U.C. Sheet No. 10223-G

Schedule No. G-1
NATURAL GAS SERVICE

(Continued)

SPECIAL CONDITIONS

1. **Lifeline Rates:** Lifeline rates are applicable only to residential usage. The Utility may require the customer to complete and file with it an appropriate Declaration of Eligibility for Lifeline Rates.

2. **Lifeline Usage:** The following quantities of gas are billed at the rates for lifeline usage:

End Use	Code	Monthly Therm Allowance per Dwelling Unit for Climatic Bands*			
		W	X	Y	Z
<u>Individually Metered Residences</u>					
Basic Allowance	B	26	26	26	26
Basic plus space heating					
Summer (May 1 to Oct. 31).....	H	26	26	26	26
Winter (Nov. 1 to April 30)	H	81	106	141	166
Non-lifeline	N	0	0	0	0

Gas used for other than residential purposes will be billed at the non-lifeline rates.

*Climatic bands are described in the Preliminary Statement.

3. **Life-Support Devices:** A residential customer, who certifies in writing that regular use of a medical life-support device, as defined in Rule No. 1, is essential to maintain the life of a full-time resident of the household, is eligible for a uniform monthly lifeline allowance in addition to those allowances shown in Special Condition 2. The amount of the additional allowance will be determined by the Utility from load and operating time data. The Utility may require certification by a doctor or osteopath licensed to practice medicine in the State of California that a particular device is necessary to sustain the user's life.

4. **Seasonal Rate Changes:** The lifeline allowances for space heating will be prorated in the May and November billing periods based on the ratio of the number of days prior to May 1 and subsequent to October 31, respectively, to the total number of days in the billing period.

5. **Interruption and Discontinuance:** Service under this schedule is subject to discontinuance in whole or in part without notice in case of actual or anticipated shortage of natural gas resulting from an insufficient supply, inadequate transmission or delivery capacity or facilities, or storage requirements. The Utility will not be liable for damages occasioned by interruption or discontinuance of service supplied under this schedule. Such interruption or discontinuance of service will be made in accordance with Rules Nos. 14 and 21. Customers who were served under an interruptible schedule prior to September 20, 1976 and who were required to maintain alternate fuel capability will be curtailed before other Priority P1 customers.

Advice Letter No. 1005-G
Decision No. 88651

Issued by
W. M. Gallavan
Vice-President—Rates and Valuation

Date Filed JUL 13 1978
Effective AUG 12 1978
Resolution No. _____