

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-3485  
AUGUST 1, 1997

R E S O L U T I O N

RESOLUTION E-3485. SAN DIEGO GAS & ELECTRIC COMPANY REQUESTS REVISION OF SECTION C OF ITS ELECTRIC TARIFF RULE 18 AND GAS TARIFF RULE 18 -- METER TESTS AND ADJUSTMENT OF BILLS.

REQUEST GRANTED, WITH MODIFICATIONS.

BY ADVICE LETTER 980-E/1005-G, FILED ON MARCH 7, 1996.

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SUMMARY

1. San Diego Gas & Electric Company (SDG&E) requests revision of Section C of its electric tariff Rule 18 and gas tariff Rule 18 [Rule 18] -- Meter Tests and Adjustment of Bills -- to clarify the manner in which it backbills for meter errors.
2. The proposed revisions concern the over/under billings for meter errors. They include the following:
  - o there would be no interest charged on the adjusted bills or credits.
  - o the period used to calculate such charges would be from the date SDG&E determined the meter error started to the date the meter error is corrected.
  - o SDG&E would present the adjusted bill within six months of the date of meter correction.
3. There were no protests. This resolution approves the request, with modifications.

BACKGROUND

1. The present Rule 18 tariff language was ordered in Decision [D.]86-06-035 for all Californian energy utilities. The paragraph which SDG&E proposes to modify in Section C of Rule 18 reads as follows:

Where meter error is discovered as the result of a meter test, the utility may render an adjustment bill

to the customer for the amount of the undercharge, and shall issue a refund or credit to the customer for the amount of the overcharge, computed back to the date that the utility determines the meter error commenced, except that the period of adjustment shall not exceed three years.

2. In the above paragraph there is no mention of interest charges on backbills or credits. The paragraph states the start of the period for computation of a backbill or credit but neglects to specify the end of the period. It is silent on the period, after the discovery of a billing error, within which a backbill should be issued.

3. Resolution G-2820 dated September 14, 1988 forbade charges of interest unless specifically provided for in the tariffs. The Resolution was in response to SDG&E's request in its AL 647-G/745-E requesting revision of Preliminary Statement regarding the payment of interest.

4. SDG&E requests three basic changes to the above. They are:

- o to specify that there will be no interest charges on the ensuing bills or credits.
- o to specify the period for which the over/under charges will be calculated. This period is to be from the time the utility determines the meter error started to the date the meter error is corrected.
- o to specify the period within which SDG&E shall present the bill or credit to the customer. SDG&E proposes that within six months from the date of meter correction, the company shall present a bill or notification of pending billing investigation to the customer of record.

5. SDG&E proposes to incorporate the above changes in the tariff to read as follows:

Where meter error is discovered as the result of a meter test, the utility may render an adjusted bill to the customer for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest. The over or under charge will be calculated from the date the utility determines the meter error commenced to the date the meter error is corrected. In no event shall the adjusted period exceed three (3) years. The utility will present a bill or notification of pending billing investigation to the customer of record, within six (6) months from date of metering correction. [Emphasis added to highlight proposed changes]

6. The Commission's Consumer Affairs Branch [CAB] has in the past issued two different informal opinions concerning the starting time of backbilling adjustments; one being that the

starting date is the date of correction of the meter, the other holding that the starting date is the date the bill was presented to the customer. The first was in response to a request by Pacific Gas and Electric Company (PG&E) for an opinion in 1991. The second was in response to a similar request by a customer of PG&E in 1995. In each case the parties cited Public Utilities Code Sections 737 and 738 which pertain to periods of backbillings. In both opinions the CAB stated that its interpretations were not binding on the Commission. SDG&E's AL 980-E/1005-G is an attempt to clarify the period for backbilling adjustments.

#### NOTICE

1. SDG&E served notice of AL 980-E/1005-G by mailing copies to other utilities, government agencies, and parties that requested such information. AL 980-E/1005-G was noticed in the Commission Calendar.

#### PROTESTS

1. No party protested AL 980-E/1005-G.

#### DISCUSSION

1. AL 980-E/1005-G encompasses three basic issues of
- o charging interest on bills or credits
  - o period of time to calculate charges for bills or credits
  - o period of time to present bills or credits.

#### Charging Interest

2. Energy utilities do not charge interest for billing or metering errors. D.86-06-035 is silent on payment or receipt of interest on backbillings. SDG&E's Preliminary Statement states that it will pay no interest unless specifically provided for in tariffs ordered by the Commission or required by Public Law 97-177 --The Prompt Payment Act [Resolution G-2820 dated September 14, 1988]. By this advice letter SDG&E wants to make it explicit in Tariff Rule 18 that no interest shall accrue to adjusted bills for meter errors.

3. Energy Division has reviewed the proposed addition and recommends its adoption in Section C of Rule 18 because it makes the required non-payment of interest explicit and eliminates any ambiguity in the tariff for the ratepayers and the utility.

Period to Calculate Charges

4. SDG&E wants to establish the period it takes to calculate the meter error charges. D.86-06-035 specifies the beginning of the period as the date that the utility determines the meter error started. SDG&E wants that period to end at the date the meter error is corrected. D.86-06-035, however, states:

We believe a three month limitation period for backbilling residential customers is sufficient in view of the utilities' assertion that they have procedures to detect billing and meter errors promptly. Because billing for commercial customers is usually more complex and involves larger amounts of money, we will continue to permit backbilling for commercial customers for three years. [Emphasis added to highlight issues]

It is the Energy Division's view that SDG&E's proposal does not comply with D.86-06-035. The Energy Division recommends that SDG&E limit the period for backbilling residential customers to the shorter period of (a) three months or (b) the date the meter error commenced to the date it is corrected. Similarly, SDG&E should limit the period of calculation of charges for backbilling non-residential customers to the shorter period of (a) three years or (b) the period from the date the meter error commenced to the date it is corrected. The three year limit is consistent with Public Utilities Code Section 736 which allows complaints for damages to be filed with the Commission within three years from the time the cause of action accrues.

Period for Presentation of Bills

5. The Energy Division has reviewed SDG&E's proposal to present a bill or notification of pending billing investigation to the customer of record within six months from the date of meter correction. The Energy Division believes that SDG&E has the technology and requisite procedures to issue a corrected bill to the customer as soon as the customer's meter is corrected and a new bill calculated. It is the Energy Division's view that such billing and calculation can be done within three months of the correction. Also, SDG&E's request for a possible "notification of pending billing investigation to the customer of record" after the correction of a faulty meter is superfluous and should be dropped.

Conclusion

6. The Energy Division recommends that SDG&E's request in AL 980-E/1005-G be approved with the provision that it modify its request by including the following paragraph in Section C of its Rule 18.

When meter error is discovered as the result of a meter test, the utility may render an adjusted bill to the customer for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without

interest. The over or under charge will be calculated from the date the utility determines the meter error commenced to the date the meter error is corrected. In no event shall this period exceed three months for backbilling residential customers or three years for non-residential customers. The utility shall present a bill to the customer of record within three months of the date of meter correction.

7. Should SDG&E choose to modify its proposal, it may file a supplemental advice letter incorporating the modifications set forth in the above paragraph no later than 30 days after the effective date of this Resolution. The supplemental advice letter shall be effective on the date filed.

#### FINDINGS

1. San Diego Gas & Electric Company [SDG&E] filed Advice Letter [AL] 989-E/1005-G on March 7, 1996, requesting revisions in Section C of its Electric and Gas Rule 18 which require that:

- o there would be no interest charged on the adjusted bills or credits.
- o the period used to calculate such charges would be from the date SDG&E determined the meter error started to the date the meter error is corrected.
- o SDG&E would present the adjusted bill within six months of the date of meter correction.

2. No interest should be charged on backbills or credits for meter errors.

3. A three month limitation period for backbilling residential customers is reasonable.

4. A three year limitation period for backbilling non-residential customers is reasonable.

5. The calculation period for backbilling of residential customers should be the shorter period of three months or the period from the date the meter error commenced to the date the meter is corrected.

6. For non-residential customers, the calculation period for backbilling should be the shorter period of three years or the period from the date the meter error commenced to the date the meter is corrected.

7. SDG&E should present an adjusted bill to the customer of record within three months of the date of meter correction.

8. SDG&E may submit a supplemental advice letter incorporating the modifications set forth in the Conclusion paragraph above.

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9. The supplemental advice letter should be effective on the date filed.

THEREFORE, IT IS ORDERED that:

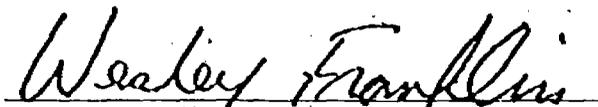
1. San Diego Gas & Electric Company's (SDG&E) request in its Advice Letter 980-E/1005-G is granted providing that SDG&E inserts the following paragraph in Section C of its Tariff Rule 18, instead of the one it has proposed:

When meter error is discovered as the result of a meter test, the utility may render an adjusted bill to the customer for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest. The over or under charge will be calculated from the date the utility determines the meter error commenced to the date the meter error is corrected. In no event shall this period exceed three months for backbilling residential customers and three years for non-residential customers. The utility shall present a bill to the customer of record within three months of the date of meter correction.

2. Should SDG&E choose to modify its proposal as ordered above, it may file a supplemental advice letter incorporating the modifications set forth in the above paragraph no later than 30 days after the effective date of this Resolution. The supplemental advice letter shall be effective on the date filed.

3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 1, 1997. The following Commissioners approved it:

  
WESLEY FRANKLIN  
Executive Director

P. Gregory Conlon, President  
Jessie J. Knight, Jr.  
Henry M. Duque  
Josiah L. Neeper  
Richard A. Bilas  
Commissioners