

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2851  
DECEMBER 19, 1988

R E S O L U T I O N

RESOLUTION G-2851, AUTHORIZES SOUTHERN CALIFORNIA GAS COMPANY (SOCAL) TO REINSTATE MONTHLY PRORATION INTO RULE 14, METER READING, APPLICABLE TO CORE PRIORITIES P-2 AND BELOW AND ALL NONCORE CUSTOMERS; BY ADVICE LETTER 1829, FILED OCTOBER 27, 1988.

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SUMMARY

1. By Advice Letter 1829 filed October 27, 1988, Southern California Gas Company requests authorization to reinstate monthly billing customer charge proration for all nonresidential customers, Priority 2 (P-2) and below into Rule 14, Meter Reading.
2. This resolution authorizes the request.

BACKGROUND

1. The subject of proration for California energy customers is extensive, in particular for residential customers. It is traced here briefly, to ensure continuity in the record.
2. Proration was changed in tariffs filed in 1984 for residential customers to comply with Decisions (D.)82-12-113 and D.83-12-068. The central issue was what method of proration was the most equitable given changeovers from winter to summer billings in conjunction with lifeline/baseline allowances. The final method adopted the use of a residential, daily allocation for both the customer charge and the rate blocks. Proration for nonresidential customers was not directly discussed.
3. SoCal's General Rate Case decision (D.84-12-069) adopted the change from monthly to daily allocation for residential customers. This decision further upheld the change based on the need for consistency with Southern California Edison (SCE), since most of SoCal's gas customers served by SCE for electricity were already being billed using a daily allocation.
4. In response to these decisions, Southern California Gas Company (SoCal) filed Advice Letter No. 1425 on March 26, 1984,

to introduce Daily Allowance Billing (DAB). This changed the residential lifeline allowances and rate blocks to daily therm allowances, and also converted monthly customer charges for residential rate schedules into daily allocations. In addition, part of Schedule GN-1, Small Commercial Gas Service, was changed to reflect a daily customer charge for P-1 customers, while the schedule's P-2 customers retained a monthly customer charge. Substantive sections of Rule 14, Meter Reading, were removed to "reflect the elimination of proration."

5. The Commission reviewed SoCal's Advice Letter 1425 and adopted the requested changes by Resolution G-2593 on April 18, 1984.

#### DISCUSSION

1. In Advice Letter 1829, SoCal states that the purpose of its filing is to reinstate in Rule 14 the provision for bill proration under certain circumstances.

2. SoCal explains that when nonresidential service is opened or closed and when the bill issued is for more or less than a month (defined as thirty days), it is necessary to prorate the customer charge to reflect the actual period of time for which the service was used. SoCal states that while the proration of accounts is minimal for noncore customers (the customer charge is now a flat minimum fee for service), core commercial accounts still require proration under circumstances involving billing cycle changes and/or account opening and closing.

3. The Commission Advisory and Compliance Division (CACD) has reviewed SoCal's advice letter and its accompanying rule change. The paragraph for reinstatement as requested matches one of the removed paragraphs existing in 1984, and closely duplicates PG&E's wording covering bill proration, with the exception of the final phrase "on an annual basis". The proposed paragraph reads:

"Except as otherwise provided in certain rate schedules, the opening and closing bills and monthly bills for gas service rendered for a period of less than 27 days or more than 33 days will be computed in accordance with the rate schedule applicable; but the blocks in the schedule and the customer charge as set forth in the rate shall be prorated on the basis of the number of days service has been rendered to the number of days in an average month which shall be taken as thirty days, provided, however, that if the number of billing days is more than 33 due to changing a customer from one meter reading cycle to another, the customer charge shall not exceed the monthly customer charge as specified in the applicable rate schedule on an annual basis." (Emphasis added).

4. CACD compared SoCal's Rule 14 with PG&E's Rule 9 "Rendering and Payment of Bills", as well as with those of SCE and San Diego Gas and Electric Company (SDG&E). The quoted SoCal paragraph above closely resembles each utility's rule sections discussing prorata correction.

5. If the paragraph is to be reinstated, the issue of the added phrase "on an annual basis" remains. The effect of the added phrase "on an annual basis" is to ensure that a proration of a monthly, nonresidential customer charge does not cause an overcollection under the span of a year's time. Under the newly restructured gas rate design, monthly customer charges are based on annual usage and the customer charge usually forms the basis of a "minimum" monthly charge for any service. The inclusion of the phrase should protect against overcollection.

6. CACD recommends that SoCal's the request be approved.

7. Public notification of this filing has been made by mailing copies of each filing to other utilities, governmental agencies and to all interested parties who requested such notification.

8. No protests to this advice letter have been received by CACD.

FINDINGS

1. Proration of monthly customer charges should apply to SoCal's nonresidential customers.
2. The reinsertion of the paragraph cited above will correct an inadvertant deletion of proration dating from 1984. Therefore,

IT IS ORDERED THAT,

1. Southern California Gas Company is authorized to reinstate proration for its nonresidential customers, Priority 2 and below into Rule 14 as requested in Advice Letter 1829.
2. Advice Letter 1829 and the accompanying agreement shall be marked to show that they were approved by Commission Resolution G-2851.
3. This Resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting of December 19, 1988. The following Commissioners approved it:

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners



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Executive Director