

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the
Commission's Own Motion to Consider
Revising Energy Utility Tariff Rules Related to
Deposits and Adjusting Bills as They Affect
Small Business Customers.

Rulemaking 10-05-005
(Filed May 12, 2010)

**OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY
(U 902 E) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)**

Kim F. Hassan

Attorney for
San Diego Gas & Electric Company
Southern California Gas Company
101 Ash Street, HQ12B
San Diego, CA 92101-3017
Telephone: (619) 699-5006
Facsimile: (619) 699-5027
E-Mail: KHassan@semprautilities.com

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I. INTRODUCTION

Pursuant to Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), San Diego Gas & Electric Company (“SDG&E”) and the Southern California Gas Company (“SoCalGas”), (collectively, the “Joint Utilities”), provide their Opening Comments in the above-captioned Rulemaking.

In the *Order Instituting Rulemaking on the Commission’s Own Motion to Consider Revising Energy Utility Tariff Rules Related to Deposits and Adjusting Bills as They Affect Small Business Customers* (“Order”), the Commission reexamines the utility tariff rules governing adjustments of customer bills due to meter and/or billing errors and customer deposit requirements, with the purpose of “considering whether to treat small business customers, as

defined in Government Code Section 14837 under the definition of ‘micro-business,’¹ the same as residential customers for certain billing and deposit purposes.”² The Commission believes such considerations are warranted because of recent concerns that small business customers are receiving increased back-bills due to utility billing and meter errors, which can consequently subject small business customers to significant and burdensome re-establishment of credit deposit requirements.³

II. OVERVIEW

The Joint Utilities applaud the Commission for its efforts to ensure that utility tariff rules continue to provide fair and adequate treatment to all customers – including small business customers. Small businesses are vital to the State’s economy⁴ and have been exceptionally troubled during the recent economic downturn. According to a recent article, they “worry every day about keeping the lights on, paying and retaining employees and keeping customers and vendors happy – not to mention, liabilities, cash flow and access to credit.”⁵

Even before the economic downturn began in the latter part of 2007, the Joint Utilities strived to maintain their levels of billing and meter errors, so as to limit the number of business billing adjustments and subsequent re-establishment deposits. Data request responses related to

¹ Pursuant to Government Code Section 14837, a “micro-business” is a small business that, together with affiliates, has average annual gross receipts of two million seven hundred and fifty thousand dollars (\$2,750,000) or less over the previous three years, or is a manufacturer, as defined in subdivision (c), with 25 or fewer employees. Subdivision (c) defines manufacturer to mean a business that meets both of the following requirements: (1) It is primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products, and (2) It is classified between Codes 31 to 33, inclusive, of the North American Industry Classification System.

² Order, at p.1.

³ Deposits charged for reestablishment of credit are based on the creditworthiness of the customer and the likelihood that the customer may default on future payments. The request for a re-establishment deposit is not directly related to a bill adjustment.

⁴ According to the Federal Small Business Administration (“SBA”), the number of small employers in California was 718,220 in 2006, which accounted for 99.2% of the state’s employers and 52.1% of its private-sector employment. <http://www.business.ca.gov/LinkClick.aspx?fileticket=-OMnTiw9zJs%3d&tabid=77>. The SBA defines a small business as an independent business having fewer than 500 employees.

⁵ Jennifer Thompson, “Small Business is the Backbone of Our Economy,” *Insight Magazine* (March 2009).

AB 1879 (attached) show that rebillings related to undercharges for SoCalGas' customers⁶ were 1,683 in 2007, 1,577 in 2008 and 1,799 in 2009. Similarly, SDGE's rebillings⁷ due to undercharges were 1,172 in 2007, 1,021 in 2008, and 753 in 2009. While the Joint Utilities do not want to suggest a trend, this data nevertheless demonstrates the small number of rebillings due to undercharges relative to the more than 7.6 million invoices issued by SoCalGas and 4.8 million invoices issued by SDGE to these same customers during this same timeframe.

In these Opening Comments, the Joint Utilities first comment on how to best define "small business customers" for purposes of this Rulemaking and the best means to identify them. Second, the Joint Utilities comment on the Order's proposal to treat small businesses the same as residential customers for purposes of billing adjustments and re-establishment of credit deposit requirements. Third, the Joint Utilities discuss current practices ideas that assist small business customers during these tough economic times. And lastly, the Joint Utilities address the necessary cost recovery proposals the Commission should consider to ensure that these significant costs are properly recovered in rates because cost recovery is an important component of this proceeding given the significant cost implications of the Order's proposed measures and any new measures that may stem from this proceeding.

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⁶ SoCalGas data is based on data for all customers taking service on rate schedule GN-10.

⁷ SDG&E data is based on data for all customers taking service on electric rate schedule A, A-TOU, and gas rate schedule GN-3.

III. THE TERM “SMALL BUSINESS CUSTOMERS” SHOULD INCLUDE THE INTENDED CLASS OF CUSTOMERS, BE EASY TO ADMINISTER, AND HAVE SOME UTILITY INDUSTRY RELEVANCE

The Joint Utilities are committed to working with the Commission and other interested parties in this proceeding to explore means to assist small business customers. But to do this effectively, the term, “small business” -- a vague and amorphous term⁸ – needs a clear definition. The term “small business customer” needs to be defined in an easily administrable way, such that neither the customer nor the utility is required to expend undue time or expense to determine whether a business meets the definition. In addition, the term should have some utility industry relevance that provides an efficient and transparent means by which utilities can identify this class of customers.⁹ The Joint Utilities believe that use of the Government Code’s definition of micro-business is unworkable, and instead the Commission should define the term “small business” based on customers’ energy usage.

A. Use of the Government Code Definition of Micro-Business Is Unworkable

For purposes of identifying small business customers, the Order proposes to use Government Code Section 14837’s definition of micro-business: a company with average annual gross receipts of \$2,750,000 or less over the previous three years, or a manufacturer with 25 or fewer employees. This definition is impracticable for numerous reasons. First, the Government Code’s definition, which classifies businesses based on gross income and business type/employee count, is a size-based definition that has no relevance and application in the utility

⁸ The term “small business” is virtually meaningless because 99.9% of all U.S. firms are small businesses, i.e., have fewer than 500 employees. See <http://web.sba.gov/faqs/faqindex.cfm?areaID=24>. See also Scott Shane, “The Term ‘Small Business’ Is Baloney,” *Bloomberg Businessweek* (April 2010). Based on most recent U.S. Census information, over 85% of U.S. businesses have fewer than 20 employees. <http://www.census.gov/epcd/www/smallbus.html>.

⁹ In determining what constitutes a small business, the SBA’s definition will vary industry from industry to reflect industry differences accurately. <http://web.sba.gov/faqs/>.

industry: utilities do not identify customers based on gross sales receipts or company type and employee count. Thus, the utilities do not have ready access to such customer information and have no means to verify the information, unless: 1) customers are required to self-certify as small business customers by providing to the utilities an affidavit of income, business type/employee count, 2) the utilities use the list maintained by the Department of General Services to classify small business customers,¹⁰ or 3) customers are required to provide the utilities with tax and/or financial information. Such verification methods, however, have significant flaws.

Relying on customers to self-certify, for example, does not afford the utilities an opportunity to easily identify small business customers and effectively promote the new small business customer service options. Additionally, self-certification could only be done on a post-hoc basis and requires the utilities to suspend further processing of transactions on the customers account, which could adversely affect service to the customers. Moreover, the self-certification requirement may deter many potentially eligible small business customers. It has been the Joint Utilities' experience that often times customers simply do not initiate contact with utilities, even if it is to their benefit. Self-certification also would impose an administrative burden on the utilities, who would be tasked with the time and expenses associated with collecting, maintaining, and storing the customer data, as well as the time and expenses associated with analyzing customer financial records to determine eligibility.

Use of the Department of General Services' list of 16,519 micro-businesses to classify small business customers is also problematic because the list does not include all small businesses because it serves the limited purpose of identifying companies who could potentially

¹⁰ The General Services' list of micro-businesses is comprised of 16,519 companies. *See* <http://www.bidsync.com/DPXBisCASB>. To generate the list of 16,519 California micro-businesses, select "Micro-Business" Certification Type and click the "Search" button.

be eligible for government contract work based on company income and business requirements.¹¹ A review of the list reveals that the majority of businesses are involved in construction-related activities. As such, it does not include many sole proprietorship businesses that should be deemed small business customers for purposes of this proceeding.

Neither do the Joint Utilities support the requirement that customers provide tax or financial information to the utilities for income verification purposes because many small business customers will likely not want to provide the utilities with their sensitive financial records. And thus, the utilities will be unable to render assistance to the potentially eligible small business customers. Moreover, the collection, maintenance and storage of customers' sensitive financial data raise potential customer privacy concerns and would impose an administrative burden on the utilities, who would be tasked with the time and expenses associated with collecting, maintaining, and storing the sensitive customer data. The utilities would be further tasked with the time and expenses associated with analyzing the financial records to determine if customers even meet the criteria.

B. Small Business Customers Should Be Defined Based on Energy Usage

In lieu of the Government Code's definition, the Joint Utilities propose that, for purposes of this proceeding, the term "small business customer" should apply to a specific and identifiable class of commercial customers,¹² and be based on customers' energy usage, taking into consideration variances in utility fuel types. Specifically, the Joint Utilities suggest that "small

¹¹ See <http://www.pd.dgs.ca.gov/smbus/sbregs.htm>.

¹² For example, in *Interim Decision Issuing General Order 168, Rules Governing Telecommunications Consumer Protection*, the Commission defined a small business customer as "any customer having (or applicant seeking) the carrier's service on twenty or fewer access lines, provided that customer or applicant also has no more than one T-1 line." Decision ("D.") 04-05-057, at p. 26.

business customers” be defined as those customers who use no more than 40,000 kWh/year¹³ or 10,000 therms/year.¹⁴

Basing the definition on energy usage is a more transparent and straightforward means by which the utilities can identify small business customers. A usage-based definition is also easy to administer because the utilities already have the relevant customer information and can easily identify customers that they meet the criteria of a small business customer. This allows the utilities to target these customers for purposes of providing energy efficiency measures and information, referrals to additional state and federal assistance programs,¹⁵ and other utility financial assistance opportunities. This utility industry-relevant definition also avoids the administrative cost and customer privacy concerns discussed above. Furthermore, a usage-based definition would prove beneficial to customers, who will likely be more aware of their actual energy activities, so as to further ensure utility metering and billing accuracy.

III. SMALL BUSINESS CUSTOMERS SHOULD BE TREATED SIMILARLY, BUT NOT THE SAME AS RESIDENTIAL CUSTOMERS

The Order proposes that the utilities treat small business customers the same as residential customers for purposes of billing and deposit purposes. Specifically, the Order considers whether back-billing of small business customers due to billing and/or meter errors should be limited to three months rather than three years, and whether the interim re-establishment of deposit requirements adopted for residential customers in Rulemaking (“R.”)

¹³ 40,000 kWh/year represents approximately 90% of SDG&E’s small commercial electric accounts.

¹⁴ 10,000 therms/year represents approximately 92% of SDG&E’s core commercial accounts, and 90% of SoCalGas’ core commercial accounts.

¹⁵ There are numerous state and federal programs that provide assistance to small business owners, e.g., the California Small Business Loan Guarantee Program, administered by the Business, Transportation and Housing Agency and the state’s eleven Financial Development Corporations, provides guaranteed loans to small businesses. There are 34 Small Business Development Centers in California that help prospective and existing small business owners in California to start, retain, or expand their businesses. The American Recovery and Reinvestment Act of 2009 provided \$730 million to the SBA and made changes to the agency’s lending and investment programs so that they can reach more small businesses that need help.

http://www.sba.gov/recovery/REC_LEARN_PROGRAMS.html

10-02-005 should be the same for small business customers, i.e., no re-establishment of credit deposits for either slow payment, no payment, or following a disconnection.¹⁶

The Joint Utilities agree that small business customers are a unique class of customers who have specific needs and concerns that are similar to those of some residential customers. For that reason, the Joint Utilities propose to limit rebills to three months for non-residential customers that use no more than 40,000 kWh/year or 10,000 therms/year. Reducing the rebilling period from three years to three months will significantly reduce the financial burden on this group of customers. Because this proceeding ostensibly stems from concerns regarding excessive backbills due to billing and meter errors, and the subsequent re-establishment deposits, the Joint Utilities also propose to waive re-establishment of deposit requirements that result from slow payment, no payment or disconnection following rebills for billing and meter errors. Although re-establishment deposits *are not* directly related to bill adjustments, but rather are based on customer creditworthiness and the probability that the customer may default on future payments, the Joint Utilities consider that this proposal represents a fair and balanced means to assist small business customers, without unduly burdening other ratepayers.

IV. CURRENT UTILITY PRACTICES TO ASSIST SMALL BUSINESS CUSTOMERS

The Joint Utilities offer many programs and services to benefit small business customers. For example, both utilities offer payment arrangement options to business customers who are facing financial hardship and are having difficulty paying their energy bills. To provide their business customers with deposit alternatives, both utilities accept other forms of credit, such as a letter of credit or surety bond. To help business customers, identify energy savings, the Joint Utilities' make available to business Energy Challenge—an effective online survey designed to

¹⁶ *Rulemaking to Establish Ways to Improve Customer Notification and Education to Decrease the Number of Gas and Electric Utility Service Disconnection*, at Ordering Paragraph (“OP”) 3(b).

help business find ways to improve their energy management, reduce their energy costs, and raise awareness of energy usage.¹⁷

In addition, SDG&E's energy efficiency program offers companies financial incentives, design assistance, performance audits and training to build greater energy-efficiency into their operations. SDG&E's energy management initiatives also provide a wide range of customized solutions to help lower electricity and natural gas costs and solidify the bottom line. SoCalGas offers an On-Bill Financing program which helps fund a wide variety of efficiency improvement projects for business customers of up to \$100,000 with interest-free loans. Recently, SoCalGas made \$23 million in rebates and incentives available this year to business customers for qualifying energy-efficiency projects. Further, to educate businesses about the latest in energy-efficient equipment and technologies, SoCalGas provides technical and foodservice-related seminars at its LEED[®] Certified Energy Resource Center in Downey, CA.

V. PROPOSALS FOR NECESSARY RATE RECOVERY

The Order proposes to consider whether back-billing of small business customers, due to billing and/or meter errors, should be limited to three months rather than three years, and if the utilities should be banned from requesting from small business customers re-establishment credit deposits for either slow payment, no payment, or following a disconnection. These actions will necessarily increase the extent to which the utilities must write off bad debt as uncollectible¹⁸ and the operating and maintenance ("O&M") costs the utilities will incur. Utility bad debt will increase because deposit amounts will be reduced, and the utilities will not have once available funds on hand. Depending on how the Commission defines small business

¹⁷ See <http://www.sdge.com/business/rebatesincentives/programs/energyChallenger.shtml>;
<http://www.socalgas.com/business/energysurvey/index.html>.

¹⁸ Bad debt expense is essentially the cost associated with a utility's inability to obtain payment for services rendered.

customers, the utilities will also likely incur additional O&M expenses to comply with the Rulemaking. These cost increases would be borne by the utility's shareholders in the near term, absent the utilities' ability to record the amount of the increase in a regulatory account and to periodically include the balance of that account in rates so the increased costs may be adequately recovered.

The Joint Utilities believe that the best method for determining the appropriate amount of costs for future rate recovery is to use the effective date of a Final Order in the proceeding as a baseline period for small business bad debt expenses, above which any future uncollectible expenses attributed to small business customer service should be recorded annually and recovered in rates.¹⁹ Moreover, SDG&E and SoCalGas recommend that resulting net increases in O&M expense (i.e., above authorized in the last GRC) be handled on an activity-specific basis, such that material increases in costs are properly recorded to the regulatory account and recovered in rates. While these specific activities may vary, the Joint Utilities propose to only record costs for those specific activities, considered above and beyond, what is normally provided in the way of customer service.

VI. CONCLUSION

In sum, SDG&E and SoCalGas strongly commend the Commission for its worthwhile goals as articulated in the Order, and in its significant efforts to assist small business customers in need. The Joint Utilities appreciate this opportunity to share their comments, and look

¹⁹ The Joint Utilities point out that the issue of cost identification and rate recovery will likely be somewhat problematic given the nature of the costs at issue and the problems inherent in establishing a clear and fair definition of the costs that are in excess of those projected in the utilities' last General Rate Cases ("GRC"). The GRC process does not necessarily establish a definitive level of rate funding for each specific operational area or activity performed by a utility in serving its customers. Accordingly, it may prove difficult for parties to gain a clear consensus and agreement on how best to determine the amount of the costs the utility should be allowed to record and ultimately recover. Moreover, utilities oftentimes resolve their differing positions in GRC proceedings through compromise and settlement and, as a result, the Commission's adopted outcome on a given GRC service issue or area may be influenced by the process of give and take between parties.

forward to working with the Commission, consumer groups, and other stakeholders to explore other means to assist small business customers.

Sincerely,

/s/ Kim F. Hassan

Kim F. Hassan

Attorney for
San Diego Gas & Electric Company
Southern California Gas Company
101 Ash Street, HQ12B
San Diego, CA 92101-3017
Telephone: (619) 699-5006
Facsimile: (619) 699-5027
E-Mail: KHassan@semprautilities.com

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ATTACHMENT A

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

Southern California Gas Company provides the following information to answer Assemblymember Jim Beall, Jr.'s concerns regarding the issue of utility corrections of previous under-charges for small commercial customers.

As requested the data presented represents data for all customers taking service on the G-10 rate schedule. Over the time period specified, SoCalGas has issued 7.6 million separate monthly invoices to these G-10 customers. For SoCalGas, this is the default rate schedule assigned to nearly all non-residential customers and can be assigned to other customers requesting it for their service.

From SoCalGas' perspective, using the G-10 rate schedule is not the appropriate means for defining small commercial customers. For non-residential service this schedule covers both commercial and industrial customers with a large range in monthly usage patterns and significant variation in metering complexities needed to support the customer's operations and ensure accuracy of billing determinants.

We appreciate this opportunity to provide the factual basis to help with the legislative process and look forward to working with the Assemblymember to resolve any concerns with current utility practices to the benefit of all stakeholders.

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

1. Please provide the annual number of billing adjustments for incorrect charges that SoCalGas completed in 2007, 2008 and 2009 for small commercial customers (those taking gas service on rate schedule G-10), where the adjustment was necessitated by a “billing error” as defined by SoCalGas’ Tariff Rule 16.C and subject to the time limits specified in that Rule. Include in your response only those adjustments intended to correct a previous undercharge (rather than those crediting a customer for a previous overcharge).

SoCalGas Response Question 1:

Following are the annual number of billing adjustments for those taking gas service on rate schedule G-10 to correct previous undercharges necessitated by a “billing error” as defined by SoCalGas’ Tariff Rule 16.C.

<u>2007</u>	<u>2008</u>	<u>2009</u>
1278	1073	1150

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

2. Regarding the billing error-related billing adjustments for small commercial customers that were identified in response to question 1:
- (a) Please provide the number of adjustments which corrected undercharges that occurred over a period of time longer than 3 months in each year from 2007 to 2009.
 - (b) Please provide the dollar amount of each adjustment identified in part (a) above.

SoCalGas Response Question 2a:

Following are the number of billing-error related adjustments which corrected undercharges for a period of time longer than three months for those taking gas service on rate schedule G-10.

<u>2007</u>	<u>2008</u>	<u>2009</u>
226	189	254

SoCalGas Response Question 2b:

Following are the dollar amounts of adjustments which corrected undercharges for a period of time longer than three months. The details of each individual billing adjustment are listed in the excel attachment provided.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 162,197	\$ 263,178	\$ 134,255

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

3. For each year from 2007 to 2009, please provide the total dollar amount of revenues rendered uncollectible by the time limits in Rule 16.C for billing adjustments for billing error. Separately indicate amounts associated with residential customers, small commercial customers (those taking service on rate schedule G-10), and all other customers.

SoCalGas Response Question 3:

SoCalGas does not calculate billing adjustments for billing error beyond the limits established in Rule 16.C, so the information to respond to this question is not available.

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

4. Please provide the annual number of billing adjustments for incorrect charges that SoCalGas completed in 2007, 2008 and 2009 for small commercial customers (those taking gas service on rate schedule G-10), where the adjustment was necessitated by a “meter error” as defined by SoCalGas’ Tariff Rule 16.D and subject to the time limits specified in that Rule. Include in your response only those adjustments intended to correct a previous undercharge (rather than those crediting a customer for a previous overcharge).

SoCalGas Response Question 4:

Following are the annual number of billing adjustments for those taking gas service on rate schedule G-10 to correct previous undercharges necessitated by a “meter error” as defined by SoCalGas’ Tariff Rule 16.D.

<u>2007</u>	<u>2008</u>	<u>2009</u>
405	504	649

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

5. Regarding the meter error-related billing adjustments for small commercial customers that were identified in response to question 4:
- (a) Please provide the number of adjustments which corrected undercharges that occurred over a period of time longer than 3 months in each year from 2007 to 2009.
 - (b) Please provide the dollar amount of each adjustment identified in part (a) above.

SoCalGas Response Question 5a:

Following are the number of meter-error related adjustments which corrected undercharges for a period of time longer than three months for those taking gas service on rate schedule G-10.

<u>2007</u>	<u>2008</u>	<u>2009</u>
144	179	248

SoCalGas Response Question 5b:

Following are the dollar amount of meter-error related adjustments which corrected undercharges for a period of time longer than three months for those taking gas service on rate schedule G-10. The details of each individual billing adjustment are listed in the excel attachment provided.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 245,331	\$ 1,196,874	\$ 567,061

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

6. For each year from 2007 to 2009, please provide the total dollar amount of revenues rendered uncollectible by time limits in Rule 16.D for billing adjustments for meter error. Separately indicate amounts associated with residential customers, small commercial customers (those taking service on rate schedule G-10), and all other customers.

SoCalGas Response Question 6:

SoCalGas does not calculate billing adjustments for billing error beyond the limits established in Rule 16.C, so the information to respond to this question is not available.

**SOUTHERN CALIFORNIA GAS COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

7. Has SoCalGas been the subject of any informal or formal complaints filed with the CPUC by customers alleging that SoCalGas violated time limits in tariff Rule 16.C or 16.D since October 1, 2007? If so, please provide the following information:
- (a) The number of informal CPUC complaints filed by i) residential customers, and ii) non-residential customers;
 - (b) The number of formal CPUC complaints filed by i) residential customers, and ii) non-residential customers;
 - (c) The status of all complaints included in your responses to parts (a) and (b) above, including the number of complaints i) still pending, ii) in which a determination was made that no tariff violation occurred, iii) in which a determination was made by the CPUC (in the case of a formal complaint) or by the CPUC's Consumer Affairs Branch (in the case of an informal complaint) that SoCalGas violated the time limits in Rule 16.C or 16.D. Please separately identify formal and informal complaints, and provide the complaint case number for all formal complaints.
 - (d) For any complaints identified in subpart (iii) of your response to part (c), please briefly describe the facts in the complaint, including the reason for the undercharge giving rise to the billing adjustment, the period of time covered in the "backbill," and the dollar amount found to have been billed beyond the time limited in Rule 16.C or 16.D.

SoCalGas Response Question 7:

SoCalGas has not been the subject of any informal or formal complaints filed with the CPUC by customers alleging that SoCalGas violated time limits in tariff Rule 16.C or 16.D since October 1, 2007.

**SAN DIEGO GAS & ELECTRIC COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

QUESTION 1:

Please provide the annual number of billing adjustments for incorrect charges that SDG&E completed in 2007, 2008 and 2009 for small commercial customers (those customers taking service on electric rate schedule A or A-TOU and/or gas rate schedule GN-3), where the adjustment was necessitated by a "billing error" as defined by SDG&E's Electric and Gas Tariff Rules 18.C and subject to the time limits specified therein. Include in your response only those adjustments intended to correct a previous undercharge (rather than those crediting a customer for a previous overcharge).

RESPONSE 1:

Following are the quantities of billing adjustments to correct previous undercharges due to billing error for the years requested for customers on electric rate schedules A or A-TOU and/or gas rate schedule GN-3.

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Billing Adjustments	1,111	972	689

**SAN DIEGO GAS & ELECTRIC COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

QUESTION 2:

Regarding the billing error-related billing adjustments for small commercial customers that were identified in response to question 1:

- (a) Please provide the number of adjustments which corrected undercharges that occurred over a period of time longer than 3 months in each year from 2007 to 2009.
- (b) Please provide the dollar amount of each adjustment identified in part (a) above.

RESPONSE 2:

- (a) Following are the quantities of the billing adjustments in the response to Question 1 that were for periods longer than three months:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Billing Adjustments	242	199	144

- (b) Following are the total dollar amounts of the billing adjustments in the response to Question 1 that were for periods longer than three months. The details of the individual billing adjustments are in the attachment provided.

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Billing Adjustments	\$86,318	\$187,282	\$76,729

**SAN DIEGO GAS & ELECTRIC COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

QUESTION 3:

For each year from 2007 to 2009, please provide the total dollar amount of revenue rendered uncollectible by the time limits in Rule 18.C for billing adjustments for billing error. Separately indicate amounts associated with residential customers, small commercial customers (those taking service on electric rate schedule A or A-TOU and/or gas rate schedule GN-3), and all other customers.

RESPONSE 3:

SDG&E does not calculate billing adjustments for billing error beyond the limits established in Electric and Gas Tariff Rules 18.C, so the information to respond to this question is not available.

**SAN DIEGO GAS & ELECTRIC COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

QUESTION 4:

Please provide the annual number of billing adjustments for incorrect charges that SDG&E completed in 2007, 2008 and 2009 for small commercial customers (those customers taking service on electric rate schedule A or A-TOU and/or gas rate schedule GN-3), where the adjustment was necessitated by a "meter error" as defined by SDG&E's Electric and Gas Tariff Rules 18.B and subject to the time limits specified therein. Include in your response only those adjustments intended to correct a previous undercharge (rather than those crediting a customer for a previous overcharge).

RESPONSE 4:

Following are the quantities of billing adjustments to correct previous undercharges due to meter error for the years requested for customers on electric rate schedules A or A-TOU and/or gas rate schedule GN-3.

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Billing Adjustments	61	49	64

**SAN DIEGO GAS & ELECTRIC COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

QUESTION 5:

Regarding the meter error-related billing adjustments for small commercial customers that were identified in response to question 4:

- (a) Please provide the number of adjustments which corrected undercharges that occurred over a period of time longer than 3 months in each year from 2007 to 2009.
- (b) Please provide the dollar amount of each adjustment identified in part (a) above.

RESPONSE 5:

- (a) Following are the quantities of the billing adjustments in the response to Question 4 that were for periods longer than three months:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Billing Adjustments	35	32	52

- (b) Following are the total dollar amounts of the billing adjustments in the response to Question 4 that were for periods longer than three months. The details of the individual billing adjustments are in the attachment provided.

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Billing Adjustments	\$75,782	\$118,746	\$220,740

**SAN DIEGO GAS & ELECTRIC COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

QUESTION 6:

For each year from 2007 to 2009, please provide the total dollar amount of revenue rendered uncollectible by the time limits in Rule 18.B for billing adjustments for meter error. Separately indicate amounts associated with residential customers, small commercial customers (those taking service on electric rate schedule A or A-TOU and/or gas rate schedule GN-3), and all other customers.

RESPONSE 6:

SDG&E does not calculate billing adjustments for meter error beyond the limits established in Electric and Gas Tariff Rules 18.B, so the information to respond to this question is not available.

**SAN DIEGO GAS & ELECTRIC COMPANY
RESPONSES TO RETROACTIVE BILLING INQUIRIES
FROM ASSEMBLYMEMBER BEALL**

QUESTION 7:

Has SDG&E been the subject of any informal or formal complaints filed with the CPUC by customers alleging that SDG&E violated the time limits in tariff Rule 18.B or 18.C since October, 2007? If so, please provide the following information:

- (a) The number of informal CPUC complaints filed by i) residential customers, and ii) non-residential customers;
- (b) The number of formal CPUC complaints filed by i) residential customers, and ii) non-residential customers;
- (c) The status of all complaints included in your responses to parts (a) and (b) above, including the number of complaints i) still pending, ii) in which a determination was made that no tariff violation occurred, iii) in which a determination was made by the CPUC (in the case of a formal complaint) or by the CPUC's Consumer Affairs Branch (in the case of an informal complaint) that SDG&E violated the time limits in Rule 18.B or 18.C. Please separately identify formal and informal complaints, and provide the complaint case number for all formal complaints.
- (d) For any complaints identified in subpart (iii) of your response to part (c), please briefly describe the facts in the complaint, including the reason for the undercharge giving rise to the billing adjustment, the period of time covered in the "backbill," and the dollar amount found to have been billed beyond the time limits in Rule 18.B or 18.C.

RESPONSE 7:

SDG&E has not been the subject of any informal or formal complaints filed with the CPUC by customers alleging that SDG&E violated the time limits in tariff Rule 18.B or 18.C since October 2007.

CERTIFICATE OF SERVICE

I hereby certify that a copy of **OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)** has been electronically mailed to each party of record of the service list in R.10-05-005. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to the assigned Administrative Law Judges and Commissioner.

Executed this 14th day of June, 2010 at San Diego, California.

 /s/ Jenny Norin

Jenny Norin