

**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.

R. 10-05-005  
(Filed May 6, 2010)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M) OPENING  
COMMENTS TO THE JULY 28, 2010 SMALL BUSINESS PROGRAM  
STAFF REPORT IN R.10-05-005**

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Dated: August 6, 2010

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**I. INTRODUCTION**

On May 6, 2010, the California Public Utilities Commission (Commission) opened this rulemaking to determine “whether any revisions and/or updates are necessary to utility tariff rules governing adjustments of customer bills due to meter and/or billing errors and whether utility deposit rules need to be revised.” (OIR, p. 1). The proceeding was designed to consider “whether to treat small business customers, as defined in Government Code Section 14837 under the definition of ‘micro-business,’ the same as residential customers for specific billing and deposit purposes.” (OIR, p. 1). Opening and Reply Comments were requested and submitted on June 14 and June 28, 2010 respectively. Thereafter, a workshop was held on July 6, 2010 and a Small Business Program Staff Report was distributed on July 28, 2010 summarizing the position of the parties and staff at the workshop. There was a large level of consensus reached among the attending parties.

**II. DISCUSSION**

The July 28th Small Business Program Staff Report was broken into two sections. Below, in Section A, Pacific Gas and Electric Company (PG&E) thereafter outlines its agreement with the Commission Staff to amend tariff language to reflect the agreed upon back-billing policy. In Section B, PG&E outlines its position regarding the deposit issues raised in the report.

**A. Back-billing**

PG&E currently applies a policy of three years back-billing for both meter and billing errors for commercial customers. PG&E agrees with Commission Staff that Tariff Rule 17.1 should be amended to reflect a maximum back-billing period of three months for small businesses rather than three years.

Additionally, PG&E believes there is need for a greater level of parity in treatment of an overcharge for a billing error versus a metering error. PG&E currently provides a six month refund in the case of a meter error and three years for a billing error. To eliminate these differences, PG&E will amend its gas and electric Rules to reflect equal refund parameters of three years for both meter and billing errors for residential and commercial customers, consistent with the recommendation of the Small Business Program Staff Report.

PG&E, as part of these opening comments, is also submitting as Appendix A proposed tariffs to address the back-billing issue as requested in the Staff Report. Upon conclusion of this proceeding, PG&E will separately advise file all tariff changes for Commission approval.

**B. Deposits**

PG&E agrees with the Commission staff that a policy of assessing a deposit at twice the highest bill could be onerous for a small business given California's current economic climate. With that said, it should be noted that PG&E currently assesses deposits at two times the average bill for all business customers with one exception – customers for whom PG&E receives a third party notification of financial deterioration. In the event that such an alert is provided, PG&E will complete a thorough financial analysis to determine if a deposit is warranted. In such a case, it is presently assessed at twice the maximum monthly bill. In order to provide parity in this process, PG&E is willing to modify its current practice of assessing deposits on small business customers with notable financial deterioration from twice the maximum monthly bill to twice the average monthly bill for small business customers.

The Commission Staff also recommends “that the utilities actively pursue creative credit and payment policies, including . . . deposit alternatives . . .” (Small Business Program Staff

Report, p. 20). PG&E is currently providing such deposit assistance to its customers by providing several non-cash alternatives to small businesses in lieu of cash. The alternatives include Automatic Payment Service (APS), a Bill Guaranty, Surety Bond, or an Irrevocable Letter of Credit. Additionally, in the event a small business customer wishes to utilize cash for the deposit, PG&E will provide three months to pay the deposit upon a request for a payment arrangement.

Also, to avoid assessing deposits, PG&E utilizes its Deferred Deposit Letter (DDL) process to inform the customer that his/her credit is in jeopardy. This DDL provides customers an opportunity to avoid a credit reestablishment deposit from being assessed on their accounts. The DDL process is driven by the number of 24 hour notices that a small commercial customer receives in a rolling 12 month period. In the event the customer has received three 24 hour notices within a rolling 12 month period, the customer will be sent a DDL informing them that continued late payments may result in the charging of a security deposit.

A customer must then avoid receiving any 24 hour notices within the subsequent twelve month period. If any 24 hour notices are received in the first two months, they will not be considered. If the customer, however, does receive a 24 hour notice within the following ten-month period, a deposit will be issued. But, if a customer does not receive any 24 hour notices within that timeframe, the customer's credit will be reestablished, and it will result in the expiration of the DDL and credit watch.

### **III. CONCLUSION**

PG&E appreciates the participation of all the parties to address the back-billing and deposit concerns as it pertains to small business customers. PG&E looks forward to continued progress and echo Sempra's sentiment in seeking solutions that are both fair and cost effective,

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without burdening ratepayers. PG&E further echoes Sempra's sentiment in that utilities should be allowed to recover costs associated with any changes to its back-billing or deposit practices.

Respectfully Submitted,

LISE H. JORDAN  
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By: \_\_\_\_\_ /s/  
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Dated: August 6, 2010

# **Appendix A**

DRAFT Gas Rule 1, Sheet 25

DRAFT Gas Rule 17.1, Sheet 2

DRAFT Electric Rule 1, Sheet 25

DRAFT Electric Rule 17.1, Sheet 2



**GAS RULE NO. 1**  
**DEFINITIONS**

Sheet 15

**SCHEDULED METER READING DATE:** The date PG&E has scheduled a Customer's meter to be read for the purposes of ending the current billing cycle and beginning a new one. PG&E's meter reading schedule is published annually, but is subject to periodic change.

**SERVICE PIPE:** All pipe, valves, and fittings from and including the connection at the main, up to and including the stop-cock on the riser.

**SERVICE-PIPE EXTENSION:** Extension of a Service Pipe as defined above, in accordance with the service-extension rules.

**SHRINKAGE:** The amount of gas used by PG&E's Gas Department and the lost and unaccounted for supply, both of which are a function of moving gas for a Customer.

**SMALL BUSINESS CUSTOMER:** A non-residential Customer with gas usage of less than 10,000 therms per meter during the most recent 12 month period, or who meets the definition of a "micro-business" under California Government Code 14837.

**SMARTMETER™:** Trademark used by PG&E with permission of trademark owner for use in conjunction with PG&E's Advanced Metering Infrastructure (AMI) project (approved by the Commission in D.06-07-027) and in conjunction with the marketing of any or all related goods and services of PG&E associated with AMI.

**STANDARD ATMOSPHERIC PRESSURE:** A pressure of 14.73 pounds per square inch absolute (psia).

**STANDARD CUBIC FOOT OF GAS:** The quantity of gas that occupies one cubic foot at standard temperature under standard atmospheric pressure and is free of water vapor (dry), unless otherwise specified.

**STANDARD TEMPERATURE:** 60 degrees Fahrenheit, based on the international temperature scale.

**STORAGE INJECTION:** Quantities of gas delivered into storage facilities for later use by Customers.

**STORAGE WITHDRAWAL:** Quantities of gas delivered from storage facilities for use by Customers.

**STRAIGHT FIXED VARIABLE (SFV):** A rate design method which allocates all fixed costs to the demand charge and all variable costs to the commodity, or usage, component.

(Continued)

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Issued by  
**Jane K. Yura**  
 Vice President  
 Regulation and Rates

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**GAS RULE NO. 17.1**  
**ADJUSTMENT OF BILLS FOR BILLING ERROR**

Sheet 2

**B. ADJUSTMENT OF BILLS FOR BILLING ERROR (Cont'd.)**

**1. BILLING ERROR RESULTING IN OVERCHARGES TO THE CUSTOMER (Cont'd.)**

**a. RESIDENTIAL AND NONRESIDENTIAL SERVICE**

If either a residential or nonresidential service is found to have been overcharged due to billing error, PG&E will calculate the amount of the overcharge, for refund to the Customer, for a period of three years. However, if it is known that the period of billing error was less than three years, the overcharge will be calculated for only those months during which the billing error occurred.

**2. BILLING ERROR RESULTING IN UNDERCHARGES TO THE CUSTOMER**

**a. RESIDENTIAL SERVICE**

If a residential service is found to have been undercharged due to a billing error, PG&E may bill the Customer for the amount of the undercharge for a period of three months. However, if it is known that the period of billing error was less than three months, the undercharge will be calculated for only those months during which the billing error occurred.

**b. NONRESIDENTIAL SERVICE**

If a nonresidential service is found to have been undercharged due to a billing error, PG&E may:

- i. bill the Customer for the amount of the undercharge for a period of three months if the Customer is a Small Business Customer, as defined in Rule 1; or
- ii. bill the Customer for the amount of the undercharge for a period of three years if the Customer is not a Small Business Customer, as defined in Rule 1.

However, if it is known that the period of billing error was less than three months or three years, as applicable, the undercharge will be calculated for only those months during which the billing error occurred.

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**ELECTRIC RULE NO. 1**  
**DEFINITIONS**

Sheet 25

**SCHEDULED METER READING DATE:** The date PG&E has scheduled a Customer's meter to be read for the purposes of ending the current billing cycle and beginning a new one. PG&E's meter reading schedule is published annually, but is subject to periodic change.

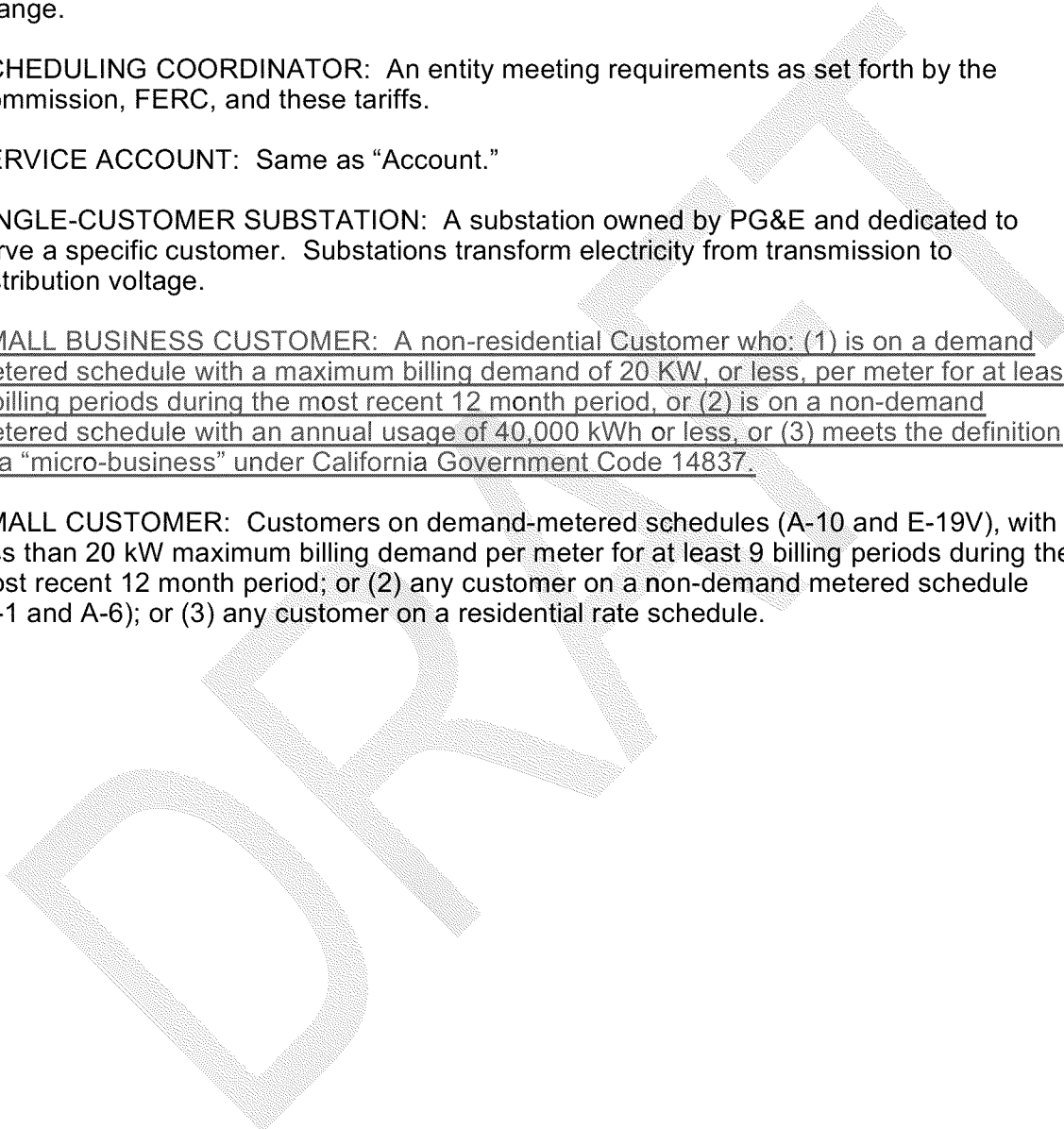
**SCHEDULING COORDINATOR:** An entity meeting requirements as set forth by the Commission, FERC, and these tariffs.

**SERVICE ACCOUNT:** Same as "Account."

**SINGLE-CUSTOMER SUBSTATION:** A substation owned by PG&E and dedicated to serve a specific customer. Substations transform electricity from transmission to distribution voltage.

**SMALL BUSINESS CUSTOMER:** A non-residential Customer who: (1) is on a demand metered schedule with a maximum billing demand of 20-KW, or less, per meter for at least 9 billing periods during the most recent 12 month period, or (2) is on a non-demand metered schedule with an annual usage of 40,000 kWh or less, or (3) meets the definition of a "micro-business" under California Government Code 14837.

**SMALL CUSTOMER:** Customers on demand-metered schedules (A-10 and E-19V), with less than 20 kW maximum billing demand per meter for at least 9 billing periods during the most recent 12 month period; or (2) any customer on a non-demand metered schedule (A-1 and A-6); or (3) any customer on a residential rate schedule.



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**ELECTRIC RULE NO. 17.1**  
**ADJUSTMENT OF BILLS FOR BILLING ERROR**

Sheet 2

**B. ADJUSTMENT OF BILLS FOR BILLING ERRORS (Cont'd.)**

**1. BILLING ERROR RESULTING IN OVERCHARGES TO THE CUSTOMER**

**a. RESIDENTIAL AND NONRESIDENTIAL SERVICE**

If either a residential or nonresidential service is found to have been overcharged due to billing error, PG&E will calculate the amount of the overcharge, for refund to the Customer, for a period of three years. However, if it is known that the period of billing error was less than three years, the overcharge will be calculated for only those months during which the billing error occurred.

**2. BILLING ERRORS RESULTING IN UNDERCHARGES TO THE CUSTOMER**

**a. RESIDENTIAL SERVICE**

If a residential service is found to have been undercharged due to a billing error, PG&E may bill the Customer for the amount of the undercharge for a period of three months. However, if it is known that the period of billing error was less than three months, the undercharge will be calculated for only those months during which the billing error occurred.

**b. NONRESIDENTIAL SERVICE**

If a nonresidential service is found to have been undercharged due to a billing error, PG&E may:

- i. bill the Customer for the amount of the undercharge for a period of three months if the Customer is a Small Business Customer, as defined in Rule 1; or
- ii. bill the Customer for the amount of the undercharge for a period of three years if the Customer is not a Small Business Customer, as defined in Rule 1.

However, if it is known that the period of billing error was less than three months or three years, as applicable, the undercharge will be calculated for only those months during which the billing error occurred.

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## CERTIFICATE OF SERVICE BY ELECTRONIC MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the party to the within cause; and that my business address is 77 Beale Street, B30A, San Francisco, California 94105. I hereby certify that I have this day electronically served the foregoing document(s) upon each member of the official service list of **R.10-05-005** pursuant to Rule 2.3 of the California Public Utilities Commission's Rules of Practice and Procedure:

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and if no e-mail address was available, the party was served by U.S. Mail.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on August 6, 2010, at San Francisco, California.

\_\_\_\_\_/s/  
Jennifer S. Newman

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