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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
ENERGY BRANCH

RESOLUTION E-3094  
AUGUST 10, 1988

R E S O L U T I O N

RESOLUTION E-3094. SOUTHERN CALIFORNIA EDISON COMPANY (EDISON). AUTHORIZATION TO REVISE THE PRELIMINARY STATEMENT REGARDING THE PAYMENT OF INTEREST AND DISCOUNTS. ADVICE LETTER NO. 779-E, FILED MARCH 7, 1988.

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SUMMARY

1. Edison seeks to add interest and discount provisions to its Preliminary Statement.
2. This resolution approves the requested additions.

BACKGROUND

1. Payment or collection of interest by utilities was an issue in a complaint by the Mark Hopkins Intercontinental Hotel. against Pacific Gas and Electric Company (PG&E) in Case 86-04-013, Decision 87-03-056.
2. The case concerned an overcharge for electricity. When PG&E was changing out electric meters, both an old and a new meter were left connected, each registering the same consumption. PG&E read both meters and billed complainant for double the amount of energy consumed. Complainant paid the full amount billed. When the error was discovered, PG&E refunded the overcharge.
3. PG&E refused to pay interest on the overcharge, relying on Rule 17 (c)1 of its electric tariff. The Rule states that where the utility overcharges "as a result of billing error, bills will be corrected and the overcharge refunded, without interest,..."
4. The Commission classed the overcharge as a non-billing error and found that the tariff does not bar the payment of interest, in this kind of situation.

### DISCUSSION

1. The impact of this Decision was discussed by the Energy Tariff Committee<sup>1</sup>. The Committee determined that there was a need for defined language regarding interest payments. The Commission created a new category of utility error by D. 87-03-056. In the event of such error, interest could be ordered.
2. Unlike PG&E, Edison has no provision in its tariffs limiting the payment of interest. In practice, Edison pays interest if provided for in the tariffs ( such as for deposits ) and not otherwise. This change would put Edison's practice in its tariffs.
3. Edison filed Advice Letter 779-E to insert the following new text into its Preliminary Statement: "Interest will not be paid by Edison unless it is specifically provided for in the tariff schedules, ordered by the Public Utilities Commission, or provided for by Federal Public Law 97-177" (The Prompt Payment Act).
4. To be consistent, the text of the "Discounts" section of the Preliminary Statement would be amended with language stating that Edison's existing discount prohibition applies to advance payments or prompt payment of bills by customers.
5. The Commission Advisory and Compliance Division (CACD) has reviewed this advice letter filing and believes that by including the requested clause in the Preliminary Statement, Edison will be able to avoid disputes about interest payments. Also, while preserving for the Commission the ability to order interest payments, this provision will enable Edison to avoid maintaining separate and detailed accounts of each small over or undercollection.

### PROTESTS

1. No protests have been received regarding this Advice Letter.

### FINDINGS

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<sup>1</sup> The Energy Tariff Committee (Committee) was established in 1984, and meets on a monthly basis. The members consist of representatives from the rate departments of the gas and electric utilities and representatives of the Energy Branch, Compliance Section; the Consumer Affairs Branch; and the Service and Safety Branch. The objective of the Committee is to promote uniform tariffs, practices, and filing procedures.

1. We find it reasonable for Southern California Edison Company to include a statement regarding the payment of interest in the Preliminary Statement of its tariffs.
2. This filing will not increase any rate or charge, cause withdrawal of service, or conflict with any other rate schedule or rule.
3. Public notification of this filing has been made by mailing copies to other utilities, governmental agencies and to all interested parties who requested such notification.

THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company is hereby authorized under Public Utilities Code Sections 532, 701, and 734 to revise its Preliminary Statement, Part E, as proposed in Advice Letter 779-E.
2. Advice Letter 779-E and accompanying tariff sheets shall be marked to show that they were approved for filing by Commission Resolution E-3094.
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 10, 1988. The following Commissioners approved it:

STANLEY W. HULETT  
President

DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners



Executive Director