

## APPENDIX A

### U-144155 Corrected Billing Issues Rulemaking Comment Summary Matrix

WAC 480-90-178 480-100-178 Topic	Commenter	Comments	Staff Response
Section 5a Billing errors.	NWNG	<p>The phrase “other billing error” implies that the listed scenarios (meter failure, meter malfunction, meter with unassigned energy usage) for which a corrected bill is required are billing errors. This is not the case. A bill correction necessitated by a mechanical issue with a meter or due to a third party action or inaction (unassigned usage) is not synonymous with a “billing error.”</p> <p>NWNG suggests amending the language to read: “or any situation where energy usage was not billed or was inaccurately billed.”</p>	Staff agrees.

	Pacific Power	<p>Pacific Power disagrees with staff’s recommended six-month adjustment period for under-billing related to billing errors.</p> <p>Pacific Power proposes to limit under-billing adjustments for billing errors to six months, unless the utility shows good cause why a longer period is necessary due to circumstances beyond the utility’s control.</p>	<p>Staff disagrees. Under-billing, whether it is the result of a meter malfunction or other anomaly, results in the issuance of corrected bills that are burdensome for consumers. Establishing reasonable time limits for corrected bills will ensure the regulated energy utilities have a system for promptly identifying and resolving corrected billing issues.</p>
Section 5(a) Corrected bills	NWNG	<p>The proposed rule states that “The utility must use the rate schedule in effect at the time of each affected billing period(s) covered by the corrected bill.” NWNG finds that this sentence is overly broad and suggests the following clarification:</p> <p>“The utility must use the rates and rate schedule in effect during the billing period(s) covered by the corrected bill.”</p>	<p>Staff agrees.</p>
Section 5(a) Discovery	NWNG	<p>NWNG had previously expressed concern about staff’s use of the word “discovers” in this section as it is used to identify the timing of the issuance of a bill correction. Specifically, as written it is unclear if the date of discovery is the point at which a problem is suspected (e.g. the meter technician observes something in the field and removes the meter)</p>	<p>Staff disagrees. To ensure prompt investigation of an under-or over-billed situation, the utility must issue the corrected bill within 60 days of discovery of the under- or over-billing situation.</p>

		<p>or if it is the time that the utility knows for certain that a problem occurred (the meter has been tested and other investigation performed as needed). NWNG suggests the following edits:</p> <p>“The utility must issue the corrected bill within sixty days from the date the utility confirmed that an account had been under- or over-billed.”</p>	
<p>Section 5(a)</p> <p>Corrected bill amounts</p>	NWNG	<p>NWNG suggests that the new rule provisions provide a threshold at which the utility could decide not to issue a corrected bill. There has been little or no discussion about the time and cost involved in issuing a corrected bill. NWNG suggests the following new language be added:</p> <p>“The utility may choose to not issue a corrected bill for amounts less than \$1.00.”</p>	<p>Staff agrees. The companies have not provided evidence that this is a pressing issue (i.e., cost and number of bills involved). However, it does not make sense to require companies to incur additional costs to issue a corrected bill for amounts less than \$50.00 when it is uneconomical to do so.</p> <p>Staff disagrees with Avista’s proposal to allow unlimited flexibility in issuing a corrected bill because of the potential problems of being perceived as preferential treatment. However, staff does agree to add the following exception to the rules: The utility may choose not to issue a corrected bill to recover underbilled amounts less than \$50.00. Staff believes that there may be instances where adjusting these smaller</p>
	Avista	<p>Avista again proposes that the language in the first sentence, “a utility must issue a corrected bill to a customer to recover or refund billed amounts” be modified to read, “a utility <b>may</b> issue a corrected bill to a customer to recover billed amounts and must issue a corrected bill to a customer to refund billed amounts.”</p>	

		<p>This modification gives the utility flexibility to not back bill a customer who has been under-billed.</p>	<p>amounts would be in the public interest due to the cost of issuing a corrected bill and extenuating circumstances that would lend itself to an exception.</p>
<p>Section 5(a)  Underbilled amounts for non-residential customers</p>	<p>NWNG</p>	<p>NW Natural does not agree with staff's proposed six-month limitation on collecting for underbilled amounts for all customer classes (i.e., non-residential). The company agrees to disagree. The company stated that should this proposal be adopted, the outcome will be that all ratepayers will absorb some amount of additional cost. NWNG's current practice is to adjust underbilled amounts for up to twelve months.</p>	<p>Staff disagrees. Again, the companies have failed to provide compelling reasons and evidence why nonresidential customers should be excluded from this rulemaking. In fact, the data shows the number of non-residential accounts billed in excess of six months is very small, and the total amounts billed on corrected bills to nonresidential customers in excess of six months is similar to the total amounts for residential customers. See attachment for table showing company comparisons. The amounts reported for nonresidential customers are very small in comparison to the companies' total revenues, and the difference between the impact of corrected bills issued in excess of six months to non-residential customers and those issues to residential customers is not significant.</p>

	PSE	<p>The non-residential cases may be fewer in number, but they are drastically more complex to address and require greater flexibility. PSE agrees to disagree with staff's proposed six-month limitation on collecting for under-billed amounts for non-residential meter classes.</p>	<p>However, staff would agree to add an exception which requires nonresidential adjustments for underbilling to be limited to six months, unless the utility shows good cause why a longer period is necessary due to circumstances related to the complexity of specific accounts such as changing metering configuration, load changes of large industrial customers, special meter configurations involving current transformers, and wiring reconfigurations made by the customer. Staff would ask that the utilities provide a report within 60 days of making an exception. The report should summarize each instance where the utility made an exception.</p>
	Pacific Power	<p>Pacific Power believes a longer period should be allowed for under-billing adjustments for nonresidential customers. Not only can the complexity of nonresidential metering make it difficult for utilities to identify problems, billing errors could be directly related to the nonresidential customer failing to notify the utility of changes they have made in their operations or wiring.</p> <p>The company recommended modifying the language to state:</p>	<p>Staff disagrees. Companies always have the latitude to petition the commission for relief addressing rare events. The company did not provide any information regarding the number of times these events occur, the costs involved, and historical data (i.e., 3-5 years) to substantiate the longer period to recover underbilled amounts for nonresidential customers.</p>

		nonresidential adjustments for under-billing will be limited to six months, unless the utility shows good cause why a longer period is necessary due to circumstances beyond the utility's control.	
Section 5(a)  Unassigned energy usage (UEU)	PSE	PSE's current practices for addressing UEU are based on a usage threshold, which is a more practical way to balance fairness, cost and positive customer experience. The practical impact of including UEU in the rules will be for PSE to make expensive truck rolls a first resort rather than a last resort to notify or disconnect service for a customer.	Staff disagrees. Unassigned energy usage occurs when there is usage but no assigned customer. The utility sees the usage and knows the address. The company can send a letter to the residence and ask them to contact the company to sign up for service by a certain date. If the customer fails to respond, the company should go out and disconnect service.  Staff continues to believe unassigned energy usage is easy to detect and correct within six months. The company should take immediate action to contact the occupant to apply for service. If a customer fails to respond, the company should take timely action to disconnect service to preclude undue lengthy, corrected bills.
	CNGC	A bill is not issued for meters that have no customer of record for the premise. Since bills are not automatically generated for sites with no active account and no customer of record, unassigned energy is not a billing error.	Staff changed the language in (5)(a) to read: "A utility must issue a corrected bill upon finding that an underbilling or overbilling occurred as a result of a meter failure, meter malfunction, meter with unassigned energy usage, or any other situation where energy usage was not billed or was inaccurately billed."

<p>Section 5(a)</p> <p>Customer references</p>	<p>NWNG</p>	<p>NWNG has concerns with the terms” “discovers” and “... that it has underbilled a customer...” in the last sentence in section 5(a). NWNG suggests the following language:</p> <p>“... when the utility’s investigation finds that it has underbilled energy usage, ...”</p>	<p>Staff agrees.</p>
<p>Section 5(a)</p> <p>Overbilled amounts</p>	<p>NWNG</p>	<p>NWNG does not agree with the six year requirement to refund. The company is recommending the commission consider 24 months for refunding overbilled amounts.</p> <p>NWNG does not suggest that the limitation on overbilled refunds should be the same as the six-month underbilled limitation. The company recognizes that there is a different dynamic that is associated with a bill correction that is a collection and one that is a refund.</p>	<p>Staff appreciates the company’s understanding that there is a different dynamic involved with a bill correction that is a collection and one that is a refund.</p> <p>Staff believes that customers should be allowed the maximum refund for overbilled amounts allowed by law. RCW 4.16.040 allows six years for an action upon an account receivable.</p>
	<p>Pacific Power</p>	<p>Having a specific adjustment period for overbillings plainly defined in the rules eliminates confusion for all parties. Pacific Power recommends the rule state the maximum adjustment period utilities are required to adjust bills for over-billing is six years.</p>	<p>Staff agrees.</p>

Section 5(b)	NWNG	<p>NWNG recommends the following change to the first sentence:</p> <p>“For the purposes of this rule:”</p>	Staff agrees.
Section 5(c)  Develop and maintain procedures	NWNG	<p>NWNG recommends that this section be eliminated in the entirety. The rule requires the utility to develop and maintain procedures relating to meters and unassigned usage. The rule also requires the utility to file a “plan delineating the procedures.”</p> <p>If the intent is for each utility to simply file a summary of its processes and procedures related to the implementation of these rule provisions, then NWNG could retract its object to this provision.</p>	<p>Staff disagrees. The reporting requirements are not overly burdensome. The companies already reported this information in response to a data request as part of this rulemaking.</p> <p>The intent is for each utility to file a plan of its processes and procedures related to the implementation of the rule provisions. Again, staff continues to believe the one-time initial report with updates as necessary would be helpful for the following reasons: (1) It serves as a frame of reference when reviewing the companies’ procedures; and (2) The plans can be helpful in comparing best practices of the regulated companies.</p> <p>However, staff would agree to remove the requirement to file the plan and updates with the commission.</p> <p>Staff agrees with NWNG’s request to remove any reference to the term plan.</p>

		Staff uses the term “mis-labeled meter bases” in this section in reference to a required procedure. NWNG suggests , at least for purposes of the gas rule, that a more generic term be used as “Improperly assigned meters.”	Staff would agree to the language change from mis-labeled meter bases to “improperly assigned meters.”
	PSE	PSE remains highly concerned about the provisions requiring utilities to file billing correction procedures and updates with the commission. The company states this practice is administratively burdensome, of questionable value, and imposes an unnecessary degree of oversight and uncertainty that seems to result in little more than micro-management of utility practices.	
	Pacific Power	<p>Requiring utilities to develop, maintain, and file with the commission procedures to identify and correct metering errors, billing errors, and unassigned usage situations is unnecessary.</p> <p>The commission can determine the effectiveness of a utility’s procedures by evaluating the types of complaints the commission receives from the utility’s customers and may request the same information of</p>	<p>Staff disagrees. Informal complaint investigation establishes trending information for more formal investigations.</p> <p>See staff response above to NWNG and PSE’s comment on this issue.</p>

		the utility should an inquiry of investigation in initiated.	
Section 6 (e)	Avista	<p>Avista again proposes that item (e), “The actions taken to eliminate the cause of the bill correction” be removed. The reason for the bill correction is already included in part (a), therefore the company does not believe this requirement will add additional value.</p> <p>Messaging is limited on a bill so the company proposes to eliminate any requirement that may not be needed. Issuing a letter will be necessary in some situations, but also comes at an added cost.</p>	Staff agrees to remove item (e).
Section (6)(f) Customer communications	PSE	<p>PSE currently has an efficient, automated process in place that automatically sets up an installment plan for the customer to address a billing correction. Creating an expanded explanation customer communication piece would require an extensive process redesign and would be onerous.</p>	<p>Staff believes customer communication is important. It is important to fully explain the reasons for a bill correction.</p> <p>WAC 480-90-178 and 480-100-178 detail extensive billing requirements for the companies to follow. The commission rules require a significant amount of detail on consumer bills so the customer can fully understand the bill and the payment requirements.</p>

			It follows that the company should issue a full explanation of the corrected bill so the customer can fully understand the reason(s) for the correction.
Section 7(a) Exceptions	NWNG	<p>NWNG understands that the exemption is intended to be specific to the six-month restriction on the time period for which an underbilled amount can be collected. As such, section 7 should be restated as follows:</p> <p>“Corrected bills related to an underbilling due to tampering or interference with the utility’s property, use of the utility’s service through an illegal connection, or the fraudulent use of a utility’s service, are exempt from the six-month restriction set forth in subsection (5)(a) of this rule.”</p>	Staff agrees.
Section 7(b) Exemptions	NWNG	<p>Part (b) is more appropriately presented as a standalone section.</p> <p>NWNG recommends this become section 8 of the rules.</p> <p>“(8) An estimated meter read made in accordance with subsection (1)(i) of this section</p>	Staff agrees.

		is not considered a meter failure or malfunction or a situation where energy usage was inaccurately billed. A bill true-up based on an actual meter reading after one or more estimated bills is not considered a corrected bill for purposes of subsection (5)(a) of this rule.”	
Conflict with WAC 480-100-183, Complaint Meter Test	Pacific Power	<p>The company maintains that a conflict exists between WAC 480-100-183(5)(a) and the proposed WAC 480-100-178(5).</p> <p>The company contends that if a utility discovered a meter error through a customer-requested meter test and determined the customer was underbilled for 12 months, to comply with WAC 480-100-183(5)(a), the utility would be required to adjust the customer’s bill for the full 12-month period. However, had the meter error been identified by the utility’s processes or procedures discussed in WAC 480-100-178(5)(c), that same under-billing adjustment would be limited to six months.</p>	<p>Staff disagrees. WAC 480-100-183(5)(a) does not specify the timeframe for the corrected bill. The rule simply provides that if the utility can identify the date the customer was first billed from a defective meter, the utility must refund or bill the customer for the proper usage from that date.</p> <p>WAC 480-100-178(5) provides additional clarification regarding the collection period for the corrected bill.</p>

**Appendix showing table mentioned in staff response regarding underbilled amounts for nonresidential customers.**

The amounts reported for nonresidential customers are very small in comparison to the companies' total revenues, and the difference between the impact of corrected bills issued in excess of six months to nonresidential customers and those issued to residential customers is not significant.

	Non-residential			Residential			
	Number of accounts billed in excess of 6 months (2012-2014)	Average annual total amount billed in excess of 6 months (2012-2014)	Percent of average annual revenue	Number of accounts billed in excess of 6 months (2012-2014)	Average annual total amount billed in excess of 6 months (2012-2014)	Percent of average annual revenue	Average annual revenue
Avista	8	\$12,944	0.002%	18	\$3,115	0.000%	\$650,789,883
PSE	267	\$467,684	0.015%	1,541	\$406,967	0.013%	\$3,184,100,333
NWNG	3	\$49,037	0.068%	4	\$51	0.000%	\$71,836,882
PPL	2	\$280	0.000%	7	\$1,010	0.000%	\$311,712,138
CNGC	Not reported	Not reported		Not reported	Not reported		