



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: NOVEMBER 5, 2018

ITEM NO: 4

SUBJECT: CUSTOMER APPEAL OF BILLING FOR UNDERCHARGES FOR ELECTRIC SERVICE
– FUSION SIGN AND DESIGN

ISSUE:

Consider the appeal by Riverside Public Utilities customer Fusion Sign and Design for billing of undercharges for electric service due to billing issue in the amount of \$67,838.42.

RECOMMENDATION:

That the Board of Public Utilities consider the appeal of Fusion Sign and Design and require Fusion Sign and Design to repay the amount due of \$67,838.42 for energy consumed pursuant to Electric Rule 6 – Meter Investigations and Adjustment of Bills.

BACKGROUND:

On May 1, 2018, Riverside Public Utilities (RPU) discovered a billing issue on the Fusion Sign and Design electric service account due to an inaccurate setting in the billing system. The billing system incorrectly changed the billing factor on the energy (kWh) register from 80 to 1. This resulted in the understatement of energy consumed and the under-calculation of the charges for electric service. The billing factor issue occurred when Fusion Sign and Design established service under Fusion Sign and Design on February 2, 2016 and continued through the April 2018 billing period. Prior to changing the service to Fusion Sign and Design, the service was under Loren Hanson, principal of Fusion Sign and Design, since May 26, 2011. A weekly process has been put in place to identify similar occurrences and avoid future billing inaccuracies.

The use of billing factors is standard industry practice and typically used for commercial accounts when the meter cannot measure the full current of the service. The current measured by the meter is reduced by a billing factor. The metered energy is then multiplied by the billing factor to determine the amount of energy consumed and billed to the customer.

RPU calculated the undercharge in accordance with Electric Rule 6 – Meter Investigations and Adjustments of Bills which allows undercharges for non-residential accounts to be recomputed and billed for a period of up to three years prior to discovery of an error. RPU notified the customer of the billing issue and resulting undercharges in a letter dated July 17, 2018. The letter included the total amount due of \$67,838.42 and also notified the customer that, based on their monthly electric usage, their account was changing from a commercial flat to a commercial demand rate. The undercharge was applied to the customer's account on July 25, 2018 and the rate was changed on July 31, 2018.

Upon appeal of the undercharge by Fusion Sign and Design, RPU offered to allow the customer to repay the undercharges for energy consumed over a five-year period with 60 equal monthly interest-free payments. Fusion Sign and Design has opted to appeal the undercharge for energy consumed to the Board of Public Utilities (Board).

Attached to this report are letters from Fusion Sign and Design.

DISCUSSION:

Fusion Sign and Design has elected to appeal the billing of the undercharge of \$67,838.42 for energy consumed to the Board in accordance with Electric Rule 21 – Disputed Bill Appeal Process. RPU has established rates to recover the cost of providing electric service to customers. Not recovering the undercharge from Fusion Sign and Design will result in an under-collection of costs that must be borne by other rate-paying customers.

The appeal procedure order of discussion is included in Board Standing Rule Section 7.A.3.

Appeal Order of Discussion:

- 1) Staff presentation, information and reports
- 2) Appellant presentation, comments and information
- 3) Public comments
- 4) Closing statements by appellant
- 5) Closure of public testimony
- 6) RPU Board members, including questions, discussion, motion, and action

FISCAL IMPACT:

The fiscal impact of the recommended action would be an increase to revenue of \$67,838.42, which is the undercharge amount for energy consumed by Fusion Sign and Design between February 2, 2016 and the April 2018 billing period.

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Approved as to form: Gary G. Geuss, City Attorney

Certifies availability
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Attachments:

1. Electric Rule 6 – Meter Investigations and Adjustment of Bills
2. Electric Rule 21 – Disputed Bill Appeal Process
3. Customer Bill Calculations
4. RPU Letter Dated July 17, 2018
5. Presentation
6. Letter from Fusion Sign and Design