



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: NOVEMBER 5, 2018

ITEM NO: 5

**SUBJECT: CUSTOMER APPEAL OF BILLING FOR UNDERCHARGES FOR ELECTRIC SERVICE
– MICROFLEX FILM CORPORATION**

ISSUE:

Consider the appeal by Riverside Public Utilities customer Microflex Film Corporation for billing of undercharges for electric service due to billing issue in the amount of \$33,486.38.

RECOMMENDATION:

That the Board of Public Utilities consider the appeal of Microflex Film Corporation and require Microflex Film Corporation to repay the amount due of \$33,486.38 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 Microflex Film Corporation 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 40 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 the previous customer established service on September 8, 2015. At that time, the service was vacant. The billing factor issue then carried over when Microflex Film Corporation established service the following month on October 21, 2015 and continued through the April 2018 billing period. 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 19, 2018. The letter included the total amount due of \$33,486.38 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 rate was changed on July 30, 2018 and the undercharge was applied to the customer's account on August 29, 2018.

Upon appeal of the undercharge by Microflex Film Corporation, 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. Microflex Film Corporation has opted to appeal the undercharge for energy consumed to the Board of Public Utilities (Board).

DISCUSSION:

Microflex Film Corporation has elected to appeal the billing of the undercharge of \$33,486.38 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 Microflex Film Corporation 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

Attached to this report are letters from Microflex Film Corporation.

FISCAL IMPACT:

The fiscal impact of the recommended action would be an increase to revenue of \$33,486.38, which is the undercharge amount for energy consumed by Microflex Film Corporation between October 21, 2015 and the April 2018 billing period.

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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 19, 2018
5. Presentation
6. Microflex letters