



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 4, 2019**

FROM: PUBLIC UTILITIES DEPARTMENT **WARD: ALL**

SUBJECT: PROPOSED CHANGES TO TIME PERIODS USED TO CALCULATE OVERCHARGES AND UNDERCHARGES FOR CUSTOMER BILLS IN ELECTRIC RULE 6 AND WATER RULE 6

ISSUE:

That the City Council adopt a resolution approving the changes to Electric Rule 6 and Water Rule 6 that include reducing the time periods used to calculate billing of undercharges for non-residential accounts from three (3) years to six (6) monthly billing periods, change the terminology of the time period used to calculate overcharges from one (1) year to twelve monthly billing periods, and changing the period used to calculate billing of overcharges for fast meters to be consistent with the monthly billing period for general overcharges.

RECOMMENDATION:

That the City Council adopt a resolution approving the changes to Electric Rule 6 and Water Rule 6 that include reducing the time periods used to calculate billing of undercharges for non-residential accounts from three (3) years to six (6) monthly billing periods, change the terminology of the time period used to calculate overcharges from one (1) year to twelve monthly billing periods, and changing the period used to calculate billing of overcharges for fast meters to be consistent with the monthly billing period for general overcharges.

BOARD OF PUBLIC UTILITIES RECOMMENDATION:

On May 13, 2019, the Board of Public Utilities (Board), with seven (7) ayes and one (1) opposed, voted to adopt a resolution establishing the changes to the Electric Rule 6 and Water Rule 6 that include reducing the time periods used to calculate billing of undercharges for non-residential accounts from three (3) years to six (6) monthly billing periods, change the terminology of the time period used to calculate overcharges from one (1) year to twelve monthly billing periods, and changing the period used to calculate billing of overcharges for fast meters to be consistent with the monthly billing period for general overcharges.

BACKGROUND:

Electric Rule 6 and Water Rule 6, both titled "Meter Investigations and Adjustments of Bills" (Electric and Water Rules 6), provide rules for calculating adjustments to customer bills for

overcharges and undercharges, to be refunded to or collected from customers, for electric and water service after the discovery of a billing error.

Section A.4 of the current Electric and Water Rules 6 establishes the following limitations on such calculations:

- a. Overcharges shall not be recomputed and credited to any account for a period in excess of one (1) year prior to the discovery of an error, or the date the bill was questioned, whichever occurs earlier.
- b. Undercharges shall not be recomputed and billed to residential accounts for a length of time exceeding four (4) billing periods prior to the discovery of an error.
- c. Undercharges shall not be recomputed and billed to non-residential accounts for a period in excess of three (3) years prior to the discovery of an error.

On May 4, 2010, the City Council approved changes to Electric and Waters Rule 6 that would reduce the time period used to calculate overcharges for all accounts from three (3) years to one (1) year to be consistent with the Riverside Municipal Code (RMC), which provides that all claims for money damages must be presented to the City within one (1) year.

The terms “month” and “billing period” are similar for discussion purposes, since all customers (with the exception of wind machines) are billed based on monthly billing periods, which typically are on a 30-day billing cycle. The term “billing period” is currently used in Electric and Water Rules 6 to define the period for residential undercharges. The term “monthly billing period” is proposed to provide clarification and improved customer understanding.

After the requisite public hearing on March 11, 2019, the Board, with six (6) members present, unanimously voted to adopt a resolution establishing the changes to the Electric Rule 6 and Water Rule 6 that include reducing the time periods used to calculate billing of undercharges for non-residential accounts from three (3) years to six (6) monthly billing periods, increasing the time periods used to calculate billing of undercharges for residential accounts from four (4) billing periods to six (6) monthly billing periods, change the terminology of the time period used to calculate overcharges from one (1) year to twelve monthly billing periods, and changing the period used to calculate billing of overcharges for fast meters to be consistent with the monthly billing period for general overcharges. The Board also recommended that the City Council adopt a resolution approving the changes to Electric Rule 6 and Water Rule 6 and apply the changes to Electric Rule 6, if adopted, to the pending appeals filed by Fusion Sign and Design and Microflex Film Corporation.

On April 16, 2019, the City Council conceptually approved changes to Electric Rule 6 and Water Rule 6 which include reducing the time periods used to calculate billing of undercharges for non-residential accounts from three (3) years to six (6) monthly billing periods, changing the terminology of the time period used to calculate overcharges from one (1) year to twelve (12) monthly billing periods, and changing the period used to calculate billing of overcharges for fast meters to be consistent with the monthly billing period for general overcharges. The City Council also approved the application of these changes to the pending Electric Rule 6 appeals filed by Fusion Sign and Design and Microflex Film Corporation, which would reduce the time period of the undercharges for each company from three (3) years to six (6) monthly billing periods.

However, the City Council did not approve the portion of the proposed Electric Rule 6 and Water Rule 6 changes, which increased the undercharge calculation for residential customers from four (4) to six (6) monthly billing periods, and requested that the Board of Public Utilities reconsider making such a change to avoid unduly burdening residential customers.

DISCUSSION:

Currently, the time period used for calculating overcharges is limited to one (1) year and is consistent with the RMC, which provides that all claims for money damages must be presented to the City within one (1) year. There are no proposed changes to the time period for overcharges because of the consistency with the RMC. However, staff recommends changing the terminology from one (1) year to 12 monthly billing periods to be consistent with the proposed terminology for undercharges.

The proposed changes include reducing the time period used for calculating undercharges for non-residential customers from three (3) years to six (6) monthly billing periods in order to lessen the burden of repayment for non-residential customers.

The proposed changes also include changing the time period for calculating overcharges for fast meters under Electric and Water Rules 6 Section C.2 to be consistent with the time period for calculating general overcharges at one (1) year and the RMC.

RPU has provided the appropriate notification of the public hearing by publishing the notice twice prior the public hearing. The proposed changes to Electric and Water Rules 6 will become effective following adoption by the Board and approval by the City Council.

FISCAL IMPACT:

The fiscal impact associated with the calculation of future overcharges and undercharges is unknown and is dependent upon the number of account errors found, if any.

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Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. City Council Resolution with Board Resolution attached (including revised Electric Rule 6 and Water Rule 6)
2. Recommended Electric Rule 6 and Water Rule 6 (red-line and clean)
3. Notice of Public Hearing
4. Draft Minutes for the 5/13/19 Meeting of the Board of Public Utilities
5. Presentation