State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities

Chris Parker, Director
Artie Powell, Manager, Energy Section
Marlin Barrow, Technical Consultant
Doug Wheelwright, Utility Analyst

Date: October 23, 2012

Subject: In the Matter of Questar Gas Company's Petition for a rule change
Docket No. 12-R746-320-01

RECOMMENDATION: (Approval)

The Division recommends that the Commission approve with modifications a rule change to R746-320-8.D.1 and R746-320-9.C.4 by eliminating the bold text shown below in both rules. The proposed change would require the Company to provide a refund or bill for services up to 24 months from the date the utility became aware of any billing error. The proposed change will correct an inconsistency in the current rules specific to a cross meter condition and will make the rules identical for both gas and electric utilities. The Company has agreed to the Division's suggested modification.

BACKGROUND

On September 14, 2012, Questar Gas (QG, or Company), initiated a rulemaking proceeding to consider a rule change to R746-320-8. The current rule states;

> D.1. A utility shall not bill a customer for service provided more than 24 months before the utility actually become aware of the circumstance, error or condition that caused the underbilling or that the original billing was incorrect. ***In the case of a crossed meter condition, the period covered by the backbill may not exceed six months***."

Rule R746-320-9 states;

> C.4. "A utility shall not be required to make a refund of, or give credit for, overpayment which occurred more than 24 months before the customer submitted a complaint to the utility or the Commission, or the utility actually became aware of an incorrect billing which resulted in an overpayment. ***An exception to the 24 month limitation period applies when the overbilling can be shown to be due to some cause, the date of which can be fixed. In this instance the overcharge shall be computed back to that date and the entire overcharge shall be refunded."***

A crossed meter condition occurs when individual gas meters are installed for buildings with multiple tenants such as apartment buildings or condominium units. During the construction of the building or as a result of changes to the individual unit numbers, the piping is incorrectly identified as being connected to a specific unit. When a cross meter condition occurs, tenant A is billed for the actual gas usage in unit B and tenant B is billed for the actual gas usage in unit A. Cross meter conditions may continue for some time and are usually detected when the gas service is terminated to one of the units for nonpayment.

When these conditions occur, the Company is required to make adjustments to both of the individual customer bills to reflect the actual gas usage for each unit. Under the current rules, the Company is allowed to backbill customer A for no more than six months for underpayment of gas usage but could be required to provide a refund to customer B for overcharges for 24 months or back to the original date of installation. In the original filing, the Company proposed that the rule should be changed to require a refund not to exceed six months which would match the six month backbilling requirement.

ANALYSIS

On October 18, 2012, the Company participated in a technical conference and provided clarification as to how this condition occurs and the frequency of cross meter conditions. During the conference, representatives from QGC's customer billing and the operations departments provided information as to how the cross meter conditions can occur and the implication to the individual customers. When gas service is requested by the builder, representatives from the Questar operations department are assigned to connect the gas line and install a gas meter. The gas line piping to the outside of the structure is supposed to include a metal tag that identifies the connection to the individual unit. It is the responsibility of the general contractor or plumbing contractor to correctly tag the individual gas lines to the outside of the building. It is during the tagging of the individual gas lines that errors can occur which would create a cross meter condition. Questar representatives connect the gas on the outside of the structure as they are tagged and do not enter the individual units to insure that the pipe designation is correct.

It may be some time before a cross meter condition is detected. Once a cross meter situation has been identified and corrected, customer service representatives will calculate the correct billing for the individual units. Under the current rule, Questar would calculate and backbill customer A for the under usage that occurred during the previous 6 months. At the same time, Questar would calculate the overbilling that had occurred for customer B. For customer B however, the Company would look at the past 24 months or the fixed date when the meters became crossed. By looking back 24 months and calculating actual usage, customer B could end up owing additional money instead of receiving a credit. This situation could occur if unit A was not occupied for a period of time and had low usage.

While this is an ongoing problem, the number of cross meter situations has come down in recent years.

2006 - 360
2007 - 366
2008 - 314
2009 - 322
2010 - 235
2011 - 221

It is not clear if the number of cross meter conditions has come down due to more accurate tagging of the individual lines or if it is due to the lower number of new customers with a slowing economy.

In the original application the Company suggested that Rule R746-320-9 C.4. should be changed to require a six month refund period for cross meter conditions. This would match Rule R746-320-8. D.1. for the amount of time required to calculate backbilling. After discussions with the Division, the Company agreed to eliminate the special provision in both rules related to cross meter conditions. This rule change would require the Company to look back 24 months for both backbilling and credits. The agreed change would also make the rules identical for both electric and gas utilities.

CONCLUSIONS AND RECOMMENDATIONS

The Division recommends that the Commission approve with modifications a rule change to R746-320-8.D.1 and R746-320-9.C.4 by eliminating the bold text as shown above in both rules. The proposed change would allow the Company to provide a refund or bill for services up to 24 months from the date the utility became aware of the billing error. The proposed change will correct an inconsistency in the current rules and will make the rules identical for both gas and electric utilities.

CC: Barrie McKay, Questar Gas
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