

Decision 07-09-003 September 6, 2007

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

A. F. NORMART, JR., on behalf of himself and all  
others similarly situated,

Complainant,

vs.

Pacific Gas and Electric Company,

Defendant.

Case 07-03-005  
(Filed March 2, 2007)

**OPINION DISMISSING COMPLAINT**

**1. Summary**

The Commission dismisses this Complaint for failure to state a claim upon which relief can be granted under Pub. Util. Code § 1702.<sup>1</sup> Complainant, A. F. Normart, Jr., has failed to show that the methodology used by Defendant Pacific Gas and Electric Company (PG&E) to calculate residential customer gas and electric charges arising from baseline allowances for seasonal changeover months violates any provision of law, order, rule, or tariff of the Commission. This proceeding is closed.

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<sup>1</sup> All statutory references are to the Public Utilities Code unless stated otherwise.

## **2. Procedural Summary**

On May 11, 2007, PG&E filed its answer to the Complaint along with a motion to dismiss. Complainant filed a response on June 14, 2007. PG&E filed a reply on June 25, 2007, and thereafter this matter was submitted for decision on the basis of the pleadings.

## **3. Complaint**

Complainant is a residential gas and electric customer of PG&E. He disputes the methodology used by PG&E to calculate charges arising from baseline allowances in twice yearly bills that include a seasonal changeover date.

The baseline allowance is a Commission-set amount of energy usage that each electric and gas customer is eligible to receive at the lowest rates. Baseline allowances change on November 1 (start of winter season rates) and April 1 or May 1 (start of summer season rates for gas and electric, respectively). For Complainant's service, baseline allowances for gas are higher in winter, and baseline allowances for electricity are higher in summer.<sup>2</sup>

Complainant contends that in seasonal changeover bills all usage in the billing period should be offset by all baseline allowances in the period, regardless of the differing daily baseline allowance allotted to the summer and winter bill segments of the customer's bill. Complainant believes he should be able to carryover his "unused" summer baseline allowance to the winter segment of his bill, and vice versa, for each changeover bill. Complainant argues that the two daily baseline allotments should be averaged over the entire bill period and

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<sup>2</sup> The relationship of summer to winter baseline allotments varies by geographic area and end-use (basic-electric versus all-electric) for electric service, and by geographic area for gas service.

compared to the total usage over that period.<sup>3</sup> Complainant argues that PG&E's methodology violates gas and electric Schedules, Gas and Electric Tariff Rules 1, 9.A and 9.C, and §§ 739(c), 739.7, 453(a), 454(a), General Order (GO) 96-A, and Water Code § 80110.

Complainant alleges that the Commission's prior decisions do not authorize PG&E to use the current methodology. According to Complainant, PG&E has been using the wrong calculation methodology since 2004 for electric and earlier for gas customers. He seeks relief on behalf of himself and all "similarly situated" customers. He asks the Commission to order PG&E to change its calculation methodology and to refund customers for alleged overcharges going back three years, which Complainant estimates amounts in the aggregate to about \$11.5 million. Alleged overcharges on individual bills, however, are small. For instance, had Complainant's bill, attached to the Complaint as Exhibit A, been calculated using his favored method, he would have paid approximately \$1.48 less that month.<sup>4</sup> Complainant seeks an award of costs and representation fees on a "common fund" theory.

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<sup>3</sup> Thus, if a customer's billing period included 10 days in October (summer baseline allotment) with a 2 therms per day baseline allotment, and 20 days in November (winter baseline allotment) with a 5 therms per day baseline allotment, so that the total baseline allotment was 120 therms (10 X 2 = 20 therms for summer segment, 20 X 5 = 100 therms for winter segment), and the customer's usage over the month averaged 4 therms per day for a total of 120 therms, all the customer's usage would be charged at baseline rates.

<sup>4</sup> According to Complainant, his energy statement for 10/14-11/14/05, using Complainant's methodology 0.5625 therms of his gas usage was billed at an over-baseline rate of \$1.79375 that would have been billed at the baseline rate of \$1.57886, for a difference of approximately 12 cents; and 32.9 kilowatts of his electricity usage was billed at a tier 4 rate of \$0.16525 that would have been billed at the tier 3 rate of

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#### **4. PG&E's Methodology**

PG&E's methodology, by contrast, involves calculating an average daily usage and prorating that usage to each seasonal segment of the bill based on the number of days billed in each season. Under PG&E's methodology, summer usage is applied to the summer baseline allocation and winter usage is applied to the winter baseline allocation, and the customer may not use unused baseline allowances from one season or bill segment to offset usage in another season that would otherwise be billed at above baseline rates.<sup>5</sup>

#### **5. Complaint Fails to Comply With Pub. Util. Code § 1702**

Pursuant to Pub. Util. Code § 1702, a complaint must allege an "act or thing done or omitted to be done by any public utility, including any rule or charge heretofore established or fixed by or for any public utility, in violation or claimed to be in violation, of any provision of law or of any order or rule of the commission." As discussed below, the Complaint fails to allege any such violation or state any facts that support an allegation of a violation of any provision of law, order, rule, or tariff of the Commission, and so the Complaint should be dismissed.

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\$0.12394, for a difference of approximately \$1.36. Thus the total difference would be \$1.48.

<sup>5</sup> Thus, using the baseline allotment example described in footnote 3 above, and again assuming 4 therms per day average usage for a total of 120 therms billed, PG&E applies 40 therms usage to the summer segment of the bill (4 X 10 days = 40) and 80 therms usage to the winter segment (4 X 20 days = 80). Since the summer baseline allotment is 20 therms, the 20 therms of summer usage remaining (40 - 20 = 20) is billed at over baseline rates. However, since the winter baseline allotment is 100 therms, the entire 80 therms usage in the winter segment is billed at baseline rates.

### **5.1. Commission Has Approved the Methodology Used by PG&E**

Complainant argues that since PG&E was last ordered to use the “no prorationing” method in Decision (D.) 83-12-068, and PG&E’s current methodology is at odds with that decision, PG&E is in violation of the law.

The Commission addressed the “prorationing” issue in D.82-12-113 in PG&E’s 1982 General Rate Case (GRC). The Commission considered three alternative approaches to prorationing usage in changeover bills, PG&E’s current method, a method similar to what Complainant proposes (the “McKinney” method), and a “no prorationing” method that would begin a customer’s baseline (then called “lifeline”) allowance on the billing day nearest the crossover date. The Commission adopted the PG&E method, reasoning as follows:

The McKinney method would thus appear on average to cause a bias in favor of the prorated customer that is larger than any bias against such a customer that might arise under the PG&E method. Clearly, because of the technological and administrative constraint cited earlier, we must choose here between imperfect billing alternatives. Among these imperfect alternatives, *the PG&E method is preferable* because it makes a more realistic usage assumption and this will therefore cause the least amount of inequity between customers that are prorated and those that are not. (D.82-12-113, 10 CPUC 2d 534 (emphasis added).)

However, the Commission revisited this issue in D.83-12-068, 14 CPUC 2d 239-40, adopting the “no prorationing” method stating that the mathematical intricacies of prorationing “are not easy to explain to the public.” Then in a Southern California Edison Company GRC decision, D.84-12-068, 16 CPUC 2d 844-45, the Commission approved a method similar to the McKinney method, rejecting the no prorationing method it had approved the prior year in PG&E’s GRC. Thereafter, in a 1997 PG&E decision addressing residential rate design and

seasonal rates, the Commission adopted tariffs, including Special Conditions for Baseline Rates and Baseline Quantities, stating: “5. SEASONAL CHANGES: The summer season is May 1 through October 31 and the winter season is November 1 through April 30. Bills that include May 1 and November 1 seasonal changeover dates will be calculated by multiplying the applicable *daily baseline quantity* and rates for each season by the number of days in each season for the billing period.” (D.97-12-044, CPUC 2d 171, 219 (emphasis added).) More recently, in 2003, in *Stock v. SCE*, D.03-02-043, the Commission endorsed the proration method being utilized by PG&E, which Southern California Edison Company (SCE) also uses. The Commission concluded that SCE’s method was consistent with its tariffs and did not violate any law or Commission order.

We reject Complainant’s argument. Complainant’s reliance on D.83-12-068 is misplaced. As the history of prorationing shows, the Commission changed its mind on the noprorationing method and reverted to the prorationing method, thereby, superseding D.83-12-068. We find that the methodology currently used by PG&E, is the most recent Commission-approved methodology. PG&E needs no further authorization.

**5.2. PG&E’s Methodology Does Not Violate Schedules G-1, E-1, or E-8**

Schedules G-1, E-1, and E-8 list daily baseline quantities *separately* for summer and winter seasons.<sup>6</sup> Complainant contends this language means he is

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<sup>6</sup> PG&E’s tariff, in relevant part, states:

SCHEDULE G-1 – RESIDENTIAL SERVICE

SEASONAL CHANGES: The summer season is April 1 through October 31, and the winter season is November 1 through March 31. Baseline quantities for bills that include the April 1 and November 1 seasonal changeover dates will be calculated by multiplying the

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entitled to have his usage applied to a daily baseline allotment averaged over both segments of the changeover bill.

We reject Complainant’s argument – the Schedules neither say nor imply any such thing. The Schedules show a clear separation between summer and winter seasonal changes and baseline quantities. PG&E’s methodology for calculating charges on seasonal changeover bills is consistent with Schedules G-1, E-1, or E-8. Delivered quantities of energy are being billed at the appropriate seasonal rates for baseline use shown in the Schedules, and charges are “calculated by multiplying the applicable daily baseline quantity for each season by the number of days in each season for the billing period,” as required by the “Seasonal Changes” special condition of the Schedules. Contrary to Complainant’s argument, the Schedules do not state that charges are to be calculated on the basis of a daily baseline quantity averaged over the billing period or usage is to be carried over or offset from one season to another, as advocated by Complainant. If unused baseline quantities were to be carried over

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applicable *daily baseline quantity* for each season by the number of days in each season for the billing period. (Italics added.)

BASELINE QUANTITIES: The delivered quantities of gas shown below are billed at the rates for baseline use.

BASELINE QUANTITIES (THERMS PER DAY PER DWELLING UNIT)

<u>Baseline Territories***</u>	<u>Summer</u>	<u>Winter</u>
P	0.5	2.3
Q	0.7	2.1
R	0.5	1.9

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\*\*\* The applicable baseline territory is described in Preliminary Statement, Part A.

from one season to another, the Schedules would have said so. Rather, the Schedules require specific seasonal baseline quantities, as utilized by PG&E.

### **5.3. PG&E's Methodology Does Not Violate Gas/Electric Tariff Rule 9.A**

Rule 9.A provides that bills be rendered at regular intervals, generally once each month, which is known as a "billing cycle."<sup>7</sup> Complainant argues that under Rule 9.A, it is improper to break the billing period into seasonal segments and calculate an amount due for each segment, as done by PG&E.

We reject Complainant's argument. Complainant confuses reading a meter and rendering a monthly bill with calculating the amount due separately by seasonal segment. There is nothing in the requirement to regularly read a meter and render a bill that impacts the technicalities of how PG&E calculates the charges in that bill, or more specifically PG&E's calculation of charges based on seasonal rates. Also, PG&E's methodology does not violate Rule 9.A because PG&E does not bill customers for a period that is shorter than the billing cycle. PG&E bills customers for all usage during the billing cycle. The assignment of usage to summer and winter tiers and rates does not constitute billing for periods shorter than the billing cycle.

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<sup>7</sup> Tariff Rule 9.A, in relevant, part states:

#### RULE 9 – RENDERING AND PAYMENT OF BILLS

##### A. BILLS PREPARED AT REGULAR INTERVALS

Bills for gas service will be rendered at regular intervals. All bills will be based on meter registration or actual usage data, except as provided in C and G below, or as may otherwise be provided in PG&E's tariffs.

Meters will be read as nearly as possible at regular intervals. Except as otherwise stated the regular billing period will be once each month. . . .

#### **5.4. PG&E's Methodology Does Not Violate Gas/Electric Tariff Rule 9.C**

Complainant argues that under Rule 9.C, PG&E cannot assign usage to summer and winter bill segments because that would necessarily involve an "estimation."<sup>8</sup>

We reject Complainant's argument – calculation of daily average usage is not the same thing as "estimating" a bill. PG&E's methodology does not violate Rule 9.C because apportioning usage within a billing cycle does not constitute estimating within the meaning of 9.C. That provision applies only when the meter cannot be read on the Scheduled Meter Reading Date or accurate usage data during the billing period are not available. Complainant's meter was read on the appropriate date and accurate usage data for the billing period were available.

We should observe that PG&E's current residential meter technology requires both PG&E's and Complainant's calculation methodologies to make assumptions about customer usage over the course of the billing cycle, but neither constitutes "estimation." As explained in D.82-12-113, *supra*, "[T]he PG&E method is preferable because it makes a more realistic usage assumption . . . ."

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<sup>8</sup> Rule 9.C provides as follows:

If for reasons beyond the meter reading entity's control, the customer's meter cannot be read on the Scheduled Meter Reading Date, or if for any reason accurate usage data are not available, PG&E will bill the customer for estimated consumption during the billing period. Estimated consumption for this purpose will be calculated considering the customer's prior usage, PG&E's experience with other customers of the same class in that area, and the general characteristics of the customer's operations.

### **5.5. PG&E's Methodology Does Not Violate § 739(c)**

Section 739(c)(1) states that “baseline rates apply to the first or lowest block of an increasing block rate structure which shall be the baseline quantity.”

Complainant argues this language requires that PG&E average his baseline allotments across the bill segments so as to optimize the applicability of baseline rates, and forbids calculating charges separately for seasonal segments of the bill.

We reject Complainant's argument for the reason that the baseline quantity varies by season and nothing in § 739(c) prohibits calculating charges by season. PG&E's methodology complies with § 739(c) because computing charges by season is consistent with the statutory language, and, as the Commission has recognized, is more accurate than the calculation methodology advocated by Complainant (D.82-12-113).

### **5.6. PG&E's Methodology Does Not Violate § 453(a)**

Complainant argues that PG&E's methodology discriminates against him based on when his meter is read.<sup>9</sup>

We reject Complainant's argument. As Complainant correctly observes, customers like himself whose meters are read near the middle of the calendar month would benefit from Complainant's methodology more than customers whose meters are read near the beginning or end of the calendar month. Nothing in § 453(a), however, entitles Complainant to have PG&E adopt technical bill calculation methodologies that are most favorable to him. Simply

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<sup>9</sup> Section 453(a) provides as follows:

No public utility shall, as to rates, charges, services, facilities, or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage.

because one calculation methodology results in some customers receiving a slightly higher bill than they would receive under an alternate methodology does not mean the methodology is discriminatory under § 453(a).

PG&E's methodology treats all residential customers the same. Regardless of when a meter is read or its geographic location, PG&E calculates the bill the same way, with each customer paying for charges incurred by season, and all customers receive equal benefit of baseline, regardless of their meter read cycle date.

Under the approach advocated by Complainant, by contrast, residential customers like him who have a meter read date near the middle of the month would have an advantage during seasonal crossover periods, since they would carry over or carry back unused baseline allowance from one season to offset usage in the next or previous season. But this advantage would be unavailable to the same extent, if at all, to customers billed closer to the beginning or end of the month. In short, we find that PG&E's methodology does not disadvantage or discriminate against Complainant, but merely denies Complainant an advantage he would enjoy over other customers were his methodology adopted.

**5.7. PG&E's Methodology Does Not Violate § 454(a) or GO 96-A<sup>10</sup>**

Complainant alleges that PG&E switched to its current methodology without Commission authorization, in violation of § 454(a) and GO 96-A. Complainant argues that PG&E changed its methodology in November 2004 (for electricity) and May 2005 (for gas) by adopting the current methodology, and this change resulted in a new rate. Complainant contends that because there was no showing or finding by the Commission, PG&E's adoption of the current methodology was in violation of Pub. Util. Code § 454(a) and GO 96-A. Complainant relies on *Barratt American, Inc. v. Southern California Edison Co.* (D.01-03-051).

PG&E does not dispute that it changed its methodology, but denies this technical change resulted in a new rate, or that PG&E was required to seek authorization from the Commission before changing its methodology. PG&E contends that it was not required to seek Commission approval to adopt a more accurate, previously approved calculation methodology that has no substantial

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<sup>10</sup> Section 454(a) provides, in relevant part, as follows:

[N]o public utility shall change any rate or so alter any classification, contract, practice, or rule as to result in any *new rate*, except upon a showing before the commission and a finding by the commission that the new rate is justified. (Emphasis added.)

General Order 96-A (now superseded by GO 96-B) provides, in relevant part, as follows:

The tariff schedules of a utility may not be changed whereby any rate or charge is increased, or any condition of classification changed so as to result in an increase, or any change made which result in a lesser service or more restrictive conditions at the same rate or charge, until a showing has been made before the Commission and a finding by the Commission that such increase is justified.

impact on individual customers. PG&E points out that a calculation methodology, even one that results in a slightly higher cost because it reallocates a subsidy, does not produce a new rate for purposes of § 454(a) because it does not change the price of a product or service. PG&E submits that, likewise, there is no violation of GO 96-A, since PG&E did not increase any “rate or charge.”

PG&E notes that the Commission has approved a variety of calculation methodologies. In 1982, the Commission approved PG&E’s current method, and disapproved a methodology similar to that advocated by Complainant, as well as the “no prorationing” method (D.82-12-113, p. 47). In 1983, the Commission adopted the “no prorationing” method, again rejecting a method similar to Complainant’s (D.83-12-068, pp. 199-202). In 1984, in an SCE case, the Commission approved a method similar to Complainant’s, and rejected the “no prorationing” method (D.84-12-068, pp. 119-22). In 1997, in a PG&E GRC proceeding, the Commission adopted tariffs that include a method similar to PG&E’s current one (D.97-12-044, p. 121). In 2003, the Commission, in an SCE complaint case like this one, endorsed the method PG&E now uses (D.03-02-043).

PG&E argues that it is equity as regards customers generally with which PG&E and the Commission must be concerned. PG&E points out that under the no prorationing methodology, Complainant was receiving a subsidy from other customers generally. Because too much of his usage was being charged at baseline rates, other customers had to make up the revenue shortfall. PG&E submits that this is not an instance of PG&E harming customers, or of interpretations that favor PG&E. Rather it is a situation where one set of customers, including Complainant, is subsidized by others. According to PG&E, the current methodology deprives Complainant of a small advantage, but it furthers sound public policy because it more properly assigns costs to customers

generally based on their usage. PG&E submits that Complainant has no vested right to continuation of a subsidy based on the irrelevant factor of when during the month his meter happens to be read.

We reject Complainant's argument that PG&E switched to its current method without Commission authorization, in violation of § 454(a) or GO 96-A. The change in PG&E's calculation methodology is a technical matter that did not violate § 454(a) or GO 96-A because the change did not result in any *new rate, i.e.*, there was no change in the price of a product or service. Different calculation methodologies used to compute charges on changeover bills may produce slightly different charges, but these differences in individual bills do not result in any new rate. Complainant confuses the issue by equating average cost with a tariff rate. He continues to pay tariff rates for his energy. Tariff rates are not average rates, which are driven by total usage and individual usage patterns.

Complainant's reliance on *Barratt* is misplaced.<sup>11</sup> *Barratt* is inapposite to this case because 1) the Commission expressly stated, "Our order is confined to the facts of this case;" 2) unlike the situation in *Barratt*, the new seasonal changeover calculation does not harm customers by eliminating a "substantial customer credit," but merely more fairly reallocates costs to remove a small but

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<sup>11</sup> In *Barratt American, Inc. v. SCE*, D.01-03-051, without Commission approval, SCE changed a 30-year practice under Tariff Rule 20(B) by which it gave a substantial ratepayer-funded credit for pole removal costs to applicants seeking to underground overhead electric facilities. Based on a reinterpretation of its Tariff Rules, SCE eliminated this credit, instead charging undergrounding applicants for pole removal, which in the case at issue amounted to an additional \$33,700 charge. Defining the issue (at p. 10) as "whether a utility may reinterpret a *long-standing practice* to eliminate a *substantial customer credit* without first seeking the approval of this Commission (emphasis added)," the Commission ordered SCE to refund the new \$33,700 charge to the complainant.

unwarranted subsidy favoring Complainant because he has a fortuitous billing cycle date; 3) the seasonal changeover calculation was not a “long-standing practice,” but has in fact changed over the years; 4) the seasonal changeover calculation, unlike the pole removal charge in *Barratt*, has no “substantial” impact on individual customers; 5) changing the calculation methodology does not eliminate a “customer credit,” which was the issue in *Barratt*; 6) there is no new charge, new rate, or “increase in a tariff schedule,” just an alternate way of calculating an existing charge; and 7) whereas in *Barratt* SCE had the opportunity by eliminating the credit to increase revenue not subject to any balancing account, here any revenue increase is subject to true-up through the Annual Electric True-up (AET) and the Annual Gas True-up (AGT) proceedings, filed each year through advice letters in September and November, respectively. Thus, unlike in *Barratt*, as the Commission noted in D.82-12-113, p. 47, there can be no benefit to PG&E. In short, an individual complaint case expressly limited to its facts and involving elimination of a substantial customer credit and institution of a \$33,700 customer charge is not probative of a cost reallocation calculation that has no substantial impact on individual customers.

### **5.8. Current Methodology Does Not Violate Water Code § 80110<sup>12</sup>**

Complainant argues that PG&E's current calculation methodology violates Water Code § 80110 because it allegedly results in some customers paying "higher electricity charges and higher rates for Tier 1 and Tier 2 usage than they paid in 2001," contrary to the statute forbidding increased charges for residential usage up to 130% of baseline.

We reject Complainant's argument. As we have stated, the calculation methodology is not a new charge or rate. Moreover, Complainant previously received a higher amount of usage at baseline rates than he was entitled to, simply because PG&E read his meter in the middle of the month. The current methodology corrects that inequity, so that all customers receive the baseline allocation to which they are entitled, regardless of when PG&E happens to read their meters.

## **6. Discussion**

We conclude that the Complaint should be dismissed for the reason that it alleges no facts sufficient to constitute a violation of the Commission's laws, orders, or rules (§ 1702).

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<sup>12</sup> Water Code § 80110 provides, in relevant part:

In no case shall the commission increase the electricity charges in effect on the date that the act that adds this section becomes effective for residential customers for existing baseline quantities or usage by those customers of up to 130 percent of existing baseline quantities, until such time as the department has recovered the costs of power it has procured the electrical corporation's retail end use customers as provided in this division.

The Commission has determined that PG&E's methodology is fair and reasonable and it does not produce additional shareholder benefits. If PG&E over-collects or under-collects on its authorized revenue requirements, the differences are returned to or collected from customers through balancing accounts. On the other hand, Complainant's favored methodology would result in a systematic under-collection of the cost responsibility of customers such as Complainant that, through balancing accounts, would be subsidized by other customers, which in effect is an inter-class reallocation of costs. The complaint should be denied.

## **7. Comments on Proposed Decision**

The proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Pub. Util. Code § 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by PG&E on August 20, 2007. No reply comments were filed. We have received the comments and made changes to the proposed decision where appropriate.

## **8. Assignment of Proceeding**

Timothy Alan Simon is the assigned Commissioner and Bertram D. Patrick is the assigned ALJ in this proceeding.

## **Findings of Fact**

1. For seasonal changeover bills, PG&E calculates an average daily usage and prorates that usage to each seasonal segment of the bill based on the number of days billed in each season.

2. PG&E's Schedules show a clear separation between summer and winter seasonal changes and baseline quantities, and the customer may not use unused

baseline allowances from one season or bill segment to offset usage in another season that would otherwise be billed at above baseline rates.

3. There are a variety of ways to compute seasonal changeover bills and over time the Commission has favored one way or another way.

4. The prorationing methodology currently used by PG&E is the methodology most recently approved by the Commission.

### **Conclusions of Law**

1. The complaint should be dismissed for failure to state a claim upon which relief can be granted under § 1702.

2. PG&E needs no further Commission authorization to use the prorationing methodology it currently uses.

3. PG&E's methodology for calculating charges on seasonal changeover bills does not violate Gas or Electric Tariff Rule 9.A because it does not bill customers for a period that is shorter than the billing cycle. PG&E bills customers for all usage during the billing cycle. The assignment of usage to summer and winter tiers and rates does not constitute billing for periods shorter than the billing cycle.

4. PG&E's methodology for calculating charges on seasonal changeover bills does not violate Gas or Electric Tariff Rule 9.C because apportioning usage within a billing cycle does not constitute estimating within the meaning of 9.C. That provision applies only when the meter cannot be read on the Scheduled Meter Reading Date or accurate usage data during the billing period are not available.

5. PG&E's methodology for calculating charges on seasonal changeover bills does not violate § 739(c) because computing charges by season is consistent with

the statutory language, and is more accurate than the methodology advocated by Complainant, as explained in D.82-12-113.

6. PG&E's methodology for calculating charges on seasonal changeover bills does not violate § 453(a) because it treats all residential customers the same, regardless of when a meter is read or its geographic location.

7. The change in PG&E's methodology for calculating charges on seasonal changeover bills did not violate § 454(a) or GO 96-A because the change in practice did not result in any new rate, *i.e.*, there was no change in the price of a product or service. Different methodologies used to calculate charges on seasonal changeover bills will produce slightly different charges, but these slight differences in individual bills do not result in any new rate.

8. PG&E's methodology for calculating charges on seasonal changeover bills is fair and reasonable because it does not produce additional shareholder benefits. If PG&E over-collects or under-collects on its authorized revenue requirements, the differences are returned to or collected from customers through balancing accounts.

9. The Schedules do not require charges to be calculated on the basis of a daily baseline quantity averaged over the billing period or usage to be carried over from one season to another, as advocated by Complainant. Rather, the Schedules speak in terms of seasonal baseline quantities, as utilized by PG&E.

10. PG&E is not required to apply unused baseline usage from the winter season to the summer baseline allocation, or average the daily baseline quantity over the billing period, as advocated by Complainant.

11. Complainant's methodology for calculating charges on seasonal changeover bills would result in a systematic under-collection of the cost responsibility of customers such as Complainant that would have to be

subsidized by other customers through balancing accounts, in effect causing an inter-class reallocation of costs.

12. PG&E's methodology for calculating changeover seasonal billing charges is not in violation of Water Code § 80110 because the calculation methodology is not a new charge or rate.

**O R D E R**

**IT IS ORDERED** that:

1. The complaint is dismissed.
2. Case 07-03-005 is closed.

This order is effective today.

Dated September 6, 2007, at San Francisco, California.

MICHAEL R. PEEVEY

President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners