

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-4198
October 16, 2008**

R E S O L U T I O N

Resolution E-4198. SDG&E

By Advice Letter 2011-E/1788-G filed on July 31, 2008

SUMMARY

This Resolution denies without prejudice SDG&E's request to revise its gas and electric Schedules GS – Submetered Multi-Family and Mobile home Park Natural Gas Service, DS – Submetered Multi-Family Service, and DT – Submetered Multi-Family Service – Mobile home Park, to limit the credit applicable to discounted master-metered facilities that submeter their tenants. SDG&E may request these tariff changes in a rate design proceeding or an Application.

BACKGROUND

California Public Utilities Code (PUC) section 739.5(a) requires utilities to provide a discount to their master-meter customers who submeter to multi-family facilities. This discount should cover the reasonable average cost to the master-meter customer to provide submeter service. However the discount shall not exceed the average cost to the utility were it to provide service directly to the users. Senate Bill 1747 of 1976 addressed the discount but was silent whether the discount applied to commodity or noncommodity charges.

NOTICE

Notice of AL 2011-E/1788-G was made by publication in the Commission's Daily Calendar. SDG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

Advice Letter 2011-E/1788-G was protested.

SDG&E's Advice Letter AL 2011-E/1788-G was protested seven days late on August 27 by the Western Manufactured Housing Community Association (WMA).

SDG&E responded to the protest of WMA on September 4, 2008.

WMA responded to SDG&E's response to the original protest on September 11, 2008.

DISCUSSION

Energy Division has reviewed the AL, the protest and response to the protest.

SDG&E requests changing Schedules GS, DS and DT to require master meter customers who submeter to pay at a minimum the applicable Core Gas Procurement charge (GPC) multiplied by the number of therms, and the Electric Energy Commodity Cost (EECC) multiplied by the usage (kWh), respectively. SDG&E provides that the discount is not intended to offset the commodity charges on a customer's bill and that the practice of limiting the submetering credit would be consistent with the other California Investor Owned Utilities (IOU). The changes proposed would not impact a tenant's bill.

Protest

WMA protested SDG&E's AL because of noncompliance with Commission decisions in this area and requests immediate withdrawal of the AL. WMA notes the lack of support for SDG&E's request. But more important, WMA cites Decision (D.) 04-11-033 to support its protest that an AL is not the appropriate vehicle to request the tariff changes:

"Utility rates are based on costs, and are changed more often than just in cost-based proceedings. Regardless of the method chosen to calculate the discount, the discount is calculated based, at least in part, on data that is used to calculate residential rates. Therefore, the utility should include a proposed revision to the discount in any utility filing proposing a revision to residential rates if the change in the residential rates or the data upon which the residential rate change is based, is sufficient to change the discount."

WMA further refers to D.07-05-044 which refused to modify Southern California Edison's master-meter discount to make an adjustment for an error that both parties agreed was evident:

"We will not grant WMA's petition to open Schedule D and alter terms of the Settlement Agreement. Although WMA may have correctly identified a difference between the Basic Charge under Schedule D, and the Basic Charge indicated in the DMS-2 discount, WMA has not demonstrated why the Settlement Agreement should be altered, or why changes to Schedule D are necessary. This difference in the Basic Charge in Schedules D and DMS-2 may be a result of the compromise and negotiations which led to the Settlement Agreement, or due to other reasons."

D.07-05-044 also rejected the petition of WMA because under Commission Rule 16.4(b) allegations or new facts must be supported by an appropriate declaration or affidavit. No such evidence has been supplied in this AL.

Response to the protest

SDG&E responded timely to WMA's protest.

SDG&E disagrees with WMA's assertion that the requested change to the schedules to limit the master meter credit is an actual rate change. It is rather an update to relevant tariff language, which would make their tariff similar to other IOUs' tariffs. Per PUC 739.5(a) the discount is intended to "reimburse the master-metered facility for the reasonable average cost of providing submeter service." However the credit is not meant to offset the commodity charges on the mobile home park (MHP) owner's bill. These additional credit amounts are not passed on to the tenants. SDG&E provides a hypothetical example to illustrate the extra benefits to the MHP owner under the current tariffs.

Furthermore, SDG&E responded that approval of the proposed clarifying language need not be handled through a ratesetting proceeding. Delaying implementation increases the amount of time SDG&E's ratepayers continue to subsidize master-metered customers by means of these unreasonable discounts.

Response of WMA to SDG&E's response to the protest

WMA responded before the draft resolution was issued and reiterated that the AL requested changing the submeter discount. Any such change must be requested in a utility filing for revision of the residential rates, as D.04-11-033 clearly states.

Discussion

SDG&E's response provides a hypothetical example of unreasonable credit that could be provided to a master-meter customer. It may not satisfy WMA's demand for an actual case to support its request but it does provide numerical support. The other utilities had master-meter credit limits in their tariffs since inception of the discounts in 1976. WMA did not challenge those limits. Therefore we will not deny SDG&E's request on its merits.

However, WMA correctly challenges the vehicle (AL) of SDG&E's request in light of D.07-05-044. That decision acknowledged the possible merit of a WMA petition for clarifying Southern California Edison's (SCE) tariffs, and in effect raising, the master-meter customer discount. But it directed any pursuit of change to rates to an appropriate rate design proceeding. The decision pointed out that the discount originated from a Settlement Agreement and could be the result of a compromise and negotiations.

Similarly, SDG&E's language in Schedules GS, DS and DT has not changed with regards to discount limit for at least several General Rate Case (GRC) cycles, if not since inception in 1976. There was ample opportunity to bring this issue up in a rate design proceeding. If the request is deemed not suitable for incorporation in a GRC, it may be applied for separately.

PUC 454(a) requires an application for changing any rate or practice or rule to result in any new rate, unless it is a pass through of new costs to the utility. SDG&E's response states that "delaying the implementation only increases the amount of time SDG&E's ratepayers will continue to subsidize ...", which acknowledges that rates would change. The shifting of alleged excessive discount costs from the general ratepayers to the master metered customers would be a change in rates resulting from the AL.

We therefore deny SDG&E's request to change Schedules GS, DS and DT by means of this AL. SDG&E may pursue such changes in an Application or in another rate design proceeding.

COMMENTS

Public Utilities Code section 311(g) (1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment

prior to a vote of the Commission. Section 311(g) (2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments.

SDG&E commented timely on October 2 and claims that the AL does not request a change in tariffs, rather an update to relevant tariff language. The issue would not fit into an established proceeding as a whole.

WMA responded also on October 2 supporting the draft resolution.

FINDINGS

1. SDG&E offers for each submeter a fixed dollar discount to master-meter customers on Schedules GS, DS and DT to compensate for the costs of reading of tenant submeters, billing, maintenance, repair and replacement of the infrastructure.
2. The master-meter customer is allowed to sell the energy to the submetered tenants at the same rate the utility would charge if directly metering them.
3. At low commodity usage, the credit (sum of discounts) to the master-metered customer could be larger than the noncommodity portion of the utility bill.
4. When the credit is larger than the noncommodity portion of the bill, SDG&E asserts other ratepayers subsidize the commodity that master-meter customers receive.
5. Since inception of the master meter discount other IOUs have limited the credit to a maximum of the non-commodity charges .
6. SDG&E filed AL 2011-E/1788-G requesting revision of Schedules GS, DS and DT to limit the credit to the non-commodity charges.
7. For the past several GRC cycles SDG&E has not had nor proposed such a limit.
8. WMA primarily protests SDG&E's use of an AL to request rate changes (the limit to the credit).
9. D.07-05-044 denied a petition by WMA to change SCE's mastermeter discount because the change should be pursued in a rate setting proceeding.

10. PUC 454(a) requires an application filing to change rates or to alter any practice or rule to result in any new rate, unless it is a pass through of new costs to the utility.

THEREFORE IT IS ORDERED THAT:

1. The request of SDG&E to revise Schedules GS, DS and DT in Advice Letter AL 2011-E/1788-G is denied without prejudice.
2. SDG&E may pursue the changes requested in its next rate design proceeding or by an Application.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 16, 2008; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners