

Big Protections for Small Businesses

Best Kept Secrets

Back-Billing Protections

Small business customers are protected from being back-billed for more than three months by their utility company due to revised back-billing tariffs adopted by the California Public Utilities Commission (CPUC) in October 2010. Prior to that small businesses could be back-billed for up to three years. This represents a 90% reduction in back-billing liability from 36 to 3 months.

Back-billing is the practice of retroactively billing for undercharged amounts due to meter and billing errors by your utility. Billing errors can include incorrect meter reads, clerical errors, incorrect billing calculations and wrong daily billing factor, among other things.

Reasons to Protect Small Businesses

The CPUC expanded these protections in response to years of complaints from small businesses, consumer advocates, and elected officials. Small businesses being hit with three years of bills amounting to tens of thousands of dollars due to utility billing errors were threatened with disconnection and going out of business. Surprising small businesses with unexpectedly large deposit requirements was hindering growth and success.

Small businesses are much like residential customers because they don't have access to resources and financing available to larger corporations. Many struggle to survive on a month-to-month basis. That is why the new back-billing and deposit rules adopted for small business are the same that apply to residential customers.

Deposit Protections

When small business customers are required by utility companies to provide a deposit to start, or continue service, the maximum deposit has been reduced to twice their average monthly bill from twice their maximum monthly bill according to CPUC rules adopted in October 2010. This can be a significant decrease for deposits since most businesses experience peak energy usage only a few months out of a year.

The rules actually require the utility to provide small business customers with a letter after the first late payment which warns the customer that the utility may require a deposit if the customer pays late again within the same twelve-month period.

Qualifications for Protection

Small business customers are protected by CPUC back-billing and deposit rules if they meet one of the following criteria.

- Use that 40,000 kilowatt-hours a year, or less than 20 kilowatts at a time.
- Use fewer than 10,000 therms of natural gas a year.
- Record annual gross receipts of \$2,500,000 or less over the previous three years.
- Are a manufacturer with 25 or fewer employees.

Exercise Your Rights

If you think your utility company has back-billed you, or overcharged you for a deposit, call your utility and try to resolve the problem with them directly. If you are denied service or assistance, you have the right to file a complaint with the California Public Utilities Commission at: <https://appsssl.cpuc.ca.gov/cpucapplication/> or 1-800-355-8876.

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