**Section 501.400 Corrections and Adjustments for Measurement Error**

a) A utility shall observe the following provisions for adjusting customer bills whenever any test made by a utility or by the Commission shows a customer's measured gas usage to have an average error of more than 2.0%.

1) If the utility determines that a customer's measured gas usage contains an average error of more than 2.0% fast, the utility shall determine the billing adjustment for services provided by the utility based on the actual average error percentage found, not the difference between the allowable error (i.e., 2.0%) and the error found as a result of a test. The utility shall presume that the average error existed for a period of two years prior to the date the utility removed the measurement equipment that caused the error from service. If the measurement equipment was tested while in service, the utility shall presume that the average error existed for a period of two years prior to the date of the equipment's test.

2) If the utility determines a customer's measured gas usage contains an average error of more than 2.0% slow, the utility may determine a billing adjustment for services provided by the utility, in which event the billing adjustment shall be based on the actual average error percentage found, not the difference between the allowable error (i.e., 2.0%) and the error found as a result of a test. The utility shall presume that the average error existed for a period of one year prior to the date the utility removed from service the measurement equipment that caused the error for small commercial and residential customers and two years prior to the date the utility removed from service the measurement equipment that caused the error for all other customers. If the utility tested the measurement equipment while in service, the utility shall presume that the average error existed for a period of one year prior to the date of the measurement equipment's test for small commercial and residential customers and two years prior to the date of the measurement equipment's test for all other customers.

3) If the utility determines that the measurement error is due to a non-registering meter, the utility may determine a billing adjustment for services provided by the utility, in which event the billing adjustment shall be based on the presumption that the non-registration existed for a period of not more than 60 days when the utility reads the meter on a monthly schedule or 90 days when the utility reads the meter on a longer schedule. A utility may consider meters equipped with automatic meter reading devices as read on a monthly schedule. However, a utility may presume that the non-registration existed for a period of up to 180 days if the utility is unable to gain access to the meter within 20 business days after its initial request for access due to the customer's refusal to grant access, provided the utility offered to exchange the meter during or after the utility's normal working hours.

4) If a utility intends to make a billing adjustment pursuant to subsection (a)(1), (2) or (3), the utility shall notify the customer of the test results and applicable billing adjustment for the services provided by the utility, including an explanation of the billing adjustment, within 30 business days after the utility receives the test results. At the same time the utility provides notice to the customer, the utility shall provide the same notice to each alternative gas supplier serving the customer during the period over which the utility deems the average error to have occurred. The utility shall provide a billing adjustment to the customer for the services provided by the utility within 45 business days after the date of the notice to the customer.

5) A utility shall not determine a billing adjustment for services provided by the utility for a measurement error before the in-service date of the measurement equipment that caused the error, nor shall it provide for any correction before the date upon which the current customer first occupied the premises at which the inaccurate measurement equipment was located.

6) If a utility, a customer, an alternative gas supplier, or a natural gas supplier can show that the measurement equipment error has existed for a longer or shorter period than the presumed time for a billing adjustment set forth in this subsection (a), the utility shall determine the billing adjustment for the error using the longer or shorter time period, as applicable. This Section will not apply to occasions when the utility found the measurement equipment to under-register, but the utility did not meet all of the prescribed testing and maintenance requirements for the measurement equipment set forth in Subpart B.

7) When a utility finds that an error results from a gas meter registering gas leaking from the meter, the utility shall estimate the amount of leaked gas that the meter has registered in accordance with this subsection (a) to determine the billing adjustment.

8) The provisions of this subsection (a) do not apply to situations in which a utility detects tampering of the gas measurement equipment by the customer and the customer enjoyed the benefit of the tampering.

b) If a current or previous alternative gas supplier receives a notice of meter test results and applicable billing adjustment and explanation for services provided by the utility pursuant to subsection (a), the alternative gas supplier shall determine the applicable billing adjustment for its gas supply services pursuant to the terms and conditions of its contract with the customer using the same usage adjustment applied by the utility for the applicable time period. Within 45 days after receipt of the notice from the utility, the alternative gas supplier shall submit, if applicable, its resulting billing adjustment to the utility if consolidated billing is or was provided by the utility, or to the customer if single or dual billing is or was provided by the alternative gas supplier. An alternative gas supplier may include terms and conditions in its contracts that provide for billing that is not dependent on the volume of gas consumed by the customer, but its customer contract shall not otherwise eliminate a customer's right to a billing adjustment.

c) If an alternative gas supplier has signed a contract with a customer with billing that is not dependent on the volume of gas consumed by the customer and would require the alternative gas supplier to pay on behalf of the customer any under-collected distribution charges that result from the billing adjustment for services provided by the utility, the alternative gas supplier shall pay the charges on behalf of the customer within 45 business days after the date of the notice of test, billing adjustment, and explanation received from the utility.

d) The applicable usage adjustments calculated pursuant to subsection (a) shall be used in determining the pool or supply requirements of the alternative gas supplier to the utility, or any adjustments to those requirements.

e) The provisions of this Section shall apply only to:

1) Natural gas public utilities; and

2) Alternative gas suppliers serving residential or small commercial customers and only to the extent that the alternative gas suppliers provide services to residential or small commercial customers.