



COMMENTS OF
AVISTA CORPORATION, d.b.a, AVISTA UTILITIES
September 30, 1999
Re: WUTC Staff's First Formal Draft
Electric Companies – Rulemaking –Chapter 480-100 WAC
Natural Gas Companies—Rulemaking—Chapter 480-90 WAC

WUTC Docket Nos. UE-990473 and UG-990294

I. Introduction

Avista Corporation (Avista or the Company), doing business as Avista Utilities submits these comments in response to the WUTC Staff's First Formal Draft in the above-cited dockets. Avista has been an active participant in these proceedings, attending each workshop and providing written comments on May 5, 1999.

Avista appreciates the opportunity to suggest improvements to the existing electric and natural gas operations rules. Avista shares Governor Locke's concerns as embodied in the Executive Order mandating that state agencies review their rules for compliance with seven standards: 1) need, 2) effectiveness and efficiency, 3) clarity, 4) intent and statutory authority, 5) coordination with other state agencies to reduce duplication, 6) cost, and 7) fairness.

The Company's comments address four general areas:

First, Avista provides comments in legislative format in response to the Staff's general, accounting, metering, and safety proposed rules (i.e., all but the consumer rules).

Second, Avista demonstrates that the approximate cost to the Company's customers of complying with the Staff's proposed consumer rules is \$5.7 million. Offsetting benefits, if any, would be minimal. The informal workshops did not promote discussion to address the costs and other concerns.

Third, Avista provides selected, preliminary comment on the existing consumer rules.

The Staff's proposed consumer rules mix major policy changes with a complete "grammatical" rewrite. This has occurred without dialogue among parties on these issues at the informal workshops as demonstrated by the lack of cost/benefit analysis as outlined above. Thus, Avista believes that it is premature to comprehensively comment on Staff's proposed consumer rules at this time without greater discussion of underlying issues. All parties will have an opportunity to discuss these issues at the October 14 workshops.

Fourth, Avista proposes that the consumer rules portion of the next workshop start with a side-by-side comparison of Staff's proposed changes to the existing rules. This approach would provide a sharing of underlying interests. Once interests are identified and reconciled to the extent possible, then proposed changes would be circulated among parties. Thereafter, grammatical improvements to the existing rules would be addressed.

II. Comments on Staff's Proposed Rules (not including the Consumer Rules)

Avista was, and continues to be, an active participant in the informal phase of this rulemaking process. Avista has shared several comments and concerns about the general, accounting, metering, and safety rules. In the dialogue that occurred, Avista is generally satisfied that its comments on these issues were addressed by Staff's proposed rules in an appropriate manner. The Company understands the basis for the Staff recommendations and generally supports the proposed rule changes with the following edits.

Rule and proposed edits: WAC 480-100-xx6 Financial Reporting requirements **WAC 480-90-xx6**

- (3) Monthly Reports [electric] with similar changes to (8) Monthly Reports [gas]
 - (B) The report must contain the three monthly balances, ~~the quarterly ending balances,~~ and the latest 12 months ending balance for all accounts of the uniform system of accounts.

Purpose of edits: Avista understands that the purpose of this rule revision is to reduce the number of filing requirements without reducing data available to the Commission Staff. Therefore, a proposal to file reports on a quarterly basis with the monthly totals was suggested at the informal workshop held June 3. Avista concurred with this proposal. However, the *addition* of quarterly ending balances has the effect of *increasing* reporting requirements. Avista believes this is an unintended consequence and the Company does not believe that this is necessary or appropriate. Avista's financial systems are not set up to provide this data. Avista, therefore requests that the above edits are accepted or that the existing rule be retained (i.e., file monthly reports on a monthly basis). Yet another option would simply be to request quarterly reports with no monthly reports.

Rule and proposed edits: WAC 480-90-136 Meter set assembly location

- (3) All meters set assemblies will be located outside buildings unless prior approval by the

Commission is obtained subject to specified standard procedures.

Purpose of edits: Avista has several meter set assemblies located inside buildings, particularly in the downtown Spokane area. Locating meter set assemblies inside buildings is a relatively common practice in urban situations. The above edits recognizes that standard procedures may be followed, with Commission approval, with no delay in meeting customers' time frame and deadlines for construction projects.

**Rule and proposed edits: WAC 480-100-121 Meter Charges
WAC 480-90-131**

- (1) An electric utility will make no charge for furnishing and installing the meter or meters required to determine the billing to be made for electric (gas) service in accordance with its filed tariff. The utility may charge for additional metering, beyond the least cost metering installment, requested by the customer for service ~~beyond determining the billing to be made~~ for electric (gas) service.

Purpose of edits: Avista appreciates the inclusion of the last sentence in this section. The suggested edit is intended to clarify that it is acceptable, under this rule, to charge customers for optional meter sets beyond that which is necessary for rendering bills according to standard practices.

Rule and proposed edits: WAC 480-100-126 Meter readings, multipliers ...

- (3) Indirect reading meters and those that operate from instrument transformers must have the multiplier plainly marked on the dial of the instrument or otherwise suitably marked. ~~All charts taken from recording meters must be marked with the date of the record, the meter number, customer name, and chart multiplier.~~

Purpose of edits: Avista no longer has chart recording meters on its system. If Puget Sound Energy and Pacificorp also do not have chart recording meters, it would make sense to accept the above edit.

Rule and proposed edits: WAC 480-100-xx7 Net Metering

- (4) Agreements. Customer-generators and electric utilities ~~must~~ may enter into a written net metering agreement prior to interconnection of the utility and customer-generator facilities. Such agreements must be approved as to form by the Commission.

Purpose of edits: Avista believes that the intent of legislation authorizing net metering in Washington is to simplify the process of interconnection and avoid costs that would otherwise be passed on to the customer-generator, the utility, and/or the general body of customers. Further, state law and existing tariffs require interconnection subject to fulfillment of minimum standards. Therefore, Avista requests that agreements be permissive rather than mandatory.

Rule and proposed edits: WAC 480-100-161 Portable indicating instruments...

- (3) Electric utilities must adjust portable analog indicating instruments that are found appreciably in error at zero. If a portable analog indicating instrument is in error by more

than 1 percent at commonly used scale deflections, the electric utility must adjust it, unless the instrument is accompanied by a calibration card.

Purpose of edits: This rule appears to relate to analog instruments, hence the proposed clarifying edits.

III. Preliminary Financial Impact of Staff’s Proposed Consumer Rules on Avista

Staff has proposed several changes to the consumer rules that would have, if adopted by the Commission, material financial impact on the Company. These changes would result in at least \$5.7 million in increased expenses to the Company. Avista believes that this is an unintended consequence; certainly, costs and benefits of the Staff’s consumer rules, as proposed on September 14, were not addressed at the June 3 and June 24 informal workshops. Nor is this impact contemplated by Governor Locke’s seven principles.

The costs to Avista are as follows.

Staff Proposal	Cost to Avista	Source of Cost
Pro-rated partial payment and billing requirements	\$2,810,000	Computer programming
	1,500,000	Ancillary mainframe change and support
Payment arrangements	1,200,000	Increased carrying charges
	200,000	Increased write-offs for delinquent accounts
Winter low-income	unquantified	Will increase carrying charges
Deposit requirements	unquantified	Deposits currently are applied to accounts
Two month estimations	unquantified	Staffing issues for remote meter routes
Payment location changes	unquantified	Monthly changes and resulting costs
Tariff notification	unquantified	Adds 30 days to effective date
Medical certifications	unquantified	Harder to verify; extends payment
<i>Total minimum cost</i>	<i>\$5,710,000</i>	

These costs are such that the Company would seek hearing before the Commission on these issues. Attached, in support of the computer programming costs, is a summary of changes that would be needed to the Company’s Customer Services System (CSS) mainframe computer program. The other cost items are approximations. These costs, by definition, would be passed on to customers as a cost of providing service.

Avista believes that it is premature to comprehensively comment on Staff's proposed consumer rules at this time without greater discussion of underlying issues. All parties will have an opportunity to discuss these issues at the October 14 workshops. The Company suggests such discussion in Section V of these comments.

IV. Review of Existing Consumer Rules

In this section, Avista provides comments on existing consumer rules.

WAC 480-100-021 Glossary

Recommendation: "Proper Charges" and "Prior Obligation" should be added to terms included in the Glossary.

Support: "Proper charges" is used in -071 when referencing the reasons a utility may disconnect service [-071(1)(h)] and also what is required from the customer prior to reconnect [-071(3)]. Should the existing rule 480-100-116 remain in effect, "prior obligation" should be defined as follows. These additions to the glossary would help support what is already written in the rules regarding the amount a utility is allowed to collect prior to reconnection.

Edit to rules: WAC 480-100-021; add

Prior Obligation - Charges due from a previous customer at an address where a new or different customer is moving in.
Proper Charges - Charges billed to a customer for use of utility service.

WAC 480-100-051(3) Deposits—Deposit Requirements

Recommendation: Allow utilities to determine if a deposit is required based on a credit scoring system sanctioned by the Commission.

Support: Currently, the deposit rule defines situations under which deposits must be waived for a customer. Some of these reasons are not relevant to a customer's payment history. An appropriate alternative would be to allow a credit scoring system to determine if a deposit should be required. The credit scoring system could be obtained from an independent firm specializing in establishing credit risk. The Company suggests that the Commission consider registering and approving such firms' services for use by its regulated utilities.

Edit to rule: WAC 480-100-051(3); add

(f) Upon demonstration by a credit rating agency, duly registered and approved by the Commission, that an applicant or customer does not meet generally-accepted requirements for the establishment of credit.

WAC 480-100-071(4) Discontinuance of Service

WAC 480-100-116 Responsibility for Delinquent Accounts

WAC 480-100-056 Refusal of Service

Recommendation: The utility should be required to either collect the proper charges owing from customers, or establish payment arrangements with customers, who have been disconnected for nonpayment prior to reconnection of service.

Support: The above-cited rules have been interpreted to require that reconnection of customers with unpaid bills must be performed upon payment of one-half of the deposit and a reconnect charge. This, in turn, leads to customers being reconnected for less than they owe. If the customer refuses to pay, the remaining balance is written off by the utility as an unrecoverable expense. There is no equivalent rule in Idaho and the write-offs for prior obligation is \$0. The comparable rule in Oregon provides for either payment of amount owed or establishment of a payment plan. Avista Utilities understands that the Commission's prior obligation rules were patterned after California's rules which have since been significantly revised and call for full payment or a payment plan such as that embodied in the Oregon rule.

Moreover, Avista recently surveyed 22 companies who are members of the American Gas Association/Edison Electric Institute in reference to the amount of money each company is allowed to collect for reconnection. The results show that 61% of the companies currently collect either the amount for which the account was disconnected or the entire account balance. Interestingly, all of the accounts which required, by their commission policies, reconnection for *less* than the amount the account was disconnected for are able to collect on the unpaid balance and/or disconnect for the unpaid balance at a later date.

Discussion: This issue has a rich history in Washington. In 1983, Puget Sound Energy filed a petition seeking an interpretation similar to that contained in these comments. PacifiCorp filed a similar letter request in 1987. In the meantime, Avista has held several informal discussions with the Commission Staff. In all instances, the Staff has recommended to the Commission that there be no change to the current interpretation.

In this proceeding, all gas and energy utilities have identified prior obligation as an issue that needs to be addressed. There are several options to consider; one option favored by Avista follows. Other options should be analyzed. Avista concurs with the perspective that a reasonable solution would be to provide assistance for those customers who are "down on their luck", while preventing abuses to the system.

The Staff's comments forward a series of questions in their proposed consumer rules calling for "further compelling evidence". Avista experiences approximately \$600,000 per year in costs related to prior obligation in Washington (as stated previously, Idaho experiences no prior obligation write-offs). Staff's request for further documentation is perplexing because these questions imply standards for analysis which do not seem consistent with other areas of ratemaking.

Edit of rule: At ~~WAC 480-100-116: Responsibility for delinquent accounts~~ A utility shall not refuse or discontinue service to an applicant or customer, who is not in arrears to the utility even though there are unpaid charges due from the premises occupied by the applicant or customer, on account of the unpaid bill of a prior tenant unless there is evidence of intent to defraud. ~~A utility may not permanently deny service to an applicant because of a prior obligation to the utility.~~

At WAC 480-100-056 Refusal of Service, add:

(7) Except as provided in section (8) of this rule, an electric or gas utility may refuse to provide service to an applicant until it receives full payment of any overdue amount and any other obligation related to a prior account.

(8) Except for consumers who were disconnected for theft of service, an electric or gas utility shall be required to provide service to an applicant upon receipt of payment equal to at least one-half of any overdue amount and any other obligation

related to a prior account, provided that the person has made reasonable payment arrangements on the account balance. The balance of the amount owed to the utility shall be paid within 30 days of the date service is initiated. Upon failure to pay, the utility may disconnect service after providing proper notification. The notices shall contain the information set forth in Commission notice rules.

(9) If electric or gas service is disconnected for failure to comply with the payment terms set forth in section (8) of this rule, the utility may refuse to restore service until it receives full payment of any overdue obligation, including any reconnection fee and past due bill.

(10) A utility may refuse to provide service until payment is received, as described in section (8) of this rule, when the following circumstances exist:

(a) An overdue balance has been incurred by a person at a service address;

(b) An applicant for service resided at the service address described in subsection (10)(a) of this rule during the time the overdue balance was incurred; and

(c) The person described in subsection (10)(a) of this rule will reside at the location to be served under the new application.

WAC 480-100-096 Complaints and Disputes

Recommendation: The term "complaint" should be defined for purposes of this rule. The Commission and the Company receive several types of inquiries, some of which constitute situations requiring some level of examination. Other types of inquiries are simply not violations of Commission rules. For example, an inability to make payment on a utility bill, in itself, should not constitute a complaint to the Commission.

Support: Under the proposed definition, a complaint about a customer's inability to make payment on a bill would be considered an inquiry and not a "complaint" because no rules were violated. This type of inquiry would not be registered as a formal complaint but rather documented as an informal inquiry at the Commission.

Edit to rule: WAC 480-100-096; add: A customer inquiry will be classified as a "complaint" if there is a belief that a Commission rule has been violated. The Commission staff will document the rule being questioned prior to sending the complaint to the Company for a response.

V. Suggested Future Focus of Workshops

Avista respectfully requests that the focus of the October 14 workshops on consumer rules start with the existing rules. The Company suggests that parties review these rules section-by-section. Staff's proposed consumer rules (section-by-section)—including intent and consequences—would be discussed at that time. This is particularly appropriate because Staff's proposed rules were not presented in legislative format and Staff proposed many substantive and grammatical changes. It is difficult to trace all changes in the format presented. By proceeding in this fashion, parties can address consequences, intended and unintended, of proposed rules in a time-frame that lends itself to such analysis. Thereafter,

parties could address grammatical changes.

Avista recognizes that this is the first opportunity to respond to proposed rules in this docket. The Company looks forward to future opportunities to comment and discuss proposed rules as new iterations are warranted.

Respectfully submitted,

By: _____
Thomas D. Dukich
Manager, Rates and Tariff Administration

AVISTA UTILITIES
Post Office Box 3727
Spokane, Washington 99220-3727
Telephone: (509) 495-4724
Fax: (509) 495-8058

September 30, 1999