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01/21/2005 01:37 PM

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Customer Guarantee 3 and Customer
Guarantee 1

Graciela,

PacifiCorp does not support Public Counsel's position that customers who were disconnected for nonpayment should receive a guarantee payment. Shown below are some of the points we would like to make with regard to not offering payment under Customer Guarantee 3 for reconnection of service:

1. A guarantee for reconnection of service was not part of the Company's merger commitment. The merger commitment (and I was part of the group who designed the commitment so I am very clear on this) was for switching on power -- not for reconnection of service. In addition, **current** Rule 25 approved by the Commission only covers switching on power -- not reconnection of service. The Company has guaranteed reconnection of service on a voluntary basis and we no longer intend to do so.
2. During the 5 years of our merger commitment (through December 2004) we have had only 123 failures in Washington under Customer Guarantee 3 out of more than 44,000 events or "opportunities to fail" during the duration of the merger commitment. Of the 123 failures, we estimate that less than half are related to reconnection of service for nonpayment.
3. The Company's position that reconnection of service should not be covered under the guarantee program is not tied to a large volume of failures or monetary considerations. Rather, it is a matter of principle for the Company and our employees that customers who have not paid for service should not be compensated with any payments under a guarantee program.
4. Please understand that we will maintain as a standard work practice to reconnect nonpayment customers within 24 hours. These customers will receive the same standard of service that new customers receive. The only difference is the nonpayment customers will not be paid for any failures. Currently new service connection and reconnection for nonpayment are prioritized according to time/date. We will continue to maintain the same priority to provide all customers with the same excellent service with a target of 24 hours. From a work management perspective our work to connect or reconnect customers will not change. We will also continue to analyze those cases where we did not connect or reconnect service, the same as we do now, to ensure that service levels are maintained. The Company is not backing off on our commitment to the service level that customers receive.
5. Of the utilities surveyed who have a guarantee program, no utilities offer a guarantee for reconnection of service for nonpayment within a specific time frame, such as 24 hours. For example:

"Pennsylvania Power & Light will reconnect electric meters within two working days (**as long as the meter was not disconnected for nonpayment of bills**)."

Connectiv Power Delivery guarantees re-energizing existing electric connections in 10 working days and excludes "**service that has been disconnected for payment related reasons**."

(Puget Sound Energy offers a \$50 guarantee payment for appointments related to "disconnection for nonpayment" however, this would apply to gas customers since appointments with electric customers for reconnection are not required. Puget Sound Energy does not commit to reconnection within a specified time frame.)

6. Residential customers who were disconnected for nonpayment have the benefit of invoking prior obligation in the State of Washington which absolves them of any requirement to pay for service they have used. It is especially of concern to the Company in the state of Washington to pay nonpayment customers for any guarantee failure when customers have the option of paying nothing to the Company for service they have enjoyed.

The Company does not support Public Counsel's position that the \$100 guarantee payment be maintained for non residential customers. Shown below are some of the points we would like to make in support of our position to offer a \$50 guarantee payment for any failures.

1. The Company believes the \$50 guarantee payment is very generous. This is borne out by the survey of 12 utilities besides PacifiCorp who have a guarantee program where the average guarantee payment is only \$23.

2. In the survey mentioned above, of the 12 utilities besides PacifiCorp who have a guarantee program, no utility offers a higher guarantee payment to nonresidential customers.

3. The only Washington utility besides PacifiCorp to offer guarantees is Puget Sound Energy where they only guarantee appointments. We note that Puget Sound Energy only offers a customer guarantee payment of \$50 under their limited guarantee program.

4. The \$50 payment for all guarantee failures is intended to simplify the guarantee program while still maintaining a robust program to provide guarantees on seven important services to customers.

5. The guarantee payment is not meant to compensate customers, nonresidential or residential, as implied by Public Counsel. It is intended to demonstrate to the customer the Company's recognition that service was not what it should have been. Further, the \$100 payment is 100% higher than the proposed \$50 payment and does not represent "slightly higher compensation to businesses," as Public Counsel states, but 100% higher than the payment received by residential customers which we believe is unjustified given the above information.