

October 23, 2000

Ms. Carole J. Washburn, Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Docket No. U-991301—Review of WAC 480-80**

Dear Ms. Washburn:

This letter is to convey Puget Sound Energy's (PSE or the Company) comments regarding revisions to WAC 480-80. PSE hopes these comments are helpful to Staff as it endeavors to make revisions to these rules to implement Governor Locke's goal for regulatory improvement in Executive Order 97-02 and to ensure the rules are otherwise in the public interest. PSE's comments in this filing address the rule that pertains to notifying customers of proposed tariff revisions. While the following comments are limited to that one rule, the Company looks forward to working with the WUTC Staff and all other interested parties in this proceeding to address customer notification issues and other possible issues that may surface.

***Customer Notice of Proposed Tariff Revision Should Remain in WAC 480-80***

Staff has been intent on moving the rule that addresses customer notification of proposed tariff revisions from this chapter that addresses tariffs to the individual operations rules. PSE suggests, however, that it is more reasonable for that rule to remain in WAC 480-80, with the other rules that pertain to tariffs and customer notice. In addition to WAC 480-80 being the most logical location for the rule addressing notice of proposed tariff revisions, it would also support Staff's goal of keeping rules consistent across industries, where it makes sense to do so. If Staff desires to keep the customer notification rules as consistent as possible across industries, it is more reasonable to consider revisions to the rule on noticing for proposed tariff revisions in this proceeding, where affected utilities across all the industries can discuss Staff's proposals. Perhaps jointly, parties from the various industries can come together around a consensus proposal that advances the public interest in relation to the existing rules within the boundaries of the Commission's legislative authority.

***PSE's Concerns with the Existing Notice of Proposed Tariff Change Rule***

PSE clearly outlined the Commission's current notification of proposed tariff revision rule in the response to Staff's June 2, 2000, request for information in the review of operations rules under WAC 480-80-90 and 100. The heart of the current notification of proposed tariff revisions rule is to post information at payment stations and business offices; PSE's concern is that the Company only receives approximately 5% of its annual payments from these locations. This means a significant number of customers do not receive PSE's notifications. While the existing rule clearly falls within the 30 day statutory notice requirements established by RCW 80.28.060, PSE believes it is possible to use updated technology and improved approaches to increase the likelihood that customers will be aware of changes in their utility services. The Company offers the following notification rule as a way of meeting the Commission Staff's stated interests in an improved, reasonable rule that is within the Commission's statutory authority.

***PSE's Proposed Customer Notification of Tariff Changes Rule***

WAC 480-80-120—Notice to customers of tariff changes.

- (1) Tier 1 pre-notification requirements—
  - (a) Tier 1 tariff changes are those that meet any of the following conditions:
    - (i) Proposes an increase in monthly recurring charges such that revenue from the affected rate schedule(s) would increase by more than 2% on an annualized basis, except for variations between maximum and minimum rates in a banded rate schedule previously approved by the commission or variations in rates tied to market price indexes previously approved by the commission; or,
    - (ii) Proposes to eliminate a service that currently serves customers; or,
    - (iii) Proposes changes in terms and conditions for any rate schedule or service that would increase the average customer's annual utility cost by more than 2%; or,
    - (iv) Proposes to change terms and conditions that would require existing customers to modify their operations or utility service usage to comply with the proposed revision; or,
    - (v) Proposes to increase the minimum term commitment to any existing customer.
  - (b) Methods for notifying customers of Tier 1 tariff changes—the utility must use one of the following notification methods beginning commensurate with the 30 day statutory notice provision; that is, 30 days prior to the proposed effective date on the proposed tariff sheets:
    - (i) Post prerecorded notice information on a toll-free telephone number and post information on the utility's web site, if available. Additionally, the utility must include a bill print message or conspicuous message in the bill package alerting customers that the utility has made a filing at the commission that, if approved, could increase their utility costs by more

- than 2% or more, or have other impacts on their utility service and direct customers to the toll free telephone number and website for additional information; or,
- (ii) Provide notice information on a bill insert or in the bill package; or,
  - (iii) Provide notice information to customers via direct mail; or,
  - (iv) A media notification package approved by the commission on a case-by-case basis.
- (2) Tier 2 pre-notification requirements—
- (a) Tier 2 tariff changes are those that meet any of the following conditions:
    - (i) Proposes an increase in monthly recurring charges such that revenue from the affected rate schedule(s) would increase by 2% or less on an annualized basis, except for variations between maximum and minimum rates in a banded rate schedule previously approved by the commission or variations in rates tied to market price indexes previously approved by the commission; or,
    - (ii) Proposes to change terms and conditions that could increase costs to consumers by 2% or less; or,
    - (vi) Increases in non-recurring charges that would affect existing customers.
  - (b) Methods for notifying customers of Tier 2 tariff changes—the utility must use one of the following notification methods beginning commensurate with the 30 day statutory notice provision; that is, 30 days prior to the proposed effective date on the proposed tariff sheets:
    - (i) Post prerecorded notice information on a toll-free telephone number and post information on the utility’s web site, if available. If the utility will use this alternative, the utility must include a standing message in the bill package (back of envelope, on the bill stock, etc.) each billing period providing the toll free telephone number and website address informing customers they may regularly check these sources for updated information changes in on regulated utility services; or,
    - (ii) Provide notice information on a bill insert or in the bill package; or,
    - (iii) Provide notice information to customers via direct mail; or,
    - (iv) Provide notice information in local newspapers or radio advertisements.
- (3) Tier 3 notice requirements—
- (a) Tier 3 tariff revisions are those that do not meet the tier 1 or tier 2 requirements listed in sections (1) and (2) above and would not otherwise have a significant financial or operational impact on current customers.
  - (b) Methods for notifying customers of Tier 3 tariff changes—the utility must use one of the following notification methods beginning commensurate with the effective date of the tariff revision as approved by the commission:
    - (i) Post prerecorded notice information on a toll-free telephone number and post information on the utility’s web site, if available. If the utility will use this alternative, the utility must include a standing message in the bill package (back of envelope, on the bill stock, etc.) each billing period providing the toll free telephone number and website address informing customers they may regularly check these sources for updated information changes in on regulated utility services; or,

- (ii) Provide notice information on a bill insert or in the bill package; or,
  - (iii) Provide notice information to customers via direct mail; or,
  - (iv) Provide notice information in local newspapers or radio advertisements.
- (4) Content of notices—
- (a) For tier 1 and tier 2 pre-notification, utilities must include at least the following:
    - (i) Date the notice is issued;
    - (ii) Utility name and address;
    - (iii) A clear explanation of the reason(s) the utility has requested the rate change (e.g. increase in labor costs, recovery of new plant investment, and increased office expenses, such as postage and customer billing);
    - (iv) A comparison of current and proposed rates by service;
    - (v) An example showing the monthly increase of an average customer’s bill based on the proposed rates (e.g. “Based on the proposed rates, a typical electric-heat customer using an average of 1,500 kwhs per month would see an average monthly increase of \$10.38”);
    - (vi) When the rates will be billed (i.e., monthly or bi-monthly);
    - (vii) Requested implementation date;
    - (viii) A statement that the commission has the authority to set final rates that may vary from the utility’s request, and may be either higher or lower depending on the results of the investigation;
    - (ix) A description of how customers may contact the utility if they have specific questions or need additional information about the proposal; and
    - (x) Public involvement language. A utility may chose from (A) commission-suggested language, or (B) utility-developed language.
      - ((a)) Commission-suggested language: If you would like to comment on this proposal, it is important for you to do so now. Comments must be submitted in writing or presented in person at the commission's open public meeting. If you have questions or you would like to be added to the mailing list for this case, you may contact the Washington Utilities and Transportation Commission at P.O. Box 47250, Olympia, WA 98504-7250; 1-800-562-6150; comments@wutc.wa.gov; or 360-664-3604(fax); or
      - ((b)) Utility-developed language must include the commission’s mailing address and toll-free number (1-800-562-6150), and a brief explanation:
        - ((i)) How to participate in the commission’s process by mailing or faxing a letter or submitting an e-mail (comments@wutc.wa.gov); and
        - ((ii)) How to contact the commission for process questions or to be notified of the scheduled open meeting at which the proposal will be considered by the commission;
  - (b) For tier 3 post-notification, utilities must include at least the following:
    - (i) The effective date;
    - (ii) A clear description of changes to rates or services; and
    - (iii) A utility contact number where customers may seek additional information;
- (5) Industry specific customer notification provisions

- (a) Energy utilities that have commission approved energy cost pass through provisions, incentive energy cost adjustment provisions, or other performance based ratemaking that includes periodic increase in rates will, at least once per year, provide customers with an educational information explaining any of these rate provisions that apply. The education piece must be included in a utility newsletter or bill insert.
- (b) Telecommunication utilities...
- (c) Solid waste utilities...
- (d) Water utilities...

***Conclusion***

PSE would like to thank the Commission for the opportunity to file these comments. We look forward to continuing to work with Staff and all other interested parties in this process. If you have any questions, or if we can be of any additional assistance, please contact Phillip Popoff at (425) 462-3229.

Sincerely,

Karl R. Karzmar  
Manager, Revenue Requirements