



January 25, 2005

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Attention: Carole Washburn
Executive Secretary

Re: Advice No. 04-13 – Docket No. UE-981627 (UE-042131)
Rule 25 – Customer Guarantees
Schedule 300 – Charges as Defined by the Rules and Regulations

In response to the January 20, 2005 letter submitted to the Commission by Steve Johnson, Public Counsel Analyst, in the above docket, PacifiCorp is submitting the following comments which we request be included in the public record.

As a condition of Commission approval of Advice No. 04-13, Public Counsel is requesting that the Commission not allow the Company to simplify the Customer Guarantee program by maintaining the same \$50 guarantee for all applicable customers. In addition, Public Counsel is requesting that the Company pay a guarantee payment to customers who have been disconnected for nonpayment and who did not pay for electric service.

The Company does not support Public Counsel's position that the \$100 guarantee payment be maintained for non residential customers. Shown below are the reasons the Company does not support Public Counsel's recommendation.

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. (The survey is discussed in the advice filing in the above docket and a copy of the survey was provided to both Public Counsel and Commission Staff at their request.)
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 non residential customers.
3. The only Washington utility besides PacifiCorp to offer guarantees is Puget Sound Energy who guarantees appointments. Puget Sound Energy offers a

customer guarantee payment of \$50 to residential and non residential customers alike under their guarantee limited to appointments.

4. The proposed \$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, non residential 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.

The Company also does not support Public Counsel's recommendation that customers who were disconnected for nonpayment receive a guarantee payment under Customer Guarantee 3 for the following reasons:

1. Offering a guarantee for reconnection of service was not part of the Company's merger commitment. The merger was for switching on power -- not for reconnection of service. Please refer to Page 13 of Bob Moir's testimony in the above docket. 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 it is out intention to no longer so.

2. During the five years of our merger commitment (through December 2004) the Company has only experienced 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. The Company will maintain as a standard work practice to reconnect non payment customers within 24 hours in accordance with WAC 480-100-133. This rule requires that utilities make every reasonable effort to restore a disconnected service within 24 hours. Customers who were disconnected for non payment will receive the same standard of service that new customers receive. The only difference is that the non payment customers will not be paid for any failures.

Currently new service connection and reconnection for non payment 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 as described in the advice filing in the above docket, no utilities offer a guarantee for reconnection of service for non payment 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 very rarely apply to electric customers since appointments for reconnection are not required for electric customers.)

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 non payment customers for any guarantee failure when customers have the option of paying nothing to the Company for service they have enjoyed.

We appreciate the opportunity to provide comments in response to Public Counsel's recommendations in the above docket.

It is respectfully requested that all formal correspondence and Staff requests regarding this filing be addressed to the following:

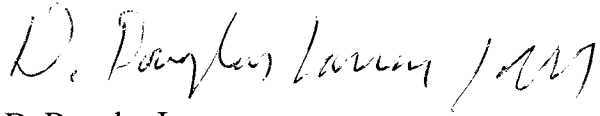
By E-mail (preferred): datarequest@pacificorp.com.

By Fax: (503) 813-6060

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 800
Portland, OR 97232

Please direct any informal questions to Carole Rockney at (503) 813-7408.

Sincerely,

A handwritten signature in black ink that reads "D. Douglas Larson" followed by a stylized flourish.

D. Douglas Larson
Vice President, Regulation
Enclosures