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VIA FAX and EXPRESS MAIL

Carole Washburn
Executive Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504

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REGISTRATION DIVISION
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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

RE: In the Matter of the Rule-Making Proceeding Related to Gas and Electric Companies--Chapters 480-90 and 480-100 WAC , Docket Nos. UE-990473 and UG-990294

Dear Ms. Washburn:

Public Counsel recommends the Commission reject the Staff's proposed modifications weakening the consumer protections in the prior obligation rule, WAC 480-100-056 and WAC 480-90-056. While we support some elements of the proposed revisions to the gas and electric consumer rules, and have concerns with others, our comments here are focused on prior obligation since this change has the most potential to harm consumers. The current version of the rule (WAC 480-100-116) prohibits companies from denying service to customers with outstanding bills or living at a residence where there are unpaid charges. The proposed changes would limit the number of times a customer may take refuge in this

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protection. Public Counsel believes this protection is the most substantial and effective tool in support of universal service for energy consumers in place. A policy change of this magnitude will expose a significant number of Washington residents to a lack of energy services. Such a change is neither timely nor supported by the record in this proceeding for the following five reasons.

1. The Commission has already approved increases to natural gas prices for all Washington consumers of between 16% and 30% this year. Since those changes, wholesale gas prices have continued to escalate, passing \$25 at Sumas this week – ten times their level at this time last year. Given these dramatic cost increases and the structure of cost recovery through purchase gas adjustments, there is a high likelihood that gas utilities will file for an additional round of significant price increases during this heating season. The highest market for energy costs in years is not the time to expose more customers to disconnection.

2. There is virtually no data as to the use, or abuse, of this rule from which the Commission can support a decision to limit existing consumer protection. Avista, to its credit, was able to provide some data about frequency of use of prior obligation in the Spokane area for electric customers; PacifiCorp and Cascade Natural Gas were unable to provide data; Puget Sound Energy and Northwest Natural were apparently unable to answer Staff's request for data. Using Avista's limited data is not sufficient. There is no way to evaluate how representative this information is for the company's rural service territory, its

gas operations, or the operation of the state's other utilities. Conversely, there are clear and demonstrable results of changing the prior obligation rule. Customers will be disconnected and will be unable to reconnect. The Commission should weigh the unsupported and abstract claims of harm to the utilities of the current policy against the tangible harm to consumers from the proposed change.

3. The Commission has completed rate cases for Avista, PacifiCorp, and Northwest Natural Gas this year. In no instance did the utility demonstrate that prior obligation was causing financial hardship to the company. In no case was there data to link prior obligation to uncollectable expenses. In no instance was any utility denied recovery of reasonable uncollectable expenses. The existing policy has not been demonstrated as a burden.

4. The proposed limit to the number of times a customer may employ prior obligation (the draft contains a proposal for 3 per year) will in fact increase costs to all ratepayers. Since utilities cannot currently identify the frequency of usage of prior obligation by a customer, they will be forced to modify their billing systems to track incidents of prior obligation by customer to implement the new rule. The costs of compliance are unknown to Public Counsel, and to our knowledge unquantified by the companies in their Economic Impact Statements. We note that on other occasions utilities have opposed changes to billing requirements based on the likely cost and complexity, particularly for multi-state or dual-fuel companies.

5. We are open to finding a solution to the assertion that a small, but unknown, number of customers may take advantage of the current rule. Rather than institute a sweeping rule change affecting all customers, it seems to be more reasonable public policy to treat the exceptions as such. We continue to be open to proposals to address clear cases of abuse where the existing fraud provisions are inadequate, but cannot support a shift that potentially harms all customers.

Finally, we note that the legislature has given the utilities a tool for assisting some customers in managing their bills more effectively by allowing the companies to file, and the Commission to approve, bill assistance programs. We presume some overlap between low-income customers and customers who employ the protection of the current prior obligation rule, but cannot determine the level of overlap without better data. However, it seems reasonable to believe that customers on fixed and limited incomes are likely to encounter problems paying unexpectedly high bills or energy bills unfortunately timed with other unexpected household expenses. Public Counsel believes efforts to employ other alternatives available to mitigate the causes of customer use of this protection are a more sound course for the Commission and the stakeholders to chart than a limitation to the most effective protection currently in place.

Sincerely,



Matt Steuerwalt
Public Counsel Section