

October 23, 2000

Carole Washburn, Secretary
Washington Utilities and Transportation Commission
1300 Evergreen Park Drive S.W.
Olympia, WA 98504

Re: Docket Nos. UE-990473 and UG-990294,
Electric and Natural Gas Operations Rulemaking

Dear Ms. Washburn:

Thank you for the opportunity to comment in the electric and natural gas rule revisions in the above-cited dockets.

The Company's comments on the electric and natural gas rules are, for the most part, identical. Therefore, the following comments apply to both WAC 480-100 and -90 unless otherwise noted.

WAC 480-100-xx7, Customer proprietary information

The second draft included language virtually identical to the telecommunications customer proprietary information rule. Avista understood the purpose of this revision and generally supported it subject to clarification. The previously proposed rule, as contained in the second draft, would not have allowed any sharing of customer usage data for purposes of marketing unregulated services without customer permission.

The third draft before us now includes modifications that dramatically change the application of this rule. The rule as it is now proposed would not allow marketing by any entity (including the utility) of any unregulated service to any customer without that customer's permission. The proposed rule prohibits utilities (and any other party) using proprietary information to market unregulated products and services. Proprietary information is defined to include names and addresses of utility customers.

Avista suggests that the next version of this rule define proprietary information to not include customer names, addresses, and phone numbers as proprietary. The Company concurs with the policy that no gain should be made to any energy service provider based on consumption data, technical configuration or any other system-specific data. Additionally, the term “confidential”, rather than “proprietary”, may better reflect the information described in this proposed rule.

WAC 480-100-xx8 Customer Notification

Avista shares Staff’s general concerns about the existing process for customer notification. However, the Company disagrees with the specifics of the Staff proposal contained in the draft rule revisions.

Staff’s proposal would result in one of two outcomes. Either proposed tariff revisions would be included in customers’ regularly scheduled bills adding an additional 30 days to tariff revision time period or a separate, stand-alone mailer would be required. The former adds time to a process that should be streamlined. The latter adds expense that may not be the best use of funds.

Furthermore, it is unclear if the legislative authority requires notification as contemplated in the Staff’s proposal. There is no doubt that the enabling legislation requires public notice. However, the form of such notification is not specified to be each and every customer receiving individual notices.

Avista encourages the Staff to explore other options. With much greater use of the Internet, tariff revisions could be viewed on companies’ web-sites. The Commission may wish to maintain an interested customer list and notify participants through updates. Advertisements in local newspapers may be a more cost-effective and timely mechanism to notify customers of pending tariff changes.

In the alternative, the Company suggests (as previously stated in response to the Staff’s second draft) that the last customer in a billing cycle receive notice 15 days prior to the effective date of the filing. This would provide sufficient time for all customers to voice any concerns to the Company and/or the Commission. This would also reduce the Staff-proposed 60 day effective period to 45 days.

Lastly, the Company suggests that notification issues be codified in Chapter 480-80, WAC. The Company believes that notification requirements for tariffs should be included in the tariff rules.

WAC 480-90-xx10(4) Purchased Gas Adjustment (GAS ONLY COMMENT)

Staff proposes that interest be accrued on PGA balances at the same rate as that applied to customer deposits.

Avista respectfully suggests that:

The rate of interest be consistent for all utilities,

An interest rate approximating that applied to customer deposits seems low, and

Precedent for large balances suggests a higher interest rate be considered.

Currently, application of interest rates on PGA balances differ among gas utilities. Avista supports the use of a standard rate to be uniformly applied to natural gas companies.

The customer deposit rate, which is presently used by Avista for PGA balances, is too low. Avista's present short-term borrowing rate is approximately 3% higher than the present customer deposit rate. The Commission has recognized that, for large balances, a higher interest rate is appropriate. In Docket Nos. UE-991606 and UG-991607, the Commission required (Third Supplemental Order at page 88, paragraph 317) Avista to pay interest at the company's authorized rate of return for the customers' share of the Centralia sale. In Docket Nos. UE-941377 and UG-941378, the Commission required the Company to pay 10% interest on balances accruing from the DSM Tariff Riders (Schedules 91 and 191).

Avista suggests that an interest rate higher than that proposed by Staff be codified in the revised rules.

WAC 480-90-071 (6) (a) iii

Staff proposes a new rule that requires "Utilities with combined accounts for both gas and electric service must provide the customer the option of choosing which service will be disconnected. If the customer does not choose, the utility may disconnect the service of its choice."

Avista opposes the adoption of this new rule. If the Commission is interested in considering adoption of this rule, the Company respectfully requests that Avista be granted a waiver until such time as the Company's accounting and computer system is revised. Previously, the Company had indicated in workshops that customer designation of payments was possible based on information available at the time. A physical disconnection, however feasible, would still present the same accounting/billing/com-

puter problems as described below. Therefore, the Company must reassert its strong opposition to this potential rule change.

Avista's computer system currently tracks the balance for gas and electric service together and deposits are based on usage combined. When a customer is delinquent on an account that has gas and electric, the entire account is delinquent, not just one service. In order to determine the amount due on just the gas or the electric, the amounts would have to be tracked separately.

During the previous workshops and the Company's written comments, Avista shared information regarding the costs and the extensive computer reprogramming that would be required to separate the balances of each service and to track deposits for gas and electric separately. Avista's previous comments, which outline policy concerns are included in the footnote below.¹

¹ This rule change would require Avista to change its billing and customer accounting system to show and track separate balances for electricity and natural gas. Avista's current bill clearly depicts the amount of electricity and natural gas purchased and the corresponding amounts owed. The Avista bill treats all amounts owing for regulated services as one payment due. In the event that a customer makes a partial payment for electricity and gas and disconnection occurs, Avista disconnects the electric service, which is the least expensive and most convenient to reconnect for the customer and the utility.

Moreover, Avista attempts to minimize gas disconnections because of issues surrounding pilot relights, safety issues, etc.

Avista believes that this proposed new rule should not be adopted for the following reasons.

1) At year-end 1999, 90% of Avista's customers had paid their bill in full on a timely basis.¹ These customers would not benefit in any way by this proposed rule change. Customers who were disconnected represent 1.5% of Avista's customers in Washington. Under the proposed rule, these customers would elect which fuel their partial payment would be directed towards, dictating that the customers' other fuel would be disconnected. Thus, only 1.5% of Avista's customers would potentially be affected by this proposed rule change.

2) The practical effect of this rule would be an increase in the number of disconnections and reconnections of natural gas service (with a reduction in the number of electrical disconnects and reconnects). This would increase costs to the utility and the general ratepayer because disconnection and reconnection of gas meters is more expensive than electric meters.

3) To accommodate this proposed new rule, the company's entire computer billing and customer accounting system would need to be redesigned at increased cost to all customers. The cost of this re-programming effort is estimated to be a minimum of approximately \$5,000,000 and could take 18 months or more to complete. These costs include labor, remittance changes, hardware and software associated with these programming changes, in addition to an estimated \$900,000 per year of on-going expenses for the additional CPU time, storage, print lines, support and costs

Currently, when a customer with both gas and electric is past due on their account, the company does not disconnect both services even though they are both past due. The company, in most cases, has made a practice of just disconnecting the electric meter.

Here are the reasons why:

A customer is required to be home to reconnect a gas meter in order to provide access to light a gas appliance, but they are not required to be home to reconnect an electric meter. It is more convenient for the customer to schedule an electric reconnect than it is to schedule an appointment to be home for a gas reconnect.

The cost of sending a gas serviceman to reconnect gas is more expensive than the cost of the electric serviceman or the cost for both the electric and the gas servicemen.

Avista's position on this matter is that when an account is past due for gas and electric service, the Company should have the right to disconnect both services (not just one service). At this point, the entire account balance becomes a prior obligation. In this event, the Company disconnects the electric meter only, for the reasons listed above. The Company should not be limited to disconnection of just one service, unless the Company was able to track balances of the gas and electric separately.

of multi-page bills.

4) Avista's current bill is easy to understand. Based on a recent survey, 96% of the Company's customers stated that it is important to have a bill that is easy to understand and 90% stated they are satisfied with Avista's current bill.¹ This proposed rule change addresses an issue that does not appear to be a problem for Avista's customers.

5) This proposed rule change ignores maximizing benefits to customers obtained by efficiencies of merged systems. Simply stated, Avista's combined gas and electric customers enjoy lower costs due to the leveraging of joint systems.

6) The underlying policy intent of the proposed change is not clear. The provision of bundled services is the current policy of the state of Washington. At this time, no deregulation or industry restructuring is contemplated. The Company understands that, in the event that Commission-initiated or Legislatively-mandated restructuring occurs, customer choice options would be necessary for billing and tracking purposes in the future. At that time, utilities would need to modify billing and accounting practices accordingly. Thus, Avista recommends that consumer rules related to customer choice be deferred until a later date.

Based on the verbiage of this proposed new rule and Avista's current computer system, if a customer requested to have only one of the meters disconnected, Avista would not be able to determine what portion of the account balance to put in prior obligation and what portion of the deposit to apply to the unpaid balance unless the Company were able to separate the balances of each service. The estimated programming costs to track and separate balances are in excess of \$5,000,000.

The company is not aware of any customer that requested Avista track their balances separately, allow them the option of which service they would like their payments applied to, or allow them to select a particular service to be disconnected in the event of nonpayment.

If the Company had to separate balances for each service the following issues arise. How would the Commission want a partial payment applied to an account that had a gas deposit due, an electric deposit due, a portion of the gas billed usage due and a portion of the electric billed usage due?

How would Moratorium payments be determined for gas and electric customers and how would partial payments apply to Moratorium? (7% of income + 1/12 of current accrued electric usage in addition to 7% of income + 1/12 of current accrued gas usage)

Payment arrangements would need to be tracked for gas and electric separately. How would a partial payment paid towards an arrangement apply to an account if the customer didn't pay the amount of the agreed upon payment arrangement?

WAC 480-90-106 (1) f & h; WAC 480-100-101(1) f & h

Customer bills must show the amount of therms & kilowatts used for each billing rate, the applicable billing rates per therm & kilowatt, the basic charge or minimum bill, and any other applicable tariff charges.

Customer bills must show the amount of any municipal tax surcharges and their respective percentage rates.

Customer bills must compare energy usage information for the current month and the same billing month of the previous year, if available, for the following: number of days, therms or kilowatts used, and average therms or kilowatts used per day.

Avista would like Staff to take another look at the proposed (above) additional requirements on a customer's bill. Based on surveys conducted by Robinson Research, our customers are very satisfied with our current bill format.

In order to comply with the detail listed above, customer bills will have to be redesigned. During the previous workshops and in the Company's written comments, Avista shared information regarding the costs and the extensive computer reprogramming that would be required to satisfy these new requirements. The estimated programming cost to change

the Company's bill was estimated at \$75,000 and the Company will incur ongoing expenses to prepare and send multiple page bills to our customers.

WAC 480-90-056 (3); WAC 480-90-xx5

Avista does not intend to refuse service to its customers, but would like it clear in the rules when the Company can collect the money a customer has been billed. The Company does not agree that current charges billed to a customer that have not even become past due and were not included in the notices or the amount the account was disconnected for should be considered part of a prior obligation. The amount of a prior obligation should only include the amount that the account was disconnected for and on the disconnect notifications.

The original rules stated that: *“Service shall be restored when the causes of discontinuance have been removed and when payment of all proper charges due from the customer, including any proper deposit, has been made as provided for in the tariff of the utility; or as the commission may order pending resolution of any bona fide dispute between the utility and customer over the propriety of disconnection.”*

The proposed rule still does not address the process of how to handle a customer that has had 4 prior obligations within a twelve-month period. The rule does not indicate whether or not the prior obligations have to be at the same address. At the last workshop, the Staff indicated that they would include verbiage here that allowed a Company to collect the entire account balance from a customer if they had been disconnected 3 times, not 4 times.

Please direct any questions on this matter to Renee Webb at (509) 495-7987 or Bruce Folsom at (509) 495-8706.

Sincerely,

Thomas D. Dukich
Director, Rates and Regulation