

Attachment A
Issues and Questions
U-991301

January 26, 2001

Commission Staff seeks additional comment on the following issues and questions concerning the content and location of customer notice rules.

Location of rules. Some parties have asked that all customer notice rules be contained within the tariff chapter. The benefit to placing notice requirements in the operations section of each industry's rules is that it allows the notice rules to be tailored, both now and in the future, to meet the individual needs of the industry. For instance, telecommunications companies need special provisions for competitively-classified companies and services. Solid waste haulers need notice provisions that give them some flexibility in describing the changes to the vast array of services they offer. Water companies also have special needs. The Commission has previously adopted notice rules for both the water and the solid waste chapters.

Please comment on the following:

If the notice rules are located in the operations section of each industry's rules, Staff would recommend including references in the tariff section to the appropriate industry-specific customer notice requirements.

An alternative approach that might meet companies' needs would be to move the customer notice rule in formal cases (WAC 480-80-125) from its current location in the tariff chapter to the natural gas (480-90), electricity (480-100) and telecommunications (480-120) chapters, respectively. This approach would result in the most commonly used notice requirements appearing in one place in the rules and also permit the rules to address industry-specific issues.

Draft rules. Commission Staff is seeking additional comment on the draft customer notice rules. (See Attachment B) The rules describe five types of notice:

- Notice provided during a formal proceeding;
- Notice provided after final Commission action;
- Notice provided prior to final Commission action at a public open meeting;
- Notice for price listed services; and,
- Notice requirements for telecommunications companies seeking competitive classification of services.

To focus discussion at the workshop, Staff seeks comments on the following:

1. Customer notice for formal cases: The proposed draft rule for formal case notice is not intended to increase notice requirements for companies. Rather, the proposed draft rewrites an existing rule, WAC 480-80-125, to provide clearer direction on how to notice customers for formal proceedings.

2. Process for noticing customers after Commission action. The rule drafts [WAC 480-100-193(2) for electricity, WAC 480-90-193(2) for natural gas and WAC 480-120-043(2) for noncompetitive telephone companies] reflect the most recent changes recommended by parties and Staff. Such notices can generally be handled through the use of bill messages. Based on earlier comments by the electric and natural gas companies, bill messages are relatively inexpensive and provide a benefit to customers by explaining changes to the bill as they occur. The proposed rule is intended to require companies to provide a bill message to customers alerting them to and explaining the kinds of tariff changes (e.g., tax increase, late payment charge.). The proposed rule requires that such wording should be included on the first bill that is affected by the tariff change.

3. Process for noticing customers prior to Commission action. The rule drafts [WAC 480-100-193(1) for electricity, WAC 480-90-193(1) for natural gas and WAC 480-120-043(1) for noncompetitive telephone companies] reflect the most recent changes recommended by parties and Staff. Companies have raised concerns about the cost of direct mail notices to customers 30 days prior to the filing's effective date. Even though the proposed rule does not require direct mail, companies argue that to ensure all affected customers receive the proposed rule's required 30-day notice, direct mail is the only option.

Cost estimates by energy companies for direct mail range from \$12,000 to \$280,000 per filing--assuming the filing affected all of the company's customers. Bill inserts are substantially less costly but must follow the company's billing cycle which means customers would receive notice scattered over a 30-day period. Additional questions have been raised as to when direct notice to customers is necessary. It has been suggested for instance that only a rate increase of a certain percentage need be considered for prior notification. Staff wishes to point out that the latest version of the proposed rules limits when prior notice is required. Specifically, only those filings that would increase recurring (not non-recurring) rates or restrict access to services would require notification prior to Commission action. Filings that are set for hearing would follow the requirements proposed above for formal cases. Staff would like to explore these issues more. It would be helpful if companies would answer the following questions:

- In the last two years, how many of your filings, based on the proposed rule, would have required customer notice prior to the Commission's open meeting decision? Please list the filings with the docket numbers.
- If you were to use a direct notice mailing to notify your customers, how long would it take your company to prepare, produce, and mail that notice?
- In the case of filings that would have increased recurring rates, how many filings over the last two years were less than a five percent increase for the affected rate?

- If a notice were sent to all of your customers through the use of a bill insert starting at the first of the month, when would the first customer receive the notice and when would the last customer receive notice?
 - (1) What percentage of your customers would have received notice by the 5th of the month?
 - (2) What percentage of your customers would have received notice by the 10th of the month?
 - (3) What percentage of your customers would have received notice by the 15th of the month?
 - (4) What percentage of your customers would have received notice by the 20th of the month?
- For purposes of saving money over direct mailing notices to all customers, would it be practical to send direct mail notices only to those customers who would not receive a bill insert until later in the month? For instance, if a company filed a tariff increase on February 1 and began inserting notices into customer bills that same day, would it be practical to direct mail those customers who would not be mailed a bill insert until after the 15th of the month? If not, please explain why?
- If bill inserts were used as a way to provide customer notice, what methods could your company employ to ensure that all of your customers received a notice prior to Commission action?
- If getting all customers a bill insert prior to Commission action is not possible without starting the notice process sooner than 30 days prior to the filing's effective date, what methods could be employed, in tandem with bill inserts, to increase the likelihood that all affected customers are informed of the proposal prior to Commission action?

4. Process for notifying competitive telephone customers. State law allows telecommunications companies, which are either competitively classified or are changing the rates of competitively classified services, to change rates with 10 days' notice to the Commission and customers. The same statute grants the Commission the authority to prescribe the form of notice. Staff believes that for competition to work effectively, customers must be informed of rate increases prior to the effective date. Our proposed notice requirements would achieve that objective. With an increasing number of companies operating in this state, Staff would like to hear ideas on how the Commission can enforce this notice requirement to ensure that customers receive adequate notice in a timely manner.