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Christine O. Gregoire
ATTORNEY GENERAL OF WASHINGTON
900 Fourth Avenue, Suite 2000 • TB-14 • Seattle, Washington 98164-1012

January 24, 2001

VIA FAX and EXPRESS MAIL

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

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 continues to oppose the proposed changes to weaken protection available to consumers and the universal service obligations of electric and gas utilities contained in the prior obligation rule, WAC 480-100-123 and WAC 480-90-123. 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 will result

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in harm to consumers.¹ We rely upon our comments of December 6, 2000, and only expand upon them here to highlight changed circumstances or important issues.

First, the Commission has approved natural gas increases raising the average residential bill between 48 and 101 percent from 1999 levels, and between 32 and 78 percent over the past year. The magnitude of these increases will pressure all consumers, not simply low and fixed income consumers. Removing a fundamental guarantee of service at such a time, without any attempt to mitigate price increases or provide for other tools to keep customers connected to their energy source, is unwarranted.

Second, no gas or electric company has made a showing that the existing prior obligation rule is unduly burdensome or causes expenses unrecoverable in rates. By contrast, PacifiCorp, Northwest Natural and Avista have all recovered uncollectable bill expenses in rate cases before the Commission in the past year.

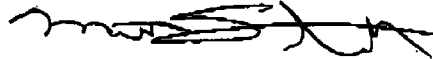
Third, no gas or electric company has made a showing that the proposed changes to the prior obligation rule will in fact benefit consumers. There is no evidence that lower uncollectable costs, administrative costs, or billing costs will result or that the companies will flow such savings to ratepayers. In fact, the likelihood of higher costs from changes to billing systems to allow companies to track each customer's use of the three allotted prior obligation exemptions is undisputed.

¹ With one exception: Public Counsel continues to be concerned with the degree of progress on the customer notification rules that have been severed from this rulemaking. In the current extremely volatile energy market, the Commission has the ability to ensure electric and natural gas consumers have better information available about the price and terms of their service, and should use customer notification as one tool for meeting this need.

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Public Counsel continues to believe that efforts to employ other alternatives available to mitigate the causes of customer use of this protection are a sounder course for the Commission and the stakeholders to chart than a limitation to the most effective protection currently in place. Thank you for this opportunity to comment.

Sincerely,



Matt Steuerwalt
Public Counsel Section



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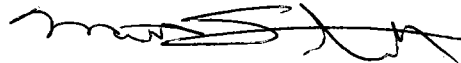
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A handwritten signature in black ink, appearing to read "Matt Steuerwalt", written over a horizontal line.

Matt Steuerwalt
Public Counsel Section