

Attachment A

Responses To Staff's Discussion and Questions

Section 3—Notification Prior to Commission Action

Staff's Approach

PSE's first order of concern in this process continues to be developing a rule that reasonably balances the costs and benefits of notifying customers of proposed tariff changes within the 30 day statutory notice period required by RCW 80.28.060. Staff's position that each individual customer receive a hard copy of a notice some time (15 days, for example) prior to a Commission action is just that, a position that meets the Commission's interests. The public interest, however, can be advanced relative to the current rules using other approaches that more reasonably balance benefits and costs of notifying customers of a proposed tariff revision, consistent with RCW 80.28.060. PSE has proposed alternatives in the gas and electric operations rule review processes, dockets UG-9900294 and UE-990473, which are incorporated herein by reference along with comments submitted earlier under this docket.

Responses to Specific Questions

Q. 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 docket numbers.

A. The Commission Staff has this information at its disposal, through the Commission's Record Center. However, below, please find a list of all PSE filings that would fall under the "prior notification" section as defined in Staff's draft rule. Please note Advice Number rather than Docket Number is provided, as PSE tracks filings primarily by the former because a docket number is assigned after the filing has been submitted to the Commission.

<u>Advice No.</u>	<u>Topic</u>	<u>Filing Date</u>	<u>Average Rate Increase</u>	<u># Cust</u>
99-05	Conservation Service Rider	3/1/99	0.16%	865,114
99-06	Conservation Service Tracker	3/1/99	0.09%	550,325
99-17	PGA Filing	10/1/99	(sch102&106) 16.5%	562,878
99-18	Gas Cost Deferral Account Filing	10/1/99	"	"
99-28	Merger Order Increase - Electric	11/1/99	1.25%	875,864
99-45	Water Heater Tariffs	12/9/99	13%	4,641
00-11	PGA Filing	6/28/2000	28%	581,235
00-16	Merger Order Increase - Electric	11/1/2000	1.50%	820,810
00-24	PGA Filing	12/8/2000	(sch102&106) 26%	590,495
00-25	Gas Cost Deferral Account Filing	12/8/2000	"	"

Q. 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?

A. Typically, two weeks is an appropriate time frame. During the first week, the piece is designed, reviewed by various individuals in different departments with feedback provided (also possible Commission Staff for feedback) then approved by the appropriate individual(s) and sent to the printer. The printers typically need one week to print and prepare the items to be mailed. If necessary, this time frame can be compressed, and occasionally needs to be longer to deal with uncertainties or to request feedback from Commission Staff, but two weeks is typically adequate.

Q. 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?

A. The table above indicates the percentage increase for each filing. Of the ten filings (or five non-PGA/true-up filings) four filings were proposed to increase rates less than five percent.

Q. 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?

A. The first customer would receive a bill insert at least three days after mailing. The last monthly billing customer (which is all of PSE's gas customers) would receive the bill insert approximately 33 days after the mailing. For bi-monthly billing customers, the last customer would receive the bill insert approximately 63 days after the first of the month. Please refer to the following tables for the information requested in questions 1 through 4.

Electric Customers

Total Dec 2000:	923,629			
Date	5	10	15	20
Customers Noticed	74,260	185,649	297,039	371,299
Percent:	8%	20%	32%	40%

Gas Customers

Dec 2000 All Monthly:	582,636			
Date	5	10	15	20
Mo. Cust Noticed	55,933	139,833	223,732	279,665
	10%	24%	38%	48%

Assumes on first of the month, 3 days for delivery, no mailing on Sunday or Monday.

Q. 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 customers bills that same day, would it be practical to direct mail those customer who would not be mailed a bill insert until after the 15th of the month? If not, please explain why?

A. While it is technologically possible for PSE to target direct mail notices to customers based on their billing cycle, it would not be practical. The cost of sending a direct mail notification to those customers would be greater than the benefit, since this is not a communication approach typically used by the Company. It would cost roughly \$150,000 to send direct mail notices to those customers for PSE's electric consumers. The problem is defining the benefit. Please note the table above indicates that for electric filings, more than a quarter of a million consumers served by PSE will have received a bill insert by the 15th, while almost a quarter of a million gas consumers will have received a bill insert. This means the Commission will have had an extremely large sample of customers to draw from to gauge customer response. There is no reason to believe that the remaining customers will have some unique insight or perspective that will sway the Commission's judgement that the first quarter of a million customers were not able to articulate.

Q. 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?

A. PSE has proposed to revise the current rules to greatly increase the availability of this information relative to the Commission's current customer notification policy, which requires posting information at locations where customers pay bills. PSE has proposed using press releases, posting information on the Company's web site, and using pre-recorded messages on a toll-free telephone number. Additionally, customers can also access the WUTC's web site, which lists filings received.

Q. 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?

A. The Commission's current policy of requiring information to be posted at payment stations can be improved. For sizable rate increases (such as recent PGA filings) press releases probably have the best ability to reach the most customers. However, rather than posting information at a payment station, customers would have greater access to a utility's web site and/or a pre-recorded toll-free telephone number. If the web site and telephone number were updated regularly, such as every Friday, then customers that truly desire this information could take a few minutes each week to check. Customers that do not wish to take an active roll in being informed would be able to rely on press coverage and the bill insert. However, for smaller rate increase proposals, a bill print message directing customers to the web site and toll-free telephone number would probably be sufficient.