

January 24, 2001

Ms. Carole J. Washburn, Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Docket No. UG-990294—Review of WAC 480-90**

Dear Ms. Washburn:

This letter is to convey Puget Sound Energy's (PSE or the Company) comments and suggested revisions to the electric operations rules under WAC 480-100 being considered for adoption as identified in the January 3, 2001 notice from the Commission.

Throughout this almost two-year process, PSE has endeavored to identify changes Staff proposed to these rules and to clearly explain our concerns with some of the proposals. Some of our reasonable concerns have been adequately addressed in the rules currently before the Commission while other reasonable concerns have not been addressed. Several ambiguous or otherwise concerning provisions should be modified prior to Commission acceptance of the proposed rules. These concerns are generally explained in the following discussion with suggested language revisions enclosed in the attachment, except that PSE has not included a specific rewrite of the electric service responsibilities rule, which is addressed in PSE's recommended next steps section.

***Service Responsibilities—Electric Rule***

As an initial matter, PSE stresses that it takes its service responsibilities very seriously. The Executive Order that was the genesis of this docket, 97-02, requires agencies to review existing rules for readability and content with attention being paid to, among other things, clarity and consistency with statutory authority. The Commission's draft revisions to the Service Responsibility section of WAC 480-100 raise a number of important issues and create a number of ambiguities that should be addressed in further discussions among the Commission, Staff and other interested parties.

Specifically, PSE has the following concerns:

Proposed WAC 480-100-148(2)(a): The Proposed Revisions would require an electric utility to "install and maintain equipment within its system that may be necessary to operate the electric system." The Proposed Revisions do not define the phrase

“necessary to operate the electric system.” Because this term is not defined, the exact limits of this obligation are unclear. PSE recommends that the Commission reject this portion of the Proposed Revisions and retain the language currently contained in WAC 480-100-076 regarding an electric utility’s responsibilities for the installation and maintenance of equipment.

Proposed WAC 480-100-148(2)(b): This section of the Proposed Revisions would require electric utilities to notify “all affected customers of a change to the service that would affect the efficiency of operation or the adjustment of the customer’s equipment.” PSE notes that this portion of the Proposed Revisions differs from the existing WAC 480-100-076 in that the word “substantial” has been removed from in front of the word “change” in this portion of the Code. The reasoning behind this change is unclear. In that regard, it would be difficult to imagine a time when an electric utility would not be making changes – usually minute and momentary – to a customer’s service that would affect the efficiency of operation. Such changes are inherent in the operation of an integrated electric distribution system. To require an electric utility to inform a customer of each such change would be unduly burdensome to the utility and an unwelcome and annoying imposition on the customer. PSE recommends that the Commission retain the requirement that electric utilities inform customers of a change in service that would affect the efficiency of operation or require an adjustment to the customer’s equipment only when such changes are “substantial.”

Proposed WAC 480-100-148(2)(c): This section of the Proposed Revisions would require electric utilities to maintain their plant in such a condition “that will it enable to furnish safe, adequate, and efficient service and meet all applicable state and federal standards.” PSE objects to this provision to the extent that it suggests that (as yet unidentified) “applicable state and federal standards” impose requirements in addition to, and distinct from, the provision of “safe, adequate and efficient service.” PSE recommends that the Commission remove the phrase “and meet all applicable state and federal standards” from the final rule.

Proposed WAC 480-100-148(2)(d) (First Paragraph): This section of the Proposed Revisions would require an electric utility to “make all reasonable efforts to avoid interruptions of service, and, when such interruptions occur, must endeavor to reestablish service with the shortest possible delay.” PSE is concerned that this language may interfere with utilities’ ability to take sequential, cost-effective steps to address localized service issues. PSE recommends the Commission retain the standard from the current WAC 480-100-076 that utilities “shall endeavor to avoid interruptions of service . . . .” Moreover, the term “shortest possible delay” is also unclear and is over-broad to the extent that it suggests that speed is the sole factor to be considered in reestablishing service. PSE recommends that the Commission retain the standard from the current WAC 480-100-076 that utilities reestablish service with a “minimum” of delay.

Proposed WAC 480-100-148(2)(Second Paragraph): PSE recommends that the Commission retain language similar to the current WAC 480-100-076 that states that interruptions to service necessary in conjunction with modifications or repairs shall be during working hours when practicable. Retaining such language would balance the benefits of minimizing inconvenience to customers against the additional cost to them of paying for work performed outside of normal working hours.

### ***Service Responsibilities—Proposed Gas Rule***

Reporting requirements of service interruptions have been revised in the proposed rules, creating an inconsistency with WAC 480-93-210. The proposed rules would require utilities to file reports to the Commission in the event any firm customer is interrupted. The existing language is consistent with the gas safety rules that require reports when 25 or more firm customers are interrupted. Revising the rule, as proposed, would create inconsistencies among the WAC rules. Rather than mimic the requirements in the safety rules, it would be most reasonable to drop references to interruptions in this report, since those requirements are more fully addressed in WAC 480-93.

### ***Customer Deposits--Residential Customers both Gas and Electric Proposed Rules***

The proposed rule significantly and unreasonably limits the flexibility for utilities to calculate deposits owed by residential customers relative to the current rules. The proposed language requires utilities to use actual usage from the last 12 months as the basis for calculating a deposit if service existed. Frequently, landlords will keep service connected to a residential rental property even if there are no occupants for several months between tenants, which means the current rule will understate the proper deposit amount. Under the current rules, deposits are based on “estimated annual billings.” (WAC 480-100-051 (4)) The current rule provides utilities with reasonable flexibility and has had reasonable results in practice. The proposed change is not necessary nor reasonable.

### ***Customer Deposits—Non-Residential Customers, Gas and Electric Proposed Rules***

Deposits for non-residential customers in the proposed rules would also be based on the last 12 months of actual usage if service existed at that location. Energy consumption by non-residential customers is even less homogenous than for residential customers. Applying the new, inflexible approach to non-residential customer deposits is even less reasonable. Under the current rules, PSE estimates consumption based on the customer’s appliances to calculate a deposit. Again, the current rule provides a reasonable degree of flexibility for utilities to operate and has provided reasonable results. The proposed change should be rejected.

### ***Disclosure of Private Information—Both Gas and Electric Proposed Rules***

Utility Use of Information: PSE has no desire or intention to sell information about its customers, thus is generally supportive of this rule's intent. However, the proposed rule reaches beyond this scope by prohibiting utilities from even using the listed information including customer names and addresses. As drafted, this privacy rule is really an anti-marketing rule, and could have unintended consequences. For example, under this rule, PSE would be prohibited from taking proactive steps to work with Schedule 48 customers to purchase price hedges. Revising this rule to focus more specifically on the interest of preventing dissemination of information about customers would be a more reasonable approach. This could be accomplished by striking the first paragraph of the proposed rules, which would still prevent utilities from disseminating the sensitive information to any other party.

Regulated/Unregulated Services: Another concern with this rule is that it focuses on marketing of ANY product or service. This could have the unintended consequence of limiting a utility's ability to market Commission regulated and approved service, either by the utility itself or using business partners where such strategies would be more effective. Clarifying that this rule applies only to non-regulated service would help avoid these negative, unintended consequences.

### ***Disconnection of Service—Two Issues***

Customer Disconnection for Non-Payment Choice: At the Commission's December 13, 2000, Open Meeting, Public Counsel advocated that customers of combined utilities that do not pay their energy bills should have the choice of which fuel to disconnect, which would most likely be the natural gas service. Over the course of the past several months, PSE has opposed such a policy. First, in such situations, natural gas is probably the primary heating source. Customers substituting electric space heater(s) for the gas heat can create fire hazards by over-using the electric unit. Additionally, because electric space heaters are less efficient, the customer will not be able to afford the electric bill for equivalent heat. Furthermore, disconnecting and then reconnecting natural gas creates additional safety issues and requires the customer to be home for re-lighting appliances. All things considered, this proposal will probably not enhance the health, welfare, and safety of PSE's customers.

Disclosure for Medical Emergencies: PSE has supported changes to disconnection of service language to broaden the scope of medical facilities, change timing, and other revisions proposed by Staff. However, the proposed rules have omitted an important piece of information for efficiently administering this rule. Customers claiming medical emergency to avoid disconnection of service are no longer required to identify the name and relationship of the ill resident to the customer. Without this important information, utilities seeking to verify the medical emergency claims will only be able to use a patient's address when talking with a doctor's office. This may

lead to confusion and require additional verification activity for the customer during a very stressful time. It is difficult to understand how dropping this language will meet the Governor's objectives or further the public interest.

### ***Billing Requirements and Payment Dates***

While PSE is not strongly opposed to the specific change identified here, it is important to clearly understand the ramifications. The proposed rule include a provision that would require utilities to disconnect a customer if the utility is unable to read the meter at the customer's location for more than four consecutive billing cycles if the reason is some kind of customer hazard, such as a large dog in the yard. While such circumstances are rare for PSE, especially as our automated meter reading technology is implemented, the result of having to disconnect the customer seems extreme. The rule should allow utilities to disconnect after four consecutive unsuccessful meter read attempts but not require it. This revision would provide utilities with the ability to threaten disconnection but not require it to be used.

### ***Identification of Meters—Gas Rule***

The proposed rules would retain the current requirement that a utility's name or initials be placed on all gas meters. Staff explained the nameplate is important for safety to ensure clarity of where utility facilities end and a customer's facilities begin especially when customers have sub-meters at various parts of their facilities. This is a reasonable concern. However, the safety issues are adequately addressed if the name or initials on the meter's nameplate are a former name of the utility; i.e., WNG will be just as well understood as PSE. Retrofitting nameplates or placing special stickers on meters that have the utility's former name will not enhance the health, welfare, and safety of Washington citizens but will increase costs to our customers. Therefore, modifying the existing rule to allow a utility's former name it would be reasonable by balancing the benefits and costs of the rule.

### ***Portable Indicating Instruments—Electric Rule***

Currently, this rule only applies to portable indicating instruments used to determine quality of service to customers. According to the existing rule, utilities must maintain calibration records for the life of such portable indicating instruments. The proposed rule, however, expands the record keeping to all portable indicating instruments, including those used to simply determine if a line is energized. PSE supports the proposal to include the new requirement that portable indicating devices used for employee safety be properly maintained. However, PSE is concerned that the proposed rule also significantly expands record keeping requirements to include safety instruments, not just instruments for checking power quality. It is more reasonable for the Commission to leave such record keeping requirements to Labor and Industries, which specializes in adopting rules pertaining to worker safety.

***Recommended Next Steps***

Electric Service Responsibilities Rule—Subtle changes in this rule may have important impacts on utilities, including operating costs, costs that will be paid by customers. PSE strongly urges the Commission host an informal discussion session where all parties may openly discuss potential changes to this rule.

The Other Rules—PSE would not object to additional discussion sessions or workshops on any of the other rules, if the Commission believes it would be helpful. The Commission may consider such additional discussions specifically on the disclosure of private information rule, for example, if the Commission shares some of PSE's concerns highlighted above. However, the recommendations in PSE's comments pertaining to the other rules have been made several times through this process. The recommendations above are clear and very reasonable, thus could reasonably be adopted by the Commission without additional workshops.

***Conclusion***

PSE would like to thank the Commission for the opportunity to file comments on the proposed operations rules. We look forward to continuing to work with Staff and all other interested parties in this process to ensure the Commission's rules are fair, just, reasonable, and otherwise satisfy the criteria listed in Executive Order 97-02. If you have any questions, or if we can be of any additional assistance, please contact Phillip Popoff at (425) 462-3229 or me at (425) 462-2797.

Sincerely,

Karl R. Karzmar  
Manager, Revenue Requirements