

April 27, 2001

VIA ELECTRONIC MAIL and U.S. MAIL

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

Re: Docket No. U-991301—Review of WAC 480-80-Customer Notice

Dear Ms. Washburn:

This letter is to convey Puget Sound Energy's (PSE or the Company) comments regarding Commission Staff's proposed changes to the customer notification rules currently under WAC 480-80. Staff's first proposed rule appears to be a reasonable direction, with some qualifications and revisions. The primary suggestion in PSE's comments is to clarify that notices sent in bill packages should begin with the billing cycle commensurate with the filing date; please note, however, that PSE continues to support several other reasonable notice methods in past responses. Explanations for this proposal as well as several other suggested revisions are included in the following discussion. The format for this discussion is to provide comments in the order in which the suggested revisions appear in the accompanying document that illustrates PSE recommended changes to Staff's draft in legislative format. Please note the discussion focuses only on Staff's first alternative, as it provides the better starting point. The policy implications for both proposed rules, however, are covered by the following discussion.

Paragraph 1 (a) Affected Customers

Including the phrase "customers that are directly affected by the filing" will ensure that all customers eligible for a service do not have to be notified if a service is canceled, just customers actually taking service under the canceled service.

Paragraph 1 (c) Timing for Bill Inserts

The draft rule does not provide any timing for when bill package messages need to be mailed out. This would create ambiguity, which is probably not Staff's intent. PSE's suggested language would require insertion of notices in bills starting with the cycle being billed on the same day the filing is made to the Commission.

PSE appreciates and supports Staff's interest expressed at the February 28, 2001, workshop that a reasonably large sample of customers be notified with sufficient time as to provide the Commission feedback on the proposed filing. The challenge, however, appears to be defining the size of this reasonably large sample. To define a reasonably large sample, an objective value from political and market research polling may be helpful. According to the market research and

political polling firm Zogby International, “Generally, a sample of 400 gives you an MOE (Margin of Error) of +/-5%, 600 gets you +/-4%, 1000 gets +/-3%.¹”

PSE’s February 21, 2001, response to Staff’s information requests, illustrated that sending customer notices commensurate with the filing means approximately 280,000 of our customers would have received the notice by the 20th of the month if the notice had been included in bills beginning the 1st of that month. Assuming the filing will be considered at an open meeting on the 30th of the month, that would provide a sample of 280 times greater than the sample size that Zogby International states is necessary to get a +/- 3% margin of error.

Of course, PSE is not proposing that only 1,000 of our customers be provided notice of proposals to make significant changes to the rates or services provided by regulated utilities. However, beginning the process of including notices in bills when the filing is made will clearly establish that the Commission has met its responsibility to incorporate feedback from customers in its decision making process. In addition, this approach is clearly consistent with the Commission’s statutory authority under RCW 80.28.060.

Paragraph 2: Commission Will Suspension

Staff’s draft states the commission “will” suspend for lack of adequate notice. PSE offers three comments. First, Staff desired to place customer notice rules in the utility operations rules. Therefore, this rule should be focused on utility actions not on WUTC procedures, which belong in WAC 480-09. Second, even if this rule were to be in WAC 480-09, it is doubtful that the Commission would need a rule of this nature to bind its hands in the future, so “may” is probably better than “will” suspend. Finally, if the rules regarding notice in paragraph 1 (revised as recommended above) are followed, this section would not be needed at all. Therefore, while PSE suggests changing will to may, the entire section is not necessary if utilities follow the rule in 1.

Paragraph 2 and 2 (a)-(c): Additional Notice Not Required

This portion of Staff’s proposed rule is confusing, it would be helpful for Staff to clarify the intent of this section. PSE’s recommendation regarding timing of mailing notices in paragraph 1 would alleviate the need for most of paragraph 2 and all of 2 (a)-(c). It may be reasonable for Staff to consider moving the recommended notice content up to paragraph 1. However, the discussion that includes each customer having 30 days notice appears to be out of place, though perhaps with additional discussion from Staff the intent would be clearer.

Paragraph 5: Timing of Formal Hearing Notices

Formal hearing notice rules under paragraph 5 include some concerning provisions. Language stating utilities “must” provide 30 days notice prior to a formal hearing is not reasonable. If the Commission chooses to have a hearing on less than 30 days notice, utilities will not be able to comply with this rule. This rule appears more focused on establishing Commission procedures for establishing hearing dates rather than clearly stating what utilities must do. As noted above, rules on Commission procedures should be included in WAC 480-09 not utility operations.

PSE’s recommendation in this section is to reflect the current rule. The current rule is reasonable in two important ways. First, the current rule provides utilities with the option of including the notice in the bill package or using a separate mailer. Staff’s proposal may result in forcing

¹ Please see <http://www.zogby.com/about/faq.cfm#question3> for additional information.

utilities to use direct mail if the Commission establishes public hearings less than 60 or 90 days in advance. Second, the proposed rule assumes the Commission will allow utilities a minimum of 30 days notice prior to scheduling a public hearing. The existing rule is more flexible because it allows the commission to address such issues in its order instituting investigation. Therefore, PSE suggests the existing language should be retained, as shown in the attached document.

One last note on this topic. PSE suggests that, as with other customer notices, it is not necessary for each individual customer to receive a notice of hearing for the Commission to be comfortable that the opportunity for customers to provide feedback has been reasonable. Please refer to the discussion above regarding reasonable sample sizes.

Paragraph 6: Filing Customer Notice Information

PSE does not object to filing customer notice information at the Commission. However, it will probably be more efficient to simply state that utilities must file the information at the commission. Filing with the WUTC Records Center would ensure filings are processed and tracked accurately; this is important, as these will now be formal filings to comply with rules rather than informal information provided to individual staff. Additionally, a rule should not refer to a specific position such as “public affairs officer,” as the Commission may desire the flexibility to revise job titles (for example to public affairs consultant) without having to change its rules.

Paragraph 7: Staff Assistance

PSE continues to appreciate Staff’s assistance regarding customer notices. Whether on a formal or informal basis, Staff is typically very helpful. This assistance, however, does not belong in a rule, especially within the chapter on utility operations. Keeping the working relationship outside of the rules is probably preferable, so as to remain flexible. There are numerous other ways that Commission Staff helps utilities to advance the public interest which are not captured in rules. PSE recommends this activity does not have to be part of this or any other rule and looks forward to continuing to work with Staff on customer notice issues.

Conclusion

Thank you for the opportunity to file these comments. PSE continues to look forward to working with all interested parties to create better customer notification rules. If you have any questions, or if we can be of any additional assistance, please contact Phillip Popoff at (425) 462-3229.

Sincerely,

Karl R. Karzmar
Manager, Revenue Requirements