

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

Re: Dockets 990294 and 990473 Gas and Electric Companies Rulemaking Regarding Refusal of Service/Prior Obligation

Dear Ms. Washburn,

The Energy Project very much appreciates that Public Counsel' stood to question the proposed changes to WAC 480-90-123 and WAC 480-100-123 at the August 1 Open Meeting. We also commend the Commission's careful consideration of the matter. We would like to propose a fourth alternative to the three suggested by staff: Do Nothing. The rule is not broken and doesn't need to be fixed. And in fact, the Commission, utilities and other stakeholders have spent a considerable amount of time on an issue that has very little impact on ratepayers.

In a previous letter we objected to the lack of evidence supporting the rule change. Ms. Etchart's recent memo, dated August 8, 2001, only reinforces our point. The only company to provide any data at all indicates the proposed change would be relevant in the case of only 87 customers. If we were to extrapolate those numbers to the rest of the IOU's, we are probably talking about less than 500 customers statewide. It appears to us that the tail is wagging the dog here, and that changing the rule is more likely to result in damage to customers who wish to pay their bills than in benefit to rate payers from catching the few who apparently are abusing the rule.

We believe that people should be held responsible for their debts and should pay for services they agree to take. Yet we question the effectiveness of disconnects as a means to encourage responsible behavior. Simplistically speaking, there are only a few reasons people don't pay utility bills: 1) at the time they need the money for more pressing needs, 2) they just plain, flat out don't have the money regardless of other pressing needs, 3) they are dodging the bill. If we narrow the "don't pays" down to the "won't pays," the numbers get pretty small, as evidenced by the Avista number Ms. Etchart cited in her memo. We seriously question the efficacy and efficiency of such a rule change in dealing with any of these customers.

The Energy Project has been working with Washington's IOU's to undertake what we believe will be a more productive approach for many of the "don't pays" - the design and implementation of energy assistance programs for low-income households. Thus, far Avista and PacifiCorp have been willing to experiment with a different approach. We are just now trying to open discussions with PSE. The Staff's suggestion of requiring a payment program is a step in the right direction. It is not necessarily that simple a solution, however.

During the last PacifiCorp rate case, discovery revealed that 75% of customers who went onto payment plans defaulted in the first year. In PacifiCorp's case , when a customer defaulted on the payment plan, the only recourse to not be disconnected was to pay in full. This seems a bit circular to us. It's like saying: "Oh, you can't pay your bill, so we are going to put you on a payment

plan. Oh, you missed a payment on your payment plan, so now you have to pay the whole bill." There are a number of reasons one might not be able to pay a monthly or bi-monthly bill. A one-size-fits-all payment plan may not address the specific reason a customer isn't paying. In fact, reducing costs by avoiding the cycle of negotiating a payment plan, disconnecting, reconnecting, and renegotiating another payment plan is one of the benefits we believe a good energy assistance program design might provide. Some other benefits that could result are credit and collection savings; a decrease in bad debt; avoiding loss of the time value of arrears; application to bills of funds otherwise diverted to disconnect, reconnect, or moving expenses; as well as the rate payers' share of disconnect and reconnect charges,

We believe that society is better off when all people have access to utility services they can afford. We believe other rate payers are better off when we keep people hooked up and paying on their share of the fixed costs of the system. The benefit to the low-income customer is obvious. We recommend the Commission close the rulemaking dockets without changing the prior obligation rule. We look forward to working with the Commission and other stakeholders in the future on the development of effective energy assistance programs that will help those who can't pay to better afford utility service.

Respectfully,

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