

Agenda Date: November 16, 1998

Item Number: 2A and 2B

Dockets: UE-981404 and UG-981405

Company Name: Puget Sound Energy

Staff: Ken Hua, Revenue Requirements Specialist
James Russell, Revenue Requirements Specialist *JR*
Penny Hansen, Public Involvement Coordinator
Vicki Elliot, Consumer Affairs Manager

Recommendation:

Issue an order permitting the revisions filed in Dockets UE-981404 and UG-981405 to become effective November 17, 1998, with Less Than Statutory Notice.

I. Background:

Puget Sound Energy (PSE or Company) filed these dockets as replacements to their original proposals in Dockets UE-981156 and UG-981157 filed September 1, 1998, recently withdrawn. These filings are made by PSE to make the charges and procedures for miscellaneous services consistent for electric and natural gas customers. The settlement agreement approved by the Commission in the Company's merger proceeding in Dockets UE-951270 and UE-960195 included provisions for PSE to make these proposals. Section III.5 "Regulatory Initiatives During The Rate Plan Period" of the settlement agreement states in part that:

"PSE may pursue, or continue pursuing, the following regulatory initiatives during the rate plan period:
...Ongoing regulatory activities, such as: ...performance of routine review and updating of the tariff rules, miscellaneous fees and charges, including revisions necessary to ensure consistency of credit and customer service policies and miscellaneous charges for both gas and electric services (i.e., charges for returned or NSF checks, disconnect charges, and interest on late payments)."

PSE's original filings made on September 1, 1998, increased the billing initiation charge, reconnection charge, returned check charge, late payment fee, and disconnect visit charge. Some of the proposed fees were stated to become effective November 17, 1998, and others were to become effective on April 1, 1999, the original estimated date that the Company's new billing system was to be placed in service. The original filings would have produced additional annual revenues of approximately \$2,200,000.

II. Customer Comments:

The Commission has received 34 letters opposed to the Company's original proposal. Customers mentioned that during the merger PSE stated that combining their work forces would result in savings that would be passed along to customers. Customers also expressed opinion that PSE should run a more efficient company, and believed the fees in the company's original proposals were excessive.

III. Settlement Discussion & Proposal:

During the review of the filings, Staff expressed their concern of separately reviewing the level of miscellaneous charges outside the context of a general rate case. Staff's position is that since the current miscellaneous fees were set in the company's last general rate case, any costs not included in the setting of those fees are now being collected through general rates. Therefore, proposed changes in miscellaneous fees should be accomplished in a revenue neutral fashion. The Company's September 1, 1998, filing did not include an offset to the \$2.2 million annual increase in miscellaneous fee revenues.

Discussions between the Company and Staff were held and the proposed refilings in these Dockets reflect an agreement reached with the Company. Public Counsel was informed of our discussions and the resultant agreement.

The following parameters were very important to Staff in the development of any agreement:

- First, on a net basis, only an immaterial increase in annual revenues should result from these filings.
- Second, any proposed fee affecting both gas and electric service should be no higher than the current individual fee to customers now purchasing either electric or gas service (except the returned check charge. See attachment A).

In the filings now before the Commission, the Company has agreed to remove all of the fees scheduled to become effective on April 1, 1999. PSE will file these fee changes at a later date to become effective after the in service date of the Company's new billing system (currently estimated to be on June 1, 1999).

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Attachment A reflects the current miscellaneous fees for electric and gas service, the original company proposed fees, and the agreed upon fees. The attachment also outlines the separate revenue impacts of the fees to become effective November 17, 1998, (in bold, labeled "Current Filing") and the proposed fees scheduled for on or about June 1, 1999 ("Future Filing"). As shown, the overall net revenue impact resulting from these changes is approximately \$543,000 on an annual basis.

IV. Conclusion:

Staff believes that the proposal before the Commission today represents a fair compromise of the issues brought by these filings and is within the spirit of the merger agreement. We also believe it addresses many of the concerns expressed by the customer letters we have received to date.

Staff, therefore, recommends the Commission issue an order permitting the revisions filed in Dockets UE-981404 and UG-981405 to become effective November 17, 1998, With Less Than Statutory Notice.

Attachment

Dockets UE-981404 & UG-981405
Puget Sound Energy
Attachment A

|----- Revenue Impact -----|

PSE - Electric:

	Current Fee	Orig. Prop. Fee (UE-981156)	Revised Fee	Current Filing (UE-981404)	Future Filing (Est. 6/1/99)	Total Impact
Sec 6 - Billing Initiation Charge	\$5.00	\$10.00	\$5.50		\$111,604	\$111,604
Joint Accounts	\$5.00	\$6.00	\$3.50	(Comb. rate=\$7.00)	(\$120,694)	(\$120,694)
Sec 7 - Connection or Reconnection After Hours/Vacancy	\$20.00 \$40.00	\$30.00 \$50.00	\$20.00 \$40.00	\$252,139		\$252,139
Sec 8 - Returned Check Charge	\$6.50	\$12.00	\$10.00	\$69,570		\$69,570
Sec 9 - Late Pay Fee	1% / mo	1% / mo	1% / mo			
Sec 10 - Disconnect Visit Charge	\$9.00	\$12.50	\$9.00			
TOTAL - Electric Revenue Increase				\$321,709	(\$9,090)	\$312,619

|----- Revenue Impact -----|

PSE - Gas:

	Current Fee	Orig. Prop. Fee (UG-981157)	Revised Fee	Current Filing (UG-981405)	Future Filing (Est. 6/1/99)	Total Impact
Sec 6 - Billing Initiation Charge	\$11.53	\$10.00	\$5.50		(\$512,001)	(\$512,001)
Joint Accounts	\$11.53	\$6.00	\$3.50	(Comb. rate=\$7.00)	(\$120,694)	(\$120,694)
Sec 7 - Connection or Reconnection After Hours	- -	\$30.00 \$50.00	\$20.00 \$40.00	\$187,880 \$81,360		\$187,880 \$81,360
Sec 8 - Returned Check Charge	-	\$12.00	\$10.00		\$35,000	\$35,000
Sec 9 - Late Pay Fee	-	1% / mo	1% / mo		\$540,000	\$540,000
Sec 10 - Disconnect Visit Charge	-	\$12.50	\$9.00		\$18,450	\$18,450
TOTAL - Gas Revenue Increase				\$269,240	(\$39,245)	\$229,995
GRAND TOTAL - Gas & Electric Filings				\$590,949	(\$48,335)	\$542,613