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January 24, 2001

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

Re: Docket No. UE-990473—Review of WAC 480-100

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 enable it 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) 456-2797.

Sincerely,



Karl R. Karzmar
Manager, Revenue Requirements

Attachment—PSE’s Recommended Revisions to Proposed Rules

**Gas Service Responsibilities--
WAC 480-90-148 Service responsibility.**

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(3) **Interruption of service.** The term "interruptions" as used in this rule refers to the temporary discontinuance of gas flow to any customer(s) due to accident, required repairs or replacement, or to the actions of municipal or other agencies. It does not refer to the discontinuance of gas flow to those customers receiving service under an interruptible service schedule. The gas utility must make all reasonable efforts to avoid interruption of service and, if an interruption occurs, will endeavor to reestablish service with the shortest possible delay. When it is necessary for a utility to interrupt service, the utility may, without incurring liability, suspend service for such periods as may be reasonably necessary.

(a) **Scheduled interruption.** Each gas utility must minimize the inconvenience to customers when it is necessary to make repairs or changes to its facilities that require the interruption of service. The gas utility must notify all customers affected by a scheduled interruption through newspapers, radio announcements, or by other means, at least one day in advance of the scheduled interruption.

(b) **Forced (emergency) interruption.** The company may curtail firm gas service in the event of an emergency or when forces beyond the control of the utility require interruption. No curtailment of firm customers will be allowed until all interruptible customers have been curtailed in the affected area.

(c) The utility must individually notify police and fire departments affected by an interruption of service.

~~(4) **Record of interruptions.** Each gas utility must keep a record of all interruptions of service affecting its customers, including in such record the location, the date and time, the duration, and, as accurately as possible, the cause of each interruption. Utilities must submit copies of such records to the commission upon request.~~

Customer/Applicant Deposits--

WAC 480-90-113 Residential service deposit requirements.

(1) **Deposit criteria for residential customers.** A gas utility may collect a deposit from its own customers for residential service only if:

(a) At any time during the prior twelve months, the utility has sent the customer three or more delinquency notices;

(b) The utility has disconnected the customer's residential service for nonpayment; or

(c) There is a prior customer living at the residence who owes a past due bill to the utility at that address.

(2) **Deposit criteria for residential applicants.** A utility may collect a deposit from an applicant for residential service only if:

(a) The applicant has met the conditions described in subsection (1) of this section with another natural gas utility;

(b) The applicant is not able to demonstrate continuous employment during the prior twelve consecutive months and is neither currently employed nor has a regular source of income;

(c) The applicant does not own or is not purchasing the premises to be served;

(d) There is a prior customer living at the residence who owes a past due bill to the utility at that address; or

(e) The applicant has an unpaid, overdue balance owing to any electric or gas utility for residential service.

(3) **Deposit amount.** The utility may require a deposit not to exceed the amount of:

(a) For utilities billing monthly, ~~two-twelfths of the service location's most recent twelve months' usage, or if service did not exist, two-twelfths of the estimated annual usage~~ reasonably estimated annual billings; or

(b) For utilities billing bimonthly, ~~three-twelfths of the service location's most recent twelve months' usage or, if service did not exist, three-twelfths of the estimated annual usage~~ reasonably estimated annual billings.

(4) **Deposit payment arrangements.** The utility must allow an applicant or customer the option of paying fifty percent of the deposit prior to service, and paying the remaining balance in equal amounts over the next two months, on the dates mutually agreed upon between the applicant or customer and the utility. The utility and applicant or customer may make other mutually acceptable deposit payment arrangements.

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WAC 480-90-118 Nonresidential services deposit requirements. (1) **Deposit criteria for nonresidential customers.** An applicant for nonresidential service may be required to demonstrate that it is a satisfactory credit risk by reasonable means appropriate under the circumstances.

(2) **Deposit amount.** The utility may require a deposit not to exceed the amount of:

(a) For utilities billing monthly, ~~two-twelfths of the service location's most recent twelve months' usage, or if service did not exist, two-twelfths of the estimated annual usage~~ reasonably estimated annual billings; or

(b) For utilities billing bimonthly, ~~three-twelfths of the service location's most recent twelve months' usage or, if service did not exist, three-twelfths of the estimated annual usage~~ reasonably estimated annual billings.

(3) **Transfer of deposit.** When a customer moves to a new address within the utility's service territory, the deposit, plus accrued interest and less any outstanding past-due balance owing from the old address, must be transferred or refunded.

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WAC 480-100-153 Disclosure of private information. ~~(1) An electric utility may not disclose, permit access to, or use private consumer information, as defined in subsection (3) of this section, for the purposes of marketing unregulated services or products offerings to a customer who does not already subscribe to that service or product, unless the utility has first obtained the customer's written permission to do so.~~

(2) A utility may not share or sell private consumer information with or to its affiliates, subsidiaries, or any other third party for the purposes of marketing non-regulated services or non-regulated product offerings to a customer who does not already subscribe to that service or product, unless the utility has first obtained the customer's written permission to do so.

(3) Private consumer information includes the customer's name, address, telephone number, and any other personally identifying information, as well as information related to the quantity, technical configuration, type, destination, and amount of use of service or products subscribed to by a customer of a regulated utility that is available to the utility solely by virtue of the customer-utility relationship.

(4) This section does not prevent disclosure of the essential terms and conditions of special contracts as provided for in WAC 480-80-335, Special contracts for electric, water, and natural gas utilities.

(5) This section does not prevent the utility from inserting any marketing information into the customer's billing package.

Disconnection of Service-Medical Emergencies

WAC 480-100-128 Disconnection of service.

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(5) **Medical emergencies.** When the utility has cause to disconnect or has disconnected a residential service, it must postpone disconnection of service or must reinstate service for a grace period of five business days after receiving either verbal or written notification of the existence of a medical emergency. The utility must reinstate service during the same day if the customer contacts the utility prior to the close of the business day and requests a same-day reconnection. Otherwise, the utility must restore service by 12:00 p.m. the next business day. When service is reinstated the utility will not require payment of a reconnection charge and/or deposit prior to reinstating service but must bill all such charges on the customer's next regular bill or on a separate invoice.

(a) The utility may require that the customer, within five business days, submit written certification from a qualified medical professional stating that the disconnection of electric service would aggravate an existing medical condition of a resident of the household. "Qualified medical professional" means a licensed physician, nurse practitioner, or physician's assistant authorized to diagnose and treat the medical condition without supervision of a physician. Nothing in this section precludes a utility from accepting other forms of certification, but the maximum the utility can require is written certification. If the utility requires written certification, it may not require more than the following information:

(i) ~~(i)~~ Residence location;

(ii) Name of resident whose health will be affected by the disconnection of service.

(ii) An explanation of how the current medical condition will be aggravated by disconnection of service;

(iii) A statement of how long the condition is expected to last; and

(iv) The title, signature, and telephone number of the person certifying the condition;

(b) The medical certification is valid only for the length of time the health endangerment is certified to exist but no longer than sixty days, unless renewed;

(c) A medical emergency does not excuse a customer from having to pay delinquent and ongoing charges. The utility may require the customer to do the following within a five-business-day grace period:

(i) Pay a minimum of ten percent of the delinquent balance;

(ii) Enter into an agreement to pay the remaining delinquent balance within one hundred twenty days; and

(iii) Agree to pay subsequent bills when due.

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Billing Requirements and Payment Dates--

WAC 480-100-178 Billing requirements and payment date. (1) Customer bills must:

(a) Be issued at intervals not to exceed two one-month billing cycles, unless the utility can show good cause for delaying the issuance of the bill. The utility must be able to show good cause if requested by the commission;

(b) Show the total amount due and payable;

(c) Show the date the bill becomes delinquent if not paid;

(d) Show the utility's business address, business hours, and a toll-free telephone number and an emergency telephone number by which a customer may contact the utility;

(e) Show the current and previous meter readings, the current read date, and the total amount of kilowatt hours used;

(f) Show the amount of kilowatt hours used for each billing rate, the applicable billing rates per kilowatt, the basic charge or minimum bill;

(g) Show the amount of any municipal tax surcharges or their respective percentage rates;

(h) Clearly identify when a bill has been prorated. A prorated bill must be issued when service is provided for a fraction of the billing period. Unless otherwise specified in the utility's tariff, the charge must be prorated in the following manner:

(i) Flat-rate service must be prorated on the basis of the proportionate part of the period the service was rendered;

(ii) Metered service must be billed for the amount metered. Any basic or minimum charge must be billed in full.

(i) Clearly identify when a bill is based on an estimation.

(i) The utility must detail its method(s) for estimating customer bills in its tariff;

(ii) The utility ~~may~~ should not typically estimate for more than four consecutive months, unless the cause of the estimation is inclement weather, terrain, or a previous arrangement with the customer;

(j) Clearly identify determination of maximum demand. A utility providing service to any customer on a demand basis must detail in its filed tariff the method of applying charges and of ascertaining the demand.

(2) The minimum time allowed for payment after the bill's mailing date must be fifteen days, if mailed from within the states of Washington, Oregon, or Idaho, or eighteen days if mailed from outside the states of Washington, Oregon, and Idaho.

(3) The utility must allow a customer to change a designated payment-due date when the customer has a satisfactory reason for the change. A satisfactory reason may include, but is not limited to, adjustment of a designated payment-due date to parallel receipt of income. The preferred payment date must be prior to the next billing date.

Identification of Gas Meters--

WAC 480-90-141 Identification of meters. Each metering device shall be identified by serial number or letters or combination of both placed on the body of the meter in an essentially permanent manner in a conspicuous location along with the company name or initials, or the utility's former company name or initials. |

Portable Electric Indicating Instruments--

WAC 480-100-363 Portable indicating instruments. (1) Electric utilities must maintain in reasonable working order all portable indicating electrical instruments used to determine quality of electrical service, such as volt meters, ammeters, and watt meters, and all fixed-location meter testing equipment in use and, if in question, must check it against suitable reference standards. If suitable reference standards are not available within the utility, the utility must check its portable instruments at a standardizing laboratory meeting specifications recommended by the meter manufacturer.

(2) Electric utilities must adjust portable analog indicating instruments that are found appreciably in error at zero. If a portable analog indicating instrument is in error by more than one percent at commonly used scale deflections, the electric utility must adjust it, unless the instrument is accompanied by a calibration card.

(3) Electrical utilities must maintain in good working order, as specified by the manufacturer of such instruments, all portable indicating electrical instruments used for purposes other than determining the quality of electrical service, such as instruments primarily for the safety of workers.

(4) Electric utilities must keep history and calibration records for each portable indicating electrical instrument used to determine quality of electrical service as defined above in (1), as long as the instrument is in service.