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May 5, 1999

Carole Washburn, Executive Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

STATE OF WASHINGTON  
UTILITY AND TRANSPORTATION  
COMMISSION  
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Re: Docket No. UE-990473—Electric Company Rule Review

Dear Ms. Washburn:

Enclosed for filing herewith in the above-cited docket is an original and ten copies of the preliminary comments of Avista Corporation. An electronic version of these comments is included on the enclosed disk in WordPerfect 5.1.

Please direct any questions on this matter to Bruce Folsom at (509) 495-8706 or Dave DeFelice at (509) 495-4919.

Sincerely,

Thomas D. Dukich  
Manager, Rates and Tariff Administration

Enclosures



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PRELIMINARY COMMENTS OF  
AVISTA CORPORATION, d.b.a, AVISTA UTILITIES  
*May 5, 1999*

Re: Electric Companies – Rulemaking – Chapter 480-100 WAC

WUTC Docket No. UE-990473

**Introduction**

Avista Corporation, doing business as Avista Utilities submits preliminary comments in the above-cited docket. Avista Utilities provides electric service to approximately 200,000 electric customers in eastern Washington.

The Company's comments focus on selected metering, customer payment, and integrated resource planning rules. Further, Avista Utilities proposes a performance-based ratemaking rule. Because the Company understands that the Commission Staff is reviewing the rules for form, any comments on language clarifications by Avista Utilities will be held for the scheduled workshops or the next scheduled round of comments following Staff's compilation of proposed revisions.

Avista Utilities' comments focus on aligning the Company's business practices with the public interest and corresponding rules. Avista Utilities shares Governor Locke's concerns as embodied in Executive Order mandating that state agencies review their rules for compliance with seven standards: 1) need, 2) effectiveness and efficiency, 3) clarity, 4) intent and statutory authority, 5) coordination with other state agencies to reduce duplication, 6) cost, and 7) fairness.

The Company's preliminary comments on specific rules start with a recommendation, provides the rationale in support of the recommendation and, as

appropriate, provides the edits to the specified rule in legislative format (i.e., strike-out of deleted language and underscore of added language).

#### **WAC 480-100-021 Glossary**

Recommendation: "Proper Charges" and "Prior Obligation" should be added to terms included in the Glossary.

Support: "Proper charges" is used in -071 when referencing the reasons a utility may disconnect service [-071(1)(h)] and also what is required from the customer prior to reconnect [-071(3)]. Should the existing rule 480-100-116 remain in effect, "prior obligation" should be defined as follows. These additions to the glossary would help support what is already written in the rules regarding the amount a utility is allowed to collect prior to reconnection.

Edit to rules: WAC 480-100-021; add

Prior Obligation - Charges due from a previous customer at an address where a new or different customer is moving in.

Proper Charges - Charges billed to a customer for use of a metered utility service.

#### **WAC 480-100-031(7) Accounting—Filing of Monthly Actual Results**

Recommendation: The requirement to file monthly actual results should be terminated.

Support: There are several reasons why this rule should be terminated. First, actual results, without Commission-basis adjustments per -031(5), has limited meaning from a regulatory perspective. Second, the need for the frequency of filing on a monthly basis is not clear. Third, the value to the Commission staff and subsequent use of this information is questionable. Fourth, the semi-annual reports with Commission-basis adjustments, which are already being submitted, should fulfill the needs of the Commission.

Edit to rule: Strike in its entirety WAC 480-100-031(7).

#### **WAC 480-100-031(9) Accounting—Filing of Annual Budgets**

Avista Utilities' comments on the requirement for the annual filing of budgets is provided in response to Docket No. A-990298 regarding review of Chapter 480-140, WAC, Annual Budgets.

#### **WAC 480-100-046 Application for Service**

Recommendation: Remove the last sentence in reference to electricity being resold by a customer.

Support: The prohibition of resale of power is incorporated elsewhere (see RCW 80.04.010). The utility's responsibility ends at the meter and it is difficult or impossible to monitor the prevention of a customer that resells electricity. This could take place years after the utility established service and when the customer decides to sublet a portion of his space. Moreover, this work would be done without any involvement by the utility.

Edit of rule: At WAC 480-100-046: ~~Electric service under no circumstances shall be resold by a customer unless specifically authorized in the filed tariff of the utility.~~

### **WAC 480-100-051(3) Deposits—Deposit Requirements**

Recommendation: Allow utilities to determine if a deposit is required based on a credit scoring system sanctioned by the Commission.

Support: Currently, the deposit rule defines situations under which deposits must be waived for a customer. Some of these reasons are not relevant to a customer's payment history. An appropriate alternative would be to allow a credit scoring system to determine if a deposit should be required. The credit scoring system could be obtained from an independent firm specializing in establishing credit risk. The Company suggests that the Commission consider registering and approving such firms' services for use by its regulated utilities.

Edit to rule: WAC 480-100-051(3); add

(f) Upon demonstration by a credit rating agency, duly registered and approved by the Commission, that an applicant or customer does not meet generally-accepted requirements for the establishment of credit.

### **WAC 480-100-051(8) Alternative to Deposits**

Recommendation: Remove this section.

Support: Avista Utilities has no customer who has ever used this option. This alternative is usually not to the customer's advantage. Moreover, should a customer use this alternative to deposits, the Company would need to manually track the account on an ongoing basis for the entire 12 months.

Edit to rule: Remove 480-100-051(8) Alternative to Deposits.

### **WAC 480-100-051(10)(c) Deposits—Refunds—How Made**

Recommendation: Remove option for in-person pick-up of refunds.

Support: The Company's policy is to credit the customer's account. When a customer requests a check, Avista Utilities has an automated process in place which mails deposit refunds twice a week.

Edit to rule: WAC 480-100-056(10)(c) ~~Prior to issuance of the refund, the customer may request that such check be made available at a local business office rather than sent by mail.~~

#### **WAC 480-100-056 Refusal of Service**

Recommendation: Clarify that master metering with permanent occupants be limited to commercial buildings.

Support: The configuration and number of residential units in buildings remain static over time. Commercial building configurations can and do change over time requiring some flexibility in metering.

Edit to rule: WAC 480-100-056 (1) No electric utility shall connect service to a master meter in any new residential building with permanent....

#### **WAC 480-100-071(1)(c) Discontinuance of Service**

Recommendation: Remove section.

Support: The language as written is not clear, misleading, and onerous to customers. Taken literally, no baseline of information is defined and it is reasonable for customers to experience fluctuations in energy usage due to numerous factors (i.e., weather).

Edit to rule: Remove 480-100-071(1)(c) Alternative to Deposits.

#### **WAC 480-100-071(4) Discontinuance of Service**

#### **WAC 480-100-116 Responsibility for Delinquent Accounts**

#### **WAC 480-100-056 Refusal of Service**

Recommendation: The utility should be required to either collect the proper charges owing from customers, or establish payment arrangements with customers, who have been disconnected for nonpayment prior to reconnection of service.

Support: The above-cited rules have been interpreted to require that reconnection of customers with unpaid bills must be performed upon payment of one-half of the deposit and a reconnect charge. This, in turn, leads to customers being reconnected for less than they owe. If the customer refuses to pay, the remaining balance is written off by the utility as an unrecoverable expense. There is no equivalent rule in Idaho and the write-offs for prior obligation is \$0. The comparable rule in Oregon provides for either payment of amount owed or establishment of a payment plan. Avista Utilities understands that the Commission's prior obligation rules were patterned after California's rules which have since been significantly revised and call for full payment or a payment plan such as that embodied in the Oregon rule.

Edit of rule: At ~~WAC 480-100-116: Responsibility for delinquent accounts~~ A utility shall not refuse or discontinue service to an applicant or customer, who is not in arrears to the utility even though

~~there are unpaid charges due from the premises occupied by the applicant or customer, on account of the unpaid bill of a prior tenant unless there is evidence of intent to defraud. A utility may not permanently deny service to an applicant because of a prior obligation to the utility.~~

At WAC 480-100-056 Refusal of Service, add:

(7) Except as provided in section (8) of this rule, an electric or gas utility may refuse to provide service to an applicant until it receives full payment of any overdue amount and any other obligation related to a prior account.

(8) Except for consumers who were disconnected for theft of service, an electric or gas utility shall be required to provide service to an applicant upon receipt of payment equal to at least one-half of any overdue amount and any other obligation related to a prior account, provided that the person has made reasonable payment arrangements on the account balance. The balance of the amount owed to the utility shall be paid within 30 days of the date service is initiated. Upon failure to pay, the utility may disconnect service after providing proper notification. The notices shall contain the information set forth in Commission notice rules.

(9) If electric or gas service is disconnected for failure to comply with the payment terms set forth in section (8) of this rule, the utility may refuse to restore service until it receives full payment of any overdue obligation, including any reconnection fee and past due bill.

(10) A utility may refuse to provide service until payment is received, as described in section (8) of this rule, when the following circumstances exist:

(a) An overdue balance has been incurred by a person at a service address;

(b) An applicant for service resided at the service address described in subsection (10)(a) of this rule during the time the overdue balance was incurred; and

(c) The person described in subsection (10)(a) of this rule will reside at the location to be served under the new application.

#### **WAC 480-100-096 Complaints and Disputes**

Recommendation: The term "complaint" should be defined for purposes of this rule. The Commission and the Company receive several types of inquiries, some of which constitute situations requiring some level of examination. Other types of inquiries are simply not violations of Commission rules. For example, an inability to make payment on a utility bill, in itself, should not constitute a complaint to the Commission.

Support: Under the proposed definition, a complaint about a customer's inability to make payment on a bill would be considered an inquiry and not a "complaint" because no rules were violated. This type of inquiry would not be registered as a formal complaint but rather documented as an informal inquiry at the Commission.

Edit to rule: WAC 480-100-096; add: A customer inquiry will be classified as a "complaint" if there is a belief that a Commission rule has been violated. The Commission staff will document the rule being questioned prior to sending the complaint to the Company for a response.

### **WAC 480-100-111 Refund of inaccurate metering**

Recommendation: This rule should include all scenarios for inaccurate billing.

Support: The existing rule only addresses instances of "fast metering". There are other causes of inaccurate bills which include slow meter, stopped meter, over-billed and under-billed situations.

Edit to rule: WAC 480-100-111 ~~Refund of inaccurate metering~~ Inaccurate billing of service, failure to bill for service

~~In the event that a complaint meter test reveals an error adverse to the customer in excess of the permissible limit, the utility shall refund to the customer an amount presumed to have been charged in excess of that which would have been charged had the meter registered correctly, such refund to be computed upon the assumption that the meter was registering correctly six months prior to the date of complaint, and that the change in accuracy has progressed uniformly. Provided, however, that if the meter shall have been installed for a period of less than six months, or that the definite date of the beginning of such inaccuracy is known, then such date of installation, or known inaccuracy shall be taken as the date on which such meter shall have been presumed to be correct.~~

For situations including fast meter, slow meter, stopped meter, over-billed, and under-billed, the utility will make corrections for the known period of time not to exceed 3 years. If the period of time is not known, the correction will not exceed 6 months.

### **WAC 480-100-121 Meter Charges**

Recommendation: Allow the utility to charge a customer for metering costs associated with a second service.

Support: The National Electric Code allows a customer a second point of service if certain conditions are met. The utility may want all service through one meter but the Code, the electrician and customer want a second service as it would be cheaper and easier for them. The Company believes that the cost of more than one meter, installed on an optional basis at the customer's request, should be incurred by that customer.

Edit of rule: At WAC 480-100-121: A utility shall make no charge for furnishing and installing the meter or meters required to determine the billing to be made for electric service in accordance with its filed tariff. The utility may charge for additional metering requested by the customer for service beyond determining the billing to be made for electric service.

### **WAC 480-100-251 Least Cost Planning**

Recommendation: The least cost planning rules should be revised to reflect current planning circumstances in the electric industry.

Support: The electric industry has changed since the Commission's least cost planning rule was adopted in 1987. In its comments in Docket No. UE-940932 (Notice of Inquiry on Examining Regulation of Electric Utilities in the Face of Change in the Electric Industry), the Company noted that the original intent of the rule was as an informational

tool. One parameter, the 20 year planning horizon, which existed when the rule was originally adopted in 1987 is not as relevant today. Five to ten years may be more appropriate in today's dynamic and varied energy markets. With today's construction lead times for turbines in the 2-3 year range, versus the 8-10 years of yesterday, and DSM being more quantifiable than several years ago we can afford to take less risk and shorten the planning horizons. Moreover, with electric utilities moving towards distribution functions as the primary regulated enterprise, the least cost planning rule should reflect the current transitory period in this industry. Lastly, this rule may more appropriately be considered an "integrated resource plan" than a "least cost plan".

Edits to rule: WAC 480-100-251:

~~Least cost planning~~-Integrated Resource Planning

(1) Purpose and process. Each electric utility regulated by the commission has the responsibility to meet its load with a least cost mix of generating supply resources, either purchased or owned, and improvements in the efficient use of electricity. Therefore, a ~~"least cost plan"~~ an "integrated resource plan" shall be developed by each electric utility in consultation with commission staff. Provision for involvement in the preparation of the plan by the public shall be made available, required. Each planning cycle will begin with a letter to the company from the commission secretary following acceptance of the previous plan. ~~The content and timing of, and reporting for the least cost plan and the public involvement strategy shall be outlined in a work plan developed by the company after consulting with commission staff.~~

(2) Definitions. ~~"Least cost plan"~~ "Integrated resource plan" or "plan" means a plan describing the mix of generating resources and improvements in the efficient use of electricity that will meet current and future needs at one of the lowest cost to the utility and its ratepayers.

(3) Each electric utility shall submit to the commission ~~on a biennial basis a least cost~~ an integrated resource plan that shall include:

(a) ~~A range of f~~ Forecasts of future demand using methods that examine the impact of economic forces on the consumption of electricity and that address changes in the number, type, and efficiency of electrical end-uses.

(b) An assessment of technically feasible improvements in the efficient use of electricity, including load management, as well as currently employed and new policies and programs needed to obtain the efficiency improvements.

(c) An assessment of technically feasible generating technologies including renewable resources, cogeneration, power purchases from other utilities and marketers, and thermal resources (including the use of combustion turbines ~~to utilize better the existing hydro system~~.)

(d) A comparative evaluation of generating resources and improvements in the efficient use of electricity based on a consistent method, developed in consultation with commission staff, for calculating cost-effectiveness.

(e) The integration of the demand forecasts and resource evaluations into a long-range (e.g., five to ten twenty- years) least cost integrated resource plan describing the mix of resources that will meet current and future needs at the lowest cost to the utility and its ratepayers.

(f) A short-term (e.g., two-year) plan outlining the specific actions to be taken by the utility in implementing the long-range ~~least cost~~ integrated resource plan.

(g) The integrated resource plan, as defined in this section, may evolve to issues focusing on distribution functions as industry restructuring proceeds. The balancing of demand- and supply-side resources as described in paragraphs (c), (d) and (e) of this section may shift planning efforts to customer service related issues.

(4) All plans subsequent to the initial least cost plan shall include a progress report that relates the new plan to the previously filed plan.

(5) The ~~least cost~~ integrated resource plan, considered with other available information, will be used to evaluate the performance of the utility in rate proceedings, including the review of avoided cost determinations, before the commission.



**WAC 480-100-xxx Alternative Forms of Ratemaking**

Recommendation: The Commission's implementation of regulation in the public interest through rate-base, cost of service regulation, should be broadened to include alternative forms of regulation on an optional basis.

Support: Customers may be better served by a ratemaking protocol that does not increase utilities' regulated profits primarily through increased capital expenditures.

**Proposed rule: WAC 480-100-xxx Alternative Form of Regulation**

(1) A utility may file for Commission approval of an alternative form of regulation plan that includes provisions to ensure that the plan operates in the interests of utility customers and the public generally and results in rates that are just and reasonable and may include provisions establishing a reasonable range for rate of return on investment. In filing a plan, the utility shall, at a minimum, include description and support of the following elements:

(a) Promotes increased efficiencies and cost control;

(b) Is consistent with integrated resource planning acquisition policies;

(c) Is consistent with maintenance of safe, adequate and reliable service; and

(d) Is beneficial to utility customers generally, for example, by minimizing utility rates.

(2) "Alternative form of regulation plan" means a plan filed by a utility upon petition, after notice and an opportunity for a hearing, that sets rates and revenues and a method for changes in rates and revenues using alternatives to cost-of-service rate regulation.

(3) Prior to implementing a rate change under an alternative form of regulation plan, the utility shall present a report that demonstrates the calculation of any proposed rate change at a public meeting of the commission.

(4) The commission, at any time, may order a utility to appear and establish that any, or all, of its rates in a plan authorized under section (1) of this section are in conformity with the plan and are just and reasonable. Such rates, and the alternative form of regulation plan under which the rates are set, also shall be subject to complaint under WAC 480-100-096.

Respectfully submitted,



By:

Thomas D. Dukich  
Manager, Rates and Tariff Administration

AVISTA UTILITIES  
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Spokane, Washington 99220-3727  
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Edit to rule: Strike in its entirety WAC 480-100-031(7).

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For situations including fast meter, slow meter, stopped meter, over-billed, and under-billed, the utility will make corrections for the known period of time not to exceed 3 years. If the period of time is not known, the correction will not exceed 6 months.

## **WAC 480-100-121 Meter Charges**

Recommendation: Allow the utility to charge a customer for metering costs associated with a second service.

Support: The National Electric Code allows a customer a second point of service if certain conditions are met. The utility may want all service through one meter but the Code, the electrician and customer want a second service as it would be cheaper and easier for them. The Company believes that the cost of more than one meter, installed on an optional basis at the customer’s request, should be incurred by that customer.

Edit of rule: At WAC 480-100-121: A utility shall make no charge for furnishing and installing the meter or meters required to determine the billing to be made for electric service in accordance with its filed tariff. The utility may charge for additional metering requested by the customer for service beyond determining the billing to be made for electric service.

## **WAC 480-100-251 Least Cost Planning**

Recommendation: The least cost planning rules should be revised to reflect current planning circumstances in the electric industry.

Support: The electric industry has changed since the Commission’s least cost planning rule was adopted in 1987. In its comments in Docket No. UE-940932 (Notice of Inquiry on Examining Regulation of Electric Utilities in the Face of Change in the Electric Industry), the Company noted that the original intent of the rule was as an informational



tool. One parameter, the 20 year planning horizon, which existed when the rule was originally adopted in 1987 is not as relevant today. Five to ten years may be more appropriate in today's dynamic and varied energy markets. With today's construction lead times for turbines in the 2-3 year range, versus the 8-10 years of yesterday, and DSM being more quantifiable than several years ago we can afford to take less risk and shorten the planning horizons. Moreover, with electric utilities moving towards distribution functions as the primary regulated enterprise, the least cost planning rule should reflect the current transitory period in this industry. Lastly, this rule may more appropriately be considered an "integrated resource plan" than a "least cost plan".

Edits to rule: WAC 480-100-251:

~~Least cost planning-~~Integrated Resource Planning

(1) Purpose and process. Each electric utility regulated by the commission has the responsibility to meet its load with a least cost mix of generating supply resources, either purchased or owned, and improvements in the efficient use of electricity. Therefore, ~~a "least cost plan"~~ an "integrated resource plan" shall be developed by each electric utility in consultation with commission staff. Provision for involvement in the preparation of the plan by the public shall be made available, required.~~Each planning cycle will begin with a letter to the company from the commission secretary following acceptance of the previous plan. The content and timing of, and reporting for the least cost plan and the public involvement strategy shall be outlined in a work plan developed by the company after consulting with commission staff.~~

(2) Definitions. ~~"Least cost plan"~~ "Integrated resource plan" or "plan" means a plan describing the mix of generating resources and improvements in the efficient use of electricity that will meet current and future needs at one of the lowest cost to the utility and its ratepayers.

(3) Each electric utility shall submit to the commission ~~on a biennial basis a least cost~~ an integrated resource plan that shall include:

(a) ~~A range of f~~ Forecasts of future demand using methods that examine the impact of economic forces on the consumption of electricity and that address changes in the number, type, and efficiency of electrical end-uses.

(b) An assessment of technically feasible improvements in the efficient use of electricity, including load management, as well as currently employed and new policies and programs needed to obtain the efficiency improvements.

(c) An assessment of technically feasible generating technologies including renewable resources, cogeneration, power purchases from other utilities and marketers, and thermal resources (including the use of combustion turbines ~~to utilize better the existing hydro system.~~)

(d) A comparative evaluation of generating resources and improvements in the efficient use of electricity based on a consistent method, developed in consultation with commission staff, for calculating cost-effectiveness.

(e) The integration of the demand forecasts and resource evaluations into a long-range (e.g., five to ten ~~twenty~~ years) ~~least cost~~ integrated resource plan describing the mix of resources that will meet current and future needs at the lowest cost to the utility and its ratepayers.

(f) A short-term (e.g., two-year) plan outlining the specific actions to be taken by the utility in implementing the long-range ~~least cost~~ integrated resource plan.

(g) The integrated resource plan, as defined in this section, may evolve to issues focusing on distribution functions as industry restructuring proceeds. The balancing of demand- and supply-side resources as described in paragraphs (c), (d) and (e) of this section may shift planning efforts to customer service related issues.

(4) All plans subsequent to the initial least cost plan shall include a progress report that relates the new plan to the previously filed plan.

(5) The ~~least cost~~ integrated resource plan, considered with other available information, will be used to evaluate the performance of the utility in rate proceedings, including the review of avoided cost determinations, before the commission.

**WAC 480-100-xxx Alternative Forms of Ratemaking**

Recommendation: The Commission's implementation of regulation in the public interest through rate-base, cost of service regulation, should be broadened to include alternative forms of regulation on an optional basis.

Support: Customers may be better served by a ratemaking protocol that does not increase utilities' regulated profits primarily through increased capital expenditures.

Proposed rule: WAC 480-100-xxx Alternative Form of Regulation

(1) A utility may file for Commission approval of an alternative form of regulation plan that includes provisions to ensure that the plan operates in the interests of utility customers and the public generally and results in rates that are just and reasonable and may include provisions establishing a reasonable range for rate of return on investment. In filing a plan, the utility shall, at a minimum, include description and support of the following elements:

(a) Promotes increased efficiencies and cost control;

(b) Is consistent with integrated resource planning acquisition policies;

(c) Is consistent with maintenance of safe, adequate and reliable service; and

(d) Is beneficial to utility customers generally, for example, by minimizing utility rates.

(2) "Alternative form of regulation plan" means a plan filed by a utility upon petition, after notice and an opportunity for a hearing, that sets rates and revenues and a method for changes in rates and revenues using alternatives to cost-of-service rate regulation.

(3) Prior to implementing a rate change under an alternative form of regulation plan, the utility shall present a report that demonstrates the calculation of any proposed rate change at a public meeting of the commission.

(4) The commission, at any time, may order a utility to appear and establish that any, or all, of its rates in a plan authorized under section (1) of this section are in conformity with the plan and are just and reasonable. Such rates, and the alternative form of regulation plan under which the rates are set, also shall be subject to complaint under WAC 480-100-096.

Respectfully submitted,



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