

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKETS UE-140188 and
TRANSPORTATION COMMISSION,)	UG-140189 (<i>Consolidated</i>)
)	
Complainant,)	ORDER 06
)	
v.)	
)	FINAL ORDER APPROVING
AVISTA CORPORATION d/b/a)	AVISTA’S SERVICE QUALITY
AVISTA UTILITIES,)	MEASURES PROGRAM
)	COMPLIANCE FILING
Respondent.)	
)	
.....)	

1 **BACKGROUND.** On November 25, 2014, the Washington Utilities and Transportation Commission (Commission) entered a final order rejecting the tariff filing of Avista Corporation d/b/a Avista Utilities (Avista or the Company), accepting with conditions a full settlement stipulation (Settlement), authorizing tariff filing, and requiring compliance filings in Dockets UE-140188 and UG-140189 (Order 05). Among other things, the Settlement required Avista to meet with the Commission’s regulatory staff (Staff) and other interested parties to develop and implement appropriate service quality metrics, customer guarantees and reporting, with the agreed upon tariff revisions filed on or before June 1, 2015, with a program in place on July 1, 2015.¹

2 On May 29, 2015, Avista filed its proposed Service Quality Measures (SQM) Program (SQM Filing) language and accompanying tariffs, after discussions with Staff, Public Counsel, and The Energy Project on six separate occasions.² Staff and Public Counsel filed responses to the Company’s SQM Filing on June 10, 2015. Avista filed comments in reply on June 17, 2015 (Avista’s Reply).

¹ Settlement, ¶ 16.

² SQM Filing, Cover Letter dated May 29, 2015 at 2.

- 3 **PARTY REPRESENTATIVES.** David J. Meyer, Vice President and Chief Counsel for Regulatory and Governmental Affairs, Spokane, Washington, represents Avista. Lisa W. Gafken, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Division of the Washington State Attorney General’s Office (Public Counsel). Brett P. Shearer, Assistant Attorneys General, Olympia, Washington, represents Staff.³
- 4 Melinda J. Davison, Davison Van Cleve, P.C., Portland, Oregon, represents the Industrial Customers of Northwest Utilities (ICNU). Chad M. Stokes and Tommy A. Brooks, Cable Huston, Portland, Oregon, represent the Northwest Industrial Gas Users (NWIGU). Ronald L. Roseman, attorney, Seattle, Washington, represents The Energy Project.

MEMORANDUM

- 5 **Avista’s SQM Filing.** On May 29, 2015, Avista filed consensus SQM Program language after discussions with Staff, Public Counsel, and The Energy Project on six separate occasions.⁴ The Company stated that Staff, Public Counsel, and The Energy Project agreed that Avista will track and report its annual performance in meeting the benchmarks established, with five customer service measures and seven customer service guarantees. The customer service measures include:

1. Ninety percent of customers respond “satisfied” or “very satisfied” when surveyed about their experience calling Avista’s Customer Contact Center. The survey must provide statistically significant results and encompass Avista’s entire service territory. Avista will report separate data for Washington customers, but compliance will be judged on a multistate basis.
2. Ninety percent of customers respond “satisfied” or “very satisfied” when surveyed about their experience with Avista’s field services. The survey must provide statistically significant results and encompass Avista’s entire service

³ In formal proceedings, such as this, the Commission’s regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners’ policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. *See*, RCW 34.05.455.

⁴ SQM Filing, Cover Letter dated May 29, 2015 at 2.

territory. Avista will report separate data for Washington customers, but compliance will be judged on a multistate basis.

3. The number of complaints filed with the Commission will not exceed the rate of 0.4 complaints per 1,000 customers for the calendar year.
 4. Eighty percent of calls are answered within 60 seconds of requesting to speak with a live representative.
 5. Avista's average response time to electric system emergencies in Washington will not exceed 80 minutes, except during major storms. Avista's average response time to natural gas system emergencies in Washington will not exceed 55 minutes.⁵
- 6 The SQM Filing also proposed customer service guarantees. Under the new program, Avista will automatically provide customers with a \$50 bill credit in certain circumstances. Beginning January 1, 2016, Avista proposes to provide a bill credit when:
1. Avista misses an appointment. The appointment windows are generally 8 AM to noon, and noon to 5 PM, and do not apply if the Company reschedules 24 hours in advance, or the customer cancels the appointment.
 2. The Company does not restore electric service within 24 hours after an interruption. This does not apply during major event days, *e.g.*, storms, or if an action by someone other than a utility employee prevents it from restoring power.
 3. Avista does not turn on electric power within one business day when no construction is required, all permits are received, no bill is outstanding, and service was not disconnected for nonpayment or theft.
 4. The Company does not provide a cost estimate for new electric or natural gas service within 10 business days upon receipt of necessary information.
 5. Avista does not respond to a billing inquiry within 10 business days.
 6. The Company does not report the results of a requested meter test within 20 business days.

⁵ SQM Filing at 2-4; Avista's Reply at 3.

7. The Company does not provide 24 hours advance notice of a scheduled electric service interruption of more than 5 minutes.⁶

7 Avista also included a requirement to report System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI).⁷ Avista proposed that the Commission accept the SQM Filing, to be implemented by July 1, 2015.⁸

8 **Staff's Response.** On June 10, 2015, Staff filed its Response to Avista's SQM Filing (Staff's Response). With regard to the Company's customer service measures, Staff argues that the efficacy of performance incentives for Avista's Washington service territory must be measured using results unique to Washington, and Avista's performance in Idaho and Oregon is immaterial.⁹ Staff recommends measuring Avista's performance in Washington only, except for measure number four, answering calls within 60 seconds. Staff accepts that there is no way for Avista to know from which state a customer is calling before representatives answer the phone, but believes that it is reasonable to separate the other measures by state.¹⁰

9 Staff also criticizes Avista's seven customer service guarantees, objecting that the third guarantee does not apply to natural gas service as well as electric service.¹¹ Electric guarantee number three requires Avista to "switch on power within one business day of the Customer or Applicant's request for service" when no construction is required, all permits are received, no bill is outstanding, and service was not disconnected for nonpayment or theft.¹² Staff proposes to add a similar requirement for natural gas service:

⁶ Avista's SQM Filing at 5-6.

⁷ *Id.* at 4-5. The Commission requires Avista to report these Electric System Reliability Indices annually via reliability reports, and the proposed tariff specifies that the report include an historic five-year rolling average of SAIFI and SAIDI. Reliability reports are required under WAC 480-100-388 to WAC 480-100-398.

⁸ *Id.* at 2.

⁹ Staff's Response, ¶ 8.

¹⁰ *Id.*, n. 11.

¹¹ *Id.*, ¶ 11.

¹² Avista's SQM Filing at 5.

The Company will switch on natural gas within one business day of the Customer's request for service, and offer an appointment within one business day or as soon after as reasonably possible but no later than seven days for new applicants [when no construction is required, all permits are received, no bill is outstanding, and service was not disconnected for nonpayment or theft.]¹³

10 Finally, Staff criticizes Avista's filing for failing to include benchmarks to measure and evaluate Avista's performance. To resolve this deficiency, Staff proposes SAIFI and SAIDI benchmarks set at Avista's Washington service territory's average for the five years immediately prior to the implementation of full decoupling - plus one standard deviation.¹⁴ Staff argues that this metric is reasonable, and that the value should be linked to a time period before decoupling because "a fully decoupled utility may be motivated to cut service and operating expenses in order to generate additional revenue."¹⁵

11 **Public Counsel's Response.** Public Counsel filed its Response to the Company's SQM Filing on June 10, 2015 (Public Counsel's Response). Public Counsel accepted the use of multistate measures for the customer service measures,¹⁶ and suggested consideration of Staff's issue with the applicability of the third customer service guarantee for natural gas customers in a future proceeding.¹⁷ With regard to the report on SAIFI and SAIDI proposed by Avista, Public Counsel states that the parties did not agree on specific metrics, and, while not requesting any modification to Avista's SQM Filing, suggests that this area would benefit from further analysis.¹⁸

12 **Avista's Reply to Staff's Response.** In its reply, Avista provides some clarifications to the SQM Filing and rebuts Staff's proposals. The Company clarifies that the cost

¹³ Staff's Response, Exhibit A (part 1) at 2-3 (redline tariff sheets 185A and 185B).

¹⁴ *Id.* at ¶ 4. Avista's Electric Service Reliability Report includes a "reliability target that is the average over the previous five years plus two standard deviations." Docket UE-150695, 2014 Electric Service Reliability Report at 6.

¹⁵ *Id.* at ¶¶ 5-6.

¹⁶ Public Counsel's Response at 3.

¹⁷ *Id.* at 4.

¹⁸ *Id.* at 2.

of the customer guarantee credits will be borne by the Company's shareholders.¹⁹ Additionally, Avista commits to reporting customer service measures one and two on a Washington-only basis, but clarifies the Washington-only results are provided for informational purposes only; its service quality will be evaluated based on statistically significant results reported on a multistate basis.²⁰

- 13 Avista does not agree that financial penalties should be associated with the SQM program. Avista argues that it currently has a high level of service quality and satisfaction, decoupling does not provide an incentive to compromise customer service, and that there is no direct correlation between the prospect of penalties and the Company's performance.²¹
- 14 Avista objects to Staff's proposed electric system reliability benchmarks. The Company asserts that customer satisfaction is based on more utility practices than are measured by SAIFI and SAIDI, and that its system reliability is variable due to factors outside of its control.²² Avista objects to Staff's benchmark, characterizing it as designed "to ensure the likelihood that Avista will not achieve it in every year."²³ Avista also observes that a meaningful improvement in "system reliability performance would require significant capital investments over an extended period of time."²⁴
- 15 The Company requests that the Commission not adopt Staff's proposed customer service guarantee regarding a timeline for turning on natural gas supply because the process for turning on natural gas service is complex and requires the involvement of other parties than Avista.²⁵ Finally, Avista opposes measuring performance based on results unique to Washington because Staff raised this objection the day prior to

¹⁹ Avista's Reply at 3.

²⁰ *Id.*

²¹ *Id.* at 3-5.

²² *Id.* at 6-7.

²³ *Id.* at 7-9.

²⁴ *Id.* at 9-10.

²⁵ *Id.* at 10-11.

Avista's filing and there are additional costs for acquiring statistically significant results for Washington-only data.²⁶

16 **Discussion and Decision.** A compliance filing does not become effective until the Commission acts on it.²⁷ Pursuant to WAC 480-07-883(4), the Commission may act by entering an order in any proceeding in which a compliance filing is authorized or required that approves the filing or rejects the filing or any portion thereof.

17 We carefully considered all of Staff's objections and concerns regarding Avista's SQM Filing. While Staff's suggestions may have some merit, we do not have the record before us necessary to implement them. Further, it is unrealistic to impose Staff's additional requirements beginning with calendar year 2015 and still expect Avista to implement the program's many features by July 1, 2015. Neither do we feel compelled to consolidate these issues with Avista's ongoing rate case.

18 The clarifications that Avista provides in its reply are significant. The cost of the customer guarantee credits, which provide customers with a \$50 bill credit in certain circumstances, will be borne entirely by the Company's shareholders. Additionally, Avista will report certain data on a Washington-only basis. We are pleased that the parties reached agreement on these clarifications.

19 We appreciate the arduous work that the parties put into Avista's SQM Filing, and thank the Company for its sincere efforts. As proposed, Avista's customer service measures, customer service guarantees and electric service reliability reporting proposal are a good first step, and we expect the parties to continue working to refine the program. Avista has also proposed continuing its work on the natural gas customer service guarantee issue raised by Staff, indicating that the Company would "do some additional research and report out to the parties (later in 2015) for a further discussion of a potential [natural gas service quality] measure [for turning on natural gas]."²⁸

²⁶ *Id.* at 12-14.

²⁷ WAC 480-07-883(3)(b).

²⁸ Avista's Reply at 11.

20 Avista's SQM Filing and accompanying tariffs, as clarified in its reply filing, comply with the requirements set forth in the Commission's Order 05 to develop appropriate service quality metrics, customer guarantees and reporting by June 1, 2015, and implement the program by July 1, 2015, and should be approved.

FINDINGS AND CONCLUSIONS

21 Having discussed above in detail the evidence received in this proceeding concerning all material matters, and having stated findings and conclusions upon issues in dispute among the parties and the reasons therefore, the Commission now makes and enters the following summary of those facts, incorporating by reference pertinent portions of the preceding detailed findings:

22 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, and accounts of public service companies, including electrical and gas companies.

23 (2) Avista Corporation d/b/a Avista Utilities (Avista or the Company) is a "public service company," an "electrical company" and a "gas company," as those terms are defined in RCW 80.04.010 and as those terms otherwise are used in Title 80 RCW. Avista is engaged in Washington State in the business of supplying utility services and commodities to the public for compensation.

24 (3) On November 25, 2014, the Commission entered Order 05, accepting with conditions a full settlement stipulation (Settlement), authorizing tariff filing, and requiring compliance filings in Avista's general rate case proceeding.

25 (4) Among other things, the Settlement required Avista to meet with the Staff and other interested parties to develop and implement appropriate service quality metrics, customer guarantees and reporting, with the tariff revisions filed on or before June 1, 2015, with a program in place on July 1, 2015.

- 26 (5) On May 29, 2015, Avista filed its proposed Service Quality Measures (SQM) Program (SQM Filing) language and accompanying tariffs, after discussions with Staff, Public Counsel, and The Energy Project on six separate occasions.
- 27 (6) Staff and Public Counsel filed responses to the Company's SQM Filing on June 10, 2015.
- 28 (7) Avista filed comments in reply on June 17, 2015.

CONCLUSIONS OF LAW

- 29 Having discussed above all matters material to this decision, and having stated detailed findings, conclusions, and the reasons therefore, the Commission now makes the following summary conclusions of law, incorporating by reference pertinent portions of the preceding detailed conclusions:
- 30 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, these proceedings.
- 31 (2) Pursuant to WAC 480-07-883(3)(b), a compliance filing does not automatically become effective on its stated effective date. The Commission must act on the compliance filing for it to become effective, and the Commission can do so by entering an order approving the compliance filing or taking other appropriate action.
- 32 (3) The Company's SQM Filing meets the requirements of the Settlement to discuss and implement appropriate service quality metrics, customer guarantees and reporting, with the tariff revisions filed on or before June 1, 2015, with a program in place by July 1, 2015.
- 33 (4) Avista's SQM Filing and accompanying tariffs should be approved.

ORDER

THE COMMISSION ORDERS THAT:

- 34 (1) The Service Quality Measures Program revised tariffs, filed on May 29, 2015,
by Avista Corporation d/b/a Avista Utilities, are approved.
- 35 (2) The Commission retains jurisdiction over the subject matters and parties to
this proceeding to effectuate the terms of this Order.

Dated at Olympia, Washington, and effective June 25, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner

NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.