

WE-990473

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Minutes

**WAC 480-90
and WAC 480-100
GAS and ELECTRIC COMPANIES RULEMAKING WORKSHOP
June 3, 1999
9:30 a.m. - 4:00 p.m.**

FACILITATOR:

Jeffrey Showman - WUTC Staff

ATTENDEES:

Bruce Folsom - Avista
Dick Winters - Avista
Doug Young - Avista
Renee Webb - Avista
Dick McCarthy - Avista
Dave DeFelice - Avista
Gene Cardan - PPL
Ed Finklea - Energy Advocates
Phillip Popoff - PSE
Lynn Logen - PSE
Christy Omohundro - PSE
Doug Betzold - CMS
Karl Karzmar - PSE
Lois Douglass - NW Natural
Carole Rockney - Pacificorp
Robin Cross - Pacificorp
Liz Klumpp - CTED
Kathie Barnard - Cascade Natural Gas
Barbara Groff - Cascade Natural Gas
Al Rhoades - WA. State Building Code Council

UTC Staff:

Graciela Etchart
Marjorie Schaer
Jim Russell
Dennis Moss
Roland Martin
Doug Kilpatrick

RMS

Bob Cedarbaum
Dave Dittmore
Steve Rieger
Tom Schooley
Mark Anderson
Penny Hanson
Tani Thurston
Vicki Elliott
Pam Smith
Dennis Lloyd
Mike Parvinen
Joanna Huang
Sher Hadfield
Sondra Walsh

Bridge Line: (No one on line)

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- JS: (Introduction of rulemaking leads & ALJs)
- MS: (Review of rulemaking purpose and procedure; overview of anticipated process for these rulemakings)
- BF: You've made it very clear that you don't want to put a position together until you hear from the stakeholders. Will you be hearing from the C's about any rule they feel strongly about? Are you contemplating having feedback - is there anything we as stakeholders can benefit from?
- JS: What we are doing here is quasi-legislative. The Commission is required to act like other legislatures, solicit public feedback, have open public meetings. The Commissioners will offer their observations and probably the best time for that will be at the open meetings at the CR-102 stage first then the adoption.
- MS: One of the provisions of the APA says that when we're in a proceeding under that act to adopt rules then the open public meeting act doesn't apply. Just so you know that if you have a particular concern you can address that with them at any time.
- BF: My point is simply one of efficiency - if the C's feel strongly about one point.
- JS: We haven't talked with them and we don't have any idea what they feel strongly about. (Then gives general information about facilities, breaks, lunch, etc.) Our goal is to solicit

different views and get shared communication. To get new ideas and clarify new ideas.
(Then review of ground rules and introductions)

JS: First session on general provisions and possible new rules. We've had one suggestion by Avista - should we have a rule on alternative forms of regulation? Any other issues that we haven't covered or should be covered under the new rules - needed rules?

JR: I just want to mention we're going to cover a possible PGA rules in the accounting workshop and that wasn't in the handout.

BF: Avista may have proposals regarding customer service and protection.

JS: Any other possible new general rules?

BF: You asked us to be succinct - we basically proposed a rule that would allow companies to have something other than cost based rate of return regulation. It incorporates customer services, integrated resource planning and the like. This rule is modeled after the Oregon statute which allows the same sort of thing. We are not wedded to this - in your staff comments where you question whether a rule is needed or not - that would work for us. We simply don't want to be in a situation that we do file something and staff is concerned that you may not have the authority to allow us to proceed and we do think that RCW 80.04 does allow some sort of AFOR - then the question becomes do we need a rule to embody such authority.

JS: Any other observations on AFOR's (alternative forms of regulation)?

CR: We operate under an AFOR in Oregon and I think the statute was sufficient and I wouldn't think we would need specific rules. I think it would be up to each individual company to craft the AFOR that made sense for them. I'd rather have that broad agreement that we can do an AFOR in Washington and then leave it up to the company to craft their own.

PP: We like the idea of having this discussion. There are the policy level issues of whether or not we can go there. If there's another forum to handle this - maybe we can go there. One of the nice things about the language Avista has proposed is that it is very flexible. To have the C's make the statement that in general "this is a fine idea".

JS: Other comments on AFOR's?

MS: I know that Avista is combined gas & electric - do you see the same need in both rules?

BF: We contemplated it on both sides.

- JS: The new energy environment - should rules be modified to suit today's energy environment - if so, how?
- DB: My ideas may come up in the general PGA accounting rules. In a general sense since open access gas customers have become shoppers and they look at these unbundled alternatives and want to know more info about each one and this has changed the environment considerably. They want to know from all vendors what to be looking at and we feel that in polling our customers they wanted real time info and one of the things they take issue with is trackers that distort real time info. One way around having trackers is to have more frequent PGA filings. We have suggestions on that for later today.
- JS: Any other observations on the new environment of gas companies?
- PP: We'll be discussing PGA rules in the accounting forum?
- JS: Yes. Anything else? It appears we have wrapped up our first agenda item.
- DM: Interest in using this time to get into other general rules? Possibly the glossary?
- JS: Sure. Both Avista and Northwest Natural had made suggestions for additions to the glossary. NW Natural suggested adding definitions of applicant and facilities and changing the definition of customer. Any comments?
- DM: The question that came to me was - what is the purpose behind proposing that these terms be defined and what implications would there be to adding definitions?
- BF: This gets to Gov. Locke's request for clarity - defining what a term of art is in this industry and what is an appropriate charge and term.
- EF: I'd ask NW Natural to elaborate a little bit . . . (can't hear on tape - did not use microphone)
- LD: The person that wrote this will be here this afternoon.
- RW: (Can't hear on tape - did not use microphone) The term used as - indicates that services shall be restored - intended to clarify since it is already written in the rule - what is a proper charge? But it's not defined.
- PP: Are there any other rules that the Commission staff is considering proposing?
- JR: I think that in general - they are topic specific and in the issues list there are a couple of new rules we set out.

DM: We have two in the rule breakout section - facility safety and PGA on the accounting side.

PH: In the afternoon session we'll be talking about possible rules for customer notice as well.

JS: The metering safety can move to Room 207 and let's take a 5 minute break here.

Breakout Session - Accounting, Finance, Least Cost Planning

JS: We heard comments from some companies that the Least Cost Planning rules should be on a separate track and we are inclined to do that next year. However, if people want to offer observations on the LCP rule today we will certainly take those up.

BF: I have two subject experts here - we have some IRPs or Least Cost Plans that we need to get out and they are starting the process. We concur that it should be a separate venue. We're wondering if some temporary rules should be adopted or if we should put in a 1 page letter seeking some sort of waiver to contemplate some changes that the IRP rule could have. Specifically we're talking about maybe not going with a 20 year planning horizon.

DW: I'm the gas planner. We're in the process of doing our Least Cost Plan under the old rules. It's been our position that the plan has been a good rule in place and we have followed it. The public participation has gone way down. We just wanted guidance from staff as to whether we proceed under the old rules or can we suggest changes for this interim period as we are doing our next plan.

DY: Ours is a little bit later than the gas one - we're shooting for June. We've had good working relationships with the staff - as long as we have the leeway to work with staff and they can let the other people in their groups know what's going on and that we're trying to consider different ways of approaching the planning process in this type of era.

MS: As far as looking at drafting a least cost planning rule I think you would have the same problem either way. If we drafted a new rule this year it still would likely not be in effect in time to change it with these rules. I talked to Bruce yesterday and suggested they should seek a rule waiver and then the commission could respond in writing. I still think that is a separate issue from the rulemaking.

BF: We were hoping there would be more connection between our waiver request and this rulemaking proceeding. The flip side is that the staff has been flexible with us in the past and your flexibility has been very helpful. I do want to have some connection - so why

don't we just take that as it is up to us to put out a waiver letter and we would continue on with the bulk of the rule in its current form.

ML: I didn't hear a lot of waiver requests from the gas side.

CO: That will apply to everybody here . . . (can't hear on tape)

MS: Even if everybody in the room thought that shortening that was a good idea . . . I have my own guess as to what the reply would say

BF: . . . I think that would work for us.

HM: As a staff member who has done a lot of these in the past . . . I think that we've always been open to creative suggestions from the companies . . . the bigger picture of least cost is going to have to be drawn . . . distribution planning will be more important . . .

MS: We are looking at these rules for substance as well as clarity - a NOI can be a first step in a rulemaking. However we start that process we will be doing both the substantive side and the grammar.

JS: We're in this workshop to get feedback about these rules and what we should do. Part of the recommendation will include whether to rewrite

(Tape ended - missed some)

LK: (questioning? - can't hear on tape - no microphone used)

MS: If there are people who came to comment on the least cost planning rules we want to hear about it.

PP: one of our concerns was that if you were just looking at the least cost planning rule in isolation . . and it could be possible . . what we would like to see is some sort of process to address that process. Even if we were to start that NOI process and it took a year and a half - I think we'd be supportive of that.

JS: Any other comments on the least cost planning rule?

LK: I think it's important and I think we need to spend some time on it. I think it's not serving us well right now and the sooner we take a comprehensive look at it the better.

ML: I think what Liz is saying is that she has a list of things she would like to discuss and she's not sure if she should address those now.

- LK: My guess is we could spend the day on least cost planning.
- PP: Even if there's a recommendation to the C's to provide that guidance or we'd be more than happy to help formulate anything - what should be covered in the NOI, all these issues we think should be all together.
- CO: Maybe we can make a decision as to what to recommend (can't hear on tape - no microphone used)
- JS: I think that would be a good idea - we would need to have another workshop on that issue exclusively.
- ML: That's what I was going to suggest - if we could make a decision today that we were going to the commissioners and try to remove this item and if it was not removed then there would be a separate workshop just on the least cost planning rules.
- PP: We'd like bring the C's a recommendation for what would happen - a timeline and any other issues that would go along with it. Give them an alternative process.
- MS: I don't think we're blowing anything off until next year . . . we had scheduled things for this year . . . then the Commission went through and prioritized and decided what we would do. This doesn't mean the commission doesn't think this is important. They thought it was more reasonable to look at it with the others . . . with our staff that's about all we can do this year. This is going to be looked at in depth but if people are saying that it needs to be looked at in the context of the other electric rules - maybe we can start the discussion early. Right now the commission is deciding whether it makes more sense in this context or with the conservation PERPA kind of rules.
- LK: I think it fits better with next years proposed rules.
- KB: I would tend to agree that it fits in with the conservation and may need to be a separate filing.
- HM: I disagree - the rules are written in fairly broad terms - the connection with conservation and DSM is clear and those ideas don't drive those rules. These rules are flexible enough to acomodate that and the issue is whether we can keep in step with these changes and get in done in a timely manner than putting it off. If PERPA is reaffirmed and beefed up then the same argument applies. I don't see a good reason for delay.
- CO: I think it does make sense to look at it in the context of these other rules. (Can't hear on tape - no microphone used)
- PP: One of our concerns also . . . if you look at the NOIs . . . that took a long time and I don't

know if you think we could do that in four months, what took over a year before. I think we agree that this rule is a very interesting rule and it's difficult to place where it goes in a book but those policy issues all go together.

MS: I will repeat something I said this morning - I don't think we are looking at getting these done in four months. We're looking at a much longer time. There will be more workshops. If we need more time, we'll take more time.

BF: When Doug Young and Dick Winters met with you they came back with about 2 dozen issue points that we need to include in the next plan and they discussed items that need more flexibility. Would you be satisfied if we stayed to the current scheduled that we pledge to and then sometime in the year 2000 go through the bigger policy questions? Would that meet your needs?

HM: Yes that would - as long as you recognize that in your current work that things might change in what your requirements might be.

BF: Doug and Dick will draft a letter to the Commission stating that we would like some validation that flexibility is o.k. and then we'll go forward with our current schedule.

JS: Moving on to the accounting rules. Are there any issues not addressed on the issues list?

ML: I'm also participating in the budget rules and a lot of you are not - one of staff's recommendations in those rules is to simplify the way companies file budgets and to exclude a lot of information that we currently require. Two of those items are salaries and wage scales. One of our proposals is to shift that information into the annual report filings to the extent that we need it. We will still want some of that info but with your annual report, not your budget. The wage stuff we want to shift over to this report and I'm not sure that's something that has to be in the rules. I'm just telling you there is a shift between the budget rule and this rule.

KK: Is that something we are addressing in this rule?

ML: We'll discuss that tomorrow - but this might be your chance.

KK: I think our position would be the same as it was for the budgets. For companies with registered securities or there's substantial benefit reporting requirements by the Securities & Exchange Commission. We ought to be able to defer to that for reporting to the commission.

JS: Any other issues for the accounting rules?

JR: We were looking at possibly having a 191 reporting requirement added to the rule - in

other words what are your PGA balances. We've been getting some reports from some utilities but they are not consistent so we want to look at that issue.

BF: Is that if you don't file PGA regularly or in between?

JR: Should we require the company by rule to file their PGA quarterly?

ML: Currently we're getting this information rather consistently from a few companies.

KK: We've been supplying monthly information on PGA balances and 191 balances but we believe the rules should be revised to not require companies to disclose more than on a quarterly basis.

JR: Karl talked about the reporting period and that's important - we might want to take that up now. What time period is proper for reporting and how should they be formatted?

KK: Since that one overlaps a lot of the others - maybe we could start with the timing.

RM: Maybe we could start with the most frequent one.

MS: Does staff need it monthly?

TS: It's not necessarily that it needs to be submitted monthly but we do use the monthly information - so if it were quarterly with the 3 months of that quarter involved, that would suffice.

MS: So quarterly - but with each month listed separately?

TS: Right.

KK: That would be acceptable after we reported to FCC then we don't have any problem with that schedule.

ML: How soon do you report to the FCC?

KK: The requirements now are 45 days on a quarterly basis; and 90 days on an annual basis.

ML: The reason why you want to wait until the FCC report is out is because it would be like pre-information - is that your concern?

KK: That's one of our concerns, especially with the pending competitive environment and financial disclosure requirements with the FCC that we would be concerned about. We would not want to distribute any internal financial information.

- TS: Currently the monthly reports are due 60 days after the end of that month, so 60 days after the end of a quarter would fit the 45 day FCC period as well.
- KK: With the exception of year end. The company has no problem with the 60 day requirement at the end of the quarter we would provide all of the information for the previous 3 months.
- BF: For clarification - let's assume my semi-annual commission basis reports stay the same and you have access to the FCC filings - what is it about the actual set that you like? I'm trying to get behind how you use them and where the value is?
- RM: You may note that the semi-annual commission basis reports starts with the historical data . . . it serves a totally different purpose.
- BF: But given the FCC reporting on a quarterly basis of actuals - would that meet your needs?
- TS: The use of the data comes in handy when you're doing trend analysis, especially in a rate case and not only for the company involved but if you want to look at the trends of comparative companies to see if there is a similar trend in another company then we have the data because it's difficult to go back and ask Avista for information if we're working on Pacificcorp.
- ML: When I was doing all those rate cases I definitely used monthly reports - they were very valuable in a lot of ways.
- BF: Avista has suggested that the monthly reports be terminated but again we're not wedded to this. If staff does see value in them we'd be happy to keep providing them on some regular basis.
- MS: Hearing what Puget is saying would you prefer to provide them quarterly than by month?
- BF: Yes
- ML: Avista provides us the most extensive information - some of the information we think we should be getting from the other companies - but I think Avista gives us more information because it's easier than weeding out the required information.
- BF: There are some issues that we feel strongly about in our rule comments and this is not one.
- RM: I need a clarification about information on a quarterly basis - there is only one quarter data or 12 months reported on the quarter reporter?

KK: Currently the requirement is to provide monthly and the 12 month data. Even though the companies provide year to date information it's not required. I think we would prefer that when we do provide the quarterly information - that we provide the information for each of the 3 months in that quarter plus the quarterly information and the 12 month information at the end of the quarter but not 12 month information for the months leading up to the end of the quarter.

TS: I think that's quite sufficient for our purposes.

KK: At the end of the quarter there's a lot more attention paid to reconciling balances and so monthly reports have to be viewed as unaudited information and we really only report audited financial information on a quarterly and annual basis.

ML: Therefore when you submit these monthly statements it will be the composite of information that will be audited and not the individual information.

KK: Exactly - it would be the three months combined that form the quarter that are audited as a quarter.

DB: I'm not sure which reports you're talking about - specifically regarding the 191 (can't hear on tape - no microphone used).

TS: That is correct but that is total company financial information.

DB: Can we separate the 191 and still get that on a monthly basis in a timely fashion?

TS: I'm not that familiar with the PGA reports?

ML: The people who work with electric are not familiar with that information. We decided we wanted two things - Jim wanted their journal entries and I wanted the balance information. That was the purpose of the 191 reporting.

DB: I'm just concerned about . . . (can't hear on tape)

ML: I don't think that information includes that type of data.

MS: Would you want to continue to get that monthly then?

ML: Quarterly would be fine.

MS: I'm just asking because it sounds like it's something the customer rep is interested in getting it monthly.

- ML: Maybe he should look at the type of information that we are talking about - assuming that it's not marked confidential. I'm not sure the information that we have is what he's talking about.
- KK: We would still prefer not to file any financial information until it's been provided to the FCC which would be not more often than quarterly on the 60 day schedule. That would include account 191. It could have competitive impact. Depending on the circumstances we would be concerned about disclosing to the public before we disclose to the FCC.
- JS: Can we move to a different report? FERC reporting - or uniform system of accounts.
- MP: If we can move back to the monthly reports for a minute? Is there a need for the language to bring up what we would like included in the reports? It would be nice to at least get a certain level of detail on those whether it would be at the FERC account level - is that something we just agree to or is that something that needs to be incorporated?
- ML: Further point on this might be more than detail - one of the valuable things we get from Avista is that we want the allocated gas and electric operations on a monthly basis. What form the report comes in also, in other words what information is contained in it not just by the account but what operations are shown in the reports. One of our questions is whether they should require the gas allocated and electric allocated Washington intrastate results of operation.
- RM: On this subject - someone might construe the cost of operations as just financial statements or income statements. Unless we define what cost of operation is there might be confusion.
- MS: I'm going to suggest we look at #1 which is suggesting we might break this into two rules - one on accounting systems and one on reporting requirements. Do people think that is a good idea?
- KK: Are we moving off this subject?
- MS: What I'd like to do is get us looking at #1. I was just suggesting that as an organizing tool so we could talk about the two subject areas.
- KK: First I'd like to respond. Right now the way the rules are written it leaves it up to the company to report in it's own accounting information. Most of the reports that are filed with the commission are specially prepared for the commission and we do not prepare those on a monthly basis or the data because we don't use it in that manner. The company prepares reports for management purposes which is usually not the information which is laid out by FERC. It would be our preference that whatever we do file - be filed in the manner in which the company prepares it's own financial information.

- TS: . . . the question is do you report the higher level accounts or the detail within the accounts? And as you are keeping track on the uniform system of accounts, it's more or less just saying at what subaccount level do you make the report.
- KK: I think the company would be willing to supply whatever detail the commission needs in the manner that the company prepares it itself.
- ML: That's another thing we're discussing tomorrow on a different rule - having the reports come in the format that the company has but with sufficient detail.
- KK: As a general rule we would like to be able to provide the reports in the manner that the company prepares them.
- MS: It sounds like there is a general consensus that in terms of reporting requirements it would be fine for the company to report to the commission in the same format it uses internally but there needs to be some discussion about how detailed that is . . . is that what I'm hearing?
- BF: We put in some comments on the budget rule that are very much in line with what Mert just said. We certainly concur. When it comes to the budget rule we do have somebody who spends about 5 weeks in December and January doing nothing but changing our internal reporting to fit with the commission's budget rule.
- ML: Currently I think that is what's happening.
- BF: What I'm saying is that we do have to massage it to fit your format so we would prefer to send it in our format.
- MS: How does that sound to the other companies and customers who are at the table?
- RM: Results of operations are the basic information that we continue to monitor. From my prospective it involves rate of return calculations. So others may define it as just an income statement or balance sheet but that doesn't tell me whether the company is earning a certain level of return.
- KK: I think the company would be concerned about defining what the rules are beyond a level which it has to report already to some of the other agencies. The reports that it provides the FCC , the general information in there would allow you to see the balances - but I would again ask that the rule not require the company to provide information more detailed than what it already discloses.
- BF: Roland you're talking about section 7 of 031? I want to go back to the value of actual data - the reason that we have a semi-annual commission basis results of operation report

is that the information was allegedly misused in 1986 and 1987 to the legislature. The commissioners had a hard time explaining to the legislature that those were actuals and not commission basis. They were able to tell the legislature there wasn't an excess earnings mode as much as was reported. I'm asking that we don't put ourselves in that position again - and then from the commission basis reports you can audit those and get a feeling of where we are . I want to make sure that we understand your interests.

RM: Do I take it that your proposal is to not submit a monthly report that you are submitting right now with rate base calculations, allocations and differentials?

BF: No, I'm saying that Avista would still be willing to supply those reports but I want to make sure that we're not using the data for purposes that there may be better data out there to use.

MS: I'm hearing staff saying that they like what Avista is doing.

KK: Let me make a statement about that. Currently the company prepares its reports on a combined gas and electric basis. We do not break our financial results of operations out on a monthly basis. And the only time we do it is for commission purposes. It has no management use.

MS: Does anybody use it for looking at the separation stuff that was in the merger agreement?

CO: It's just a question of how often it's provided - it's basically a workload issue.

KK: I would say that there's probably 3,000 hours a year devoted to preparing commission basis reports.

ML: The way I'm reading your comments - is that you do not have normal bookkeeping where you keep gas and electric separate.

KK: That's correct. Our accounting system was not set up to track the gas and electric separately. We're operating on a combined basis. So on a monthly basis the company makes no attempt to separate the common expenses or plant.

RM: But you still follow the uniform system of accounting for gas and electric?

KK: For internal reporting purposes we don't prepare everything on a FERC basis - it's only done for commission purposes. So our monthly report use an entirely different system of accounts.

RM: So generally speaking the source data can be separated into different operations but when they get aggregated there is no distinction whether it's gas or electric.

KK: The source stated is most simply stated, separate into three categories: those which are exclusively electric, exclusively gas, and common. There's no attempt on a monthly basis to separate common expenses between the electric and gas operation.

Stff: I think we understand what that system is like. It does lead into what the commission basis report is. One thing everyone commented on is do we need to file that twice a year? We are looking very seriously at an annual commission basis report. There is a question as to which time period is best and what works the best for the companies as well.

KK: This is one of the areas that we indicated we thought an annual report would be sufficient given all of the information provided throughout the year. Our preference to correspond with the company's fiscal year.

RM: So the current timing as far as submission - May will work on an annual basis.

KK: The current timing is acceptable

ML: I agree with the Karl. I would think that using the fiscal year would make it most complete because the company's year-end adjustments would all be included. Using split year is more difficult I would think.

KK: Exactly for those reasons - the companies separate their financial years into fiscal years and fiscal years are complete within themselves.

KB: Cascade moved to a fiscal year so our year end is September 30th. We would prefer the 12/31 because it's tied to the calendar year. I know we've always had problems with the June - partially because of some of the tax information that is reported and that was not audited.

KK: Our fiscal year happens to be the calendar year.

MS: So if we had a rule that said it had to be within so many months following the fiscal year end - would that work for staff or do you need them all at the same time?

ML: One question was possibly taking each of the 4 companies and having one file each quarter. Spreading them out actually has some advantages - but we decided that wasn't appropriate.

JR: I think there's benefit to getting them all at once also.

KB: I do remember when we made our switch to the fiscal year - one of the advantages was that it separated when we had to file reports. You had your annual reporting completed before the end of the calendar year. We wouldn't be opposed to staying with the

September 30th.

JR: What's the Oregon requirement?

KB: 2 per year - June and December.

ML: You asked the question about staff - I don't care if it's a fiscal or calendar year. Maybe we should give them the option. To me it's not a big deal. I think there's an advantage to fiscal for the reasons Karl mentioned. If the company would prefer to do it on a calendar basis - that's fine.

TS: I think we can be flexible as well.

MS: We could write the rule either way - we could say pick your fiscal year or calendar year.

KK: PSE would prefer a flexible rule. The accounting environment is constantly changing.

ML: I just think if we let the companies choose what they want -

TS: The other thing we have to cover is what gets reported. I personally find section 5 of the rule rather confusing. So if there's any comments as to how to make that section more readable I would appreciate hearing from you.

ML: This would be a section where we would probably add in the 2nd paragraph where we were going to switch stuff over from the budget to the annual report. You'd have to look at what FERC form 1 and FERC form 2 had in it to know whether you had to file additional pages.

TS: Don't be surprised if you see something that tries to say the same thing in a different manner when the proposed rules come out.

KK: Did you have something specific Tom that we should be talking about today?

TS: Just warning you.

JS: One of the things Marjorie mentioned earlier today is the possibility of getting drafting groups or topic area people together.

RM: We may want to clarify the type of adjustments that go into the commission basis because there are so many kinds of adjustments.

LK: Of the reports that are getting discussed - can you tell me which ones are public?

- ML: There are some that they may mark confidential - but it's still public record. It is all public information, some of it is stamped confidential.
- TS: The final report that we receive coming out of this rule is the FERC form 1 - there's a few issues surrounding those. There have been changes to the FERC form 2 - there's issues about the allocations. What do we expect out of the annual reports and how do we get what we need? Do we need more verbage defining what we want, or do we just accept the FERC forms?
- MS: One thing we might want to do is say that they have to file the FERC form and any other information required in a letter provided by the commission. That way if we want to change what we require - we change the form instead of changing the rule.
- ML: That is the current practice.
- MS: I'm just saying do we want to do more than that. I think we'd like to hear from the companies.
- KK: The company spends substantial effort in putting together the FERC forms 1 and 2 that it provides to the commission. The information in those reports is pretty burdensome. I'm a little nervous about a rule that would allow any additional information requested in a letter. We do not file with FERC our gas company operations in the state of Washington, only to the utilities commission.
- KB: Cascade does not file with FERC at all - it's only for commission purposes.
- KK: I think the companies are willing to provide the information that they need once quarterly information has been provided we would prefer to work with staff to get them the information they need rather than have rules outline what's needed.
- TS: The information that's being excluded is rather basic stuff - it's not extremely detailed information that we would need in addition to the FERC forms.
- ML: One of the problems - is the other companies stopped filing this information. We can't tell today what information FERC is going to require in its forms. It's important when we send out and ask for this additional information that we get it. Those are things that are specifically referred to in the statute. Just because FERC has decided that they don't need the information, doesn't mean we don't need it anymore.
- KK: We prefer to be able to provide that information in the form that the company prepares rather than have it prescribed in a rule.
- MS: So it sounds like you would like to have the rule be fairly open and have staff contact you

by letter and then provide the information they need but in your format.

KK: Right.

MS: So if we could write up something to capsule that - that there may be additional information sought and then if you guys keep talking to each other you can figure out what staff needs and what you have that they can use.

RM: That might not be the practical way to approach the specific information we've been talking about. We don't want to send out requests every year.

MS: So we may want to identify certain items that we want but define them in terms of what they are rather than in terms of a FERC form.

TS: Perhaps we could still do that on an ongoing request type basis.

MS: We could put together our own letter or form that would be a continuing request for annual information until such time as we need something different then we could change it without going through a rulemaking.

TS: That basically covers #1 - would it be clearer to identify those in a separate rule instead of having it all within 030 it could be in 032 or 033 or whatever? We can take that up in a minute but there is some confusion just within the accounting systems as well. The new rule as it is written doesn't necessarily fit what the federal uniform system of accounts is now requiring from the companies. Such as we define large and small utilities on a Class A, Class B basis but FERC has changed to a level of sales on a KWH or therm basis and we would propose matching what FERC says. Other - when the FERC uniform system of account changes must the commission write an order to adopt the new uniform system of accounts or do we just accept the current uniform system of accounts on an ongoing basis and defer our authority to them? Those are the concerns we've come up with and we'd like to hear comments from the companies.

KK: I think the current language is acceptable.

ML: Do you understand the current rule as it's written - basically it adopts the FERC system of accounts as of whatever date - it does not adopt the FERC system of accounts as it exists today.

KK: Actually I find that troubling. The FERC system of accounting is constantly changing so I would think that whatever the current rule is that's published in the CFR that's what should be adopted. The rules that are in effect today are the way that we're having to report to FERC.

TS: That's a technical legality that we're trying to straighten out.

ML: It makes no sense to keep two sets of books. We also run into the problem of there are differences - we have not adopted the AFUDC rules and you have to keep track of the difference between us and them.

MS: I'm going to raise a flag here - one reason that we have taken a date for what we're adopting is that there's a state supreme court case involving a man who was using drugs that were not prescribed for him (describes case) but it was not reasonable for him to read the rules every time the feds changed them. So they said that the only rules that could be looked at were the ones that were in effect at the time he was arrested.

JS: In other words you can't refer to the federal code and have it incorporate all the changes.

MS: Now this was a criminal case and it's fairly goofy but we've been trying to figure out how much we have to follow it.

JS: It's been raised in pipeline safety standards too where we adopt the federal code of pipeline safety standards and penalties and when they change their rules then what do we have to do since we are adopting by reference.

KK: (tape stopped - missed some)

MS: I think we could put it in there and I don't think anybody would challenge it. What we're doing in other rules is we do put in which rules we are looking at and the date they were adopted and we have to say there is a copy in our library. What we may try to do is write this generally enough that we make some reference to as further directed by staff and don't get too nervous because all we are trying to do is keep things working following the generally accepted principles.

JS: It's getting to the point where we are supposed to wrap up - but there's a couple of issues that I think we should cover before we break - the need for the PGA rule particularly.

JR: I want people's thoughts on what they think about that. (Tape stopped again - missed some) We don't have any real definite reporting time period requirements - no rules that say when they file. We're not leaning one way or the other.

KK: Things change, prices change and I think it would be restrictive to put a rigid time line on when PGA filings should be other than "not less often than" type language. The company needs to be able to respond to market changes and file a PGA filing if conditions change. We would like to have flexibility on when we would make our PGA filings.

KB: I know we wouldn't want to do it more than once a year. I'm really not sure.

DB: Once again I think customers are looking for price signals and this is a substantial piece of information that they are interested in. Once a year would be a minimum. If that's not a long enough period of time maybe when there's a deviation in a 191 account balance. Some norm that can be established that would trigger an automatic PGA filing.

KK: I think the companies are in the best position to know when it would be appropriate to file a PGA adjustment. If there was an annual requirement that it be a review and not necessarily an adjustment to the PGA.

ML: That's what I was going to ask - if you had an annual requirement to file something and that requirement could include the right to file that there is no need to change . . .

KK: The company would support that kind of a rule.

ML: I think there's probably other people that might want to comment on this - maybe we should send something out.

KK: I think the best way to approach this is to draft some proposed rules and get it into the next round of comments.

JR: Did that list get passed around?

BF: What do you mean by there's other information out there?

ML: When I look at the other companies here I don't see the people who actually do the PGA work.

BF: Is there a problem with our reporting - is there something that we can improve on?

ML: All Jim's point is that there is nothing in the rules that says when you have to file and whether you have to file a PGA. Some of the companies may have allowed their deferral balances to run up to a substantial amount. There was no rule that specifically referred to PGAs. Is there some mechanism that you could put into the rule that would stop that?

BF: In our Idaho Electric PGA we have some deadbands and once the bucket gets to a certain level beyond that deadband the bucket tips and we are required to come in with a rebate or surcharge.

JR: I didn't want to put a PGA rule out there without some discussion on it.

ML: Maybe what we can do is circulate some ideas and see what the companies say.

JS: The last two items on the list that I thought would be important to cover are 90&100-032 and 90&100-043 - disallowable costs.

PP: We have talked about those issues internally and one of the concerns that we had was even if the rule were to allow . . . if you're talking about a PGA incentive to maximize the value and you're going to allow us to recover all of those costs it seems a little bit peculiar that you wouldn't allow us to collect costs that would reduce average costs for all customers. One of our concerns with even going there - would you want the rule to be a little more specific to demonstrate that it was in the customer's best interest? I think we would be open to that idea. It just seems peculiar that if there's something we can do to save customers money that you would say we couldn't recover that cost.

ML: When I read the comment my question was - is it in the customers or the public's best interest? Obviously a company could push for something that's in their best interest but might be detrimental to a competitor.

LK: In the context of conservation which I would argue is in the customers and public's best interest - we would support broad outreach education efforts and so I think commission staff that have participated in those forums come in with reasonable caution as to how to identify those benefits and how to attribute those benefits. But I haven't in recent years heard them so no or discourage us from that. There are many other campaigns that would be debatable. Some of the discussions that could go on could be debatable as to who's best interest is met. CTED would appreciate seeing that kind of clarification.

KB: I have a vague understanding of why Cascade proposed the language the way it did. We would like to have the opportunity to prove in a rate case setting rather than having it excluded.

JS: If there's no objections let's break for lunch - back here at 1:30

JS: (Re-introduction - mentions 2nd half is devoted to consumer rules, invites comments or issues to be added)

BF: There is one thing we might want to add to the list - that would be habitual NSF check writers. We're spending quite a bit of time on some of our worst customers.

JS: Should we write a rule?

VE: We have some issues where we talk about NSF checks maybe we can talk about those at the same time.

- JS: Any other issues? There's always an opportunity to add more to the list. The notice that we sent out had some general information questions coming under 041 - Information to Customers. What information should companies be required to provide to the consumers? We're going to go a little bit out of order and start with service connections 480-90-081; we'll move to complaint meter tests 90-100-161&171; and service entrance facilities - the reason we're doing this is because we have some of our engineers and meter specialists with us to offer their advice. Starting with 081 service connections - I'll turn it over to staff.
- SR: With WAC 480-90-081 due to the fact that within the State we're seeing a greater number of identified master meter operators and systems coming on line, we are now looking at mechanisms to decrease the number of master meters out there. One item that we looked at was "where do we classify the point of delivery?". Traditionally it's been at the meter - one item we looked at is possibly at the outside wall of a building and with that type of mechanism in place and with utilities companies assuming more responsibility for that piping up to the wall of the building then that would ensure that the piping is maintained in a safe manner and could possibly enhance public safety and decrease the number of master meter systems.
- JS: Any company thoughts on this issue?
- DD: Would the staff recommend that the master meeting points still be maintained for billing purposes and that the utility just own & maintain the services and mains behind the meter?
- SR: Yes that is what we're suggesting.
- DD: Would that be retroactive to current master meter situations?
- SR: I don't know if we can go retroactive - perhaps there could be a mechanism in place where a tariff could be implemented where the company could recoup the expenses of maintaining those systems.
- DD: I think the concern is where the customer has built the system behind the meter and the company may or may not know if it meets code or safety requirements. In which case we may be reluctant to take over that system and we would need a remedy to construct a new system and bill for it under the tariff.
- SR: I think that's correct and we agree with what you have suggested.
- AR: Do I understand correctly that you are proposing it a good idea for the UTC to address the individual meters beyond the master meters as the termination point of your jurisdiction?

- SR: With systems that have meters downstream from the main meter - I guess the meter owned by the gas utility company - I think that would be correct. However with certain regulations remetering or submetering of gas is not permitted in this state at this time.
- ML: We had a couple other options - one other option was to allow the company to provide this service to their new master meter customers. In other words, When a new customer signs up knowing that they want to be a master meter customer tell them they will be responsible for pipes up to the housing but signing them up as a master meter customer.
- DM: Mr. Rhodes had raised an issue regarding 100-076 - this seems to be the appropriate place to have that discussion . . .
- AR: The reason that this is an issue for the State Building Code Council is that the regulations for gas piping systems is in the mechanical code. There's no recognition for master meter in the code. The code treats the master meter just like it would any other meter. In doing so the master meter and any downstream meters or piping is under the jurisdiction of the local building official. A year ago or so is where this came up was with the UTC staff the local building in Spokane who both have in their jurisdiction everything from the master meter on. There was concern expressed about - what if the UTC does not oversee beyond the master meter what about the safety there? The initial installation is under the regulation of the local jurisdiction by the building code. Of course the local jurisdiction has no provision for an ongoing monitoring program and I believe the UTC does that. If in fact there is still an overlap of jurisdiction the Building Code Council would intend to alter the building code to . . . this is my presumption that they would want to leave that under the jurisdiction of the UTC.
- SR: I think what Mr. Rhodes has mentioned is correct. The installations is covered by the building code and generally the systems are installed properly. As time goes on through various mechanisms they may not be maintained correctly. That's why our commission looks at the safety aspect.
- EF: (did not use microphone - can't hear well) We have a concern about a master meter interpretation - it's been our understanding that the commission's master meter audits do not apply to industrial customers. We think this has been the commission's practice for a number of years and we would like that clarified through this process.
- BG: If there is a leak on the other side of the meter then we get into issues with our customers as to what we bill, how much gas actually got to the end user, how much is the leak, where do we make these calculations . . it's another issue to consider as we're looking.
- MS: In fairness I should point out that the commission had a case last year (talks about case w/phone company) There are other issues that have come up besides the safety issue that we need to think about. We want to have a clear understanding of how that's going to

work before going in instead of trying to work it out afterwards.

JS: Any other comments?

PP: Are you proposing that this be a O & M type service or that the utility would go in and own the pipes? I think that makes a big difference to us - whether we want to go in and maintain somebody else's pipes.

SR: That's a good point and I think that's something we can discuss. We realize there is the liability issue. We would be reluctant to mandate that the company is liable for something that they are completely naive to the actual construction. We would not assume the gas company would assume the liability for unknown piping in the ground.

MS: You just want to make sure it's safe right?

SR: Correct.

JS: Any other 081 comments? Let's move to 091 - service entrance, service entrance facilities. Should we have rules that require companies to restore property to it's prior condition?

TT: What brought this question up was that from time to time we have customers call to say the company has been out digging up but they haven't repaired to it's original condition. When we were reviewing the rules we thought this might be something that is necessary to put into the rules and we'd like comments on that.

MS: (can't hear on tape - didn't use microphone)

BG: We do put it back to condition. Occasionally there will be someone who says that's not the way it was and we go out and inspect it. It's not required but it's necessary.

PP: We've had internal discussions about this issue and the only concern that we might have is that there might be some way to differentiate between circumstances. How are you going to assign the cost and if we get into situations about who's responsible for the reason that this was torn up - if you were going to have a tariff provision that would allow us to charge the customer then it would be probably more cost effective for them to do the restoration themselves rather than a bill from utility which is grossed up for taxes, etc.

TT: To clarify - you're talking about that if the customer caused the problem that's a different issue than the company just going in and repairing on their own?

PP: I would think so.

CR: One comment I had was - to the extent practical to give a little flexibility there - because you might not be able to get the exact plant. Then you could have another problem with the customer.

TT: What are the issues around repairing damages caused on a utility easement but the customers have planted plants along that easement and they feel that the company needs to repair their plants?

CR: I've heard of a couple of those - what we've tried to do is give the customer green house certificates or something like that - you're not going to be able to replace the exact same thing.

TT: For your list - I do have a couple more questions to clarify some things in these rules. The service entrance rules and the service facilities - one you may have discussed - installing meters away from doors and windows and overhangs. Are there other issues for this one? (No response) If there's not any other issues I can start from the other transcript. And then in 100-086 meter location - it talks about abnormal temperatures that affect meters - is that still an issue with your meters today?

DMC Electric and gas meters - I don't know what you mean by extreme temperatures. (Can't hear on tape - didn't use microphone)

TT: It talks about locating the meter free from vibration, ? atmosphere and abnormal temperatures - are those still things that you consider when placing meters?

DMC Yes -

DM: We did have some discussion on these subjects in the break-out session and there will be more discussion between staff. You'll have that information available to you as well.

TT: Can someone explain "service conductor"? That's in 081. It's says under service entrance facilities (reading).

DMC: The national electric code requires the point of attachment from the customer to a place on the house or the premise for us to strike our wire to. Coming from an overhead transformer to the house that is classed as a service entrance wire for us and then there's an attachment point on the house where we anchor our wire to when we make the connection to the customer's wire into the house.

TT: And that's called a service conductor?

DMC Right

SR: I tend to think that's a term of art with the electricians - it's a term they know quite well.

JS: Let's move to complaint meter tests.

PS: The current rule allows that a second meter test be performed during an open complaint even if a meter test had been performed in the past and we are wondering if a second test is necessary and is there a difference when you do a 2nd test?

DMC I would say that there is a little bit different procedural test. If the customer has a complaint we go farther into the meter - meters that go through the shop on a refurbish don't go through the same indepth test. We take the meter farther apart.

PS: I guess in the past when a commission complaint has been opened the company has actually gone back out and re-tested and I don't know if that's necessary.

DMC If we've already been out once I have trouble seeing the purpose of going out again.

CR: I saw this as saying you've already gone out and tested for high bill or whatever and they go to the commission and we test again. I thought your change made sense. We've already done it once. I wouldn't think in 2 months it would be any different.

VE: Is two months the magic number?

CR: No - as an estimate.

VE: They wouldn't have to if they've done the same test in the last - ?

CR: Maybe more in the order of 6 months.

BG: We would pull the meter to do the test and they would have a new meter on there.

PS: I don't know if you pull the meter every time. On a 2nd high bill complaint you probably would have to test the new meter again.

BG: 1st complaint we go out and read it and check for leaks - for the 2nd complaint we would pull the meter for a test even if it wasn't a commission complaint. If they then go to the commission it wouldn't do us any good to do a 2nd test.

JS: Penny you said that there was one more metering issue?

VE: In the refusal of service 056 - there's a couple that have to do with meters 056(1)(b) in the electric rules it talks about "no electric utility shall . . . (reading from rule). Our question was what that means?

DMC I think that rule was established that if a person was in an apartment and had their own meter they would be more likely to conserve because they were paying the bill versus a master meter where it's just part of their rent. So by having their own meter . . .

VE: Oh I see - so if each apartment controls their own energy use then you have to meter them separately.

DK: (can't hear on tape) I think we also talked about this in the meter discussion - I see this similar to that and what you'd want to have . . . you don't have somebody reselling at a different price.

VE: Then in 056(1)(c) it talks about in the same situation where the long run benefits (reading from rule) . . . we're also not clear what kind of long run benefits they're talking about.

DMC If you have a master meter everybody is going to pay their similar proportion - otherwise the total amount of energy is split among everybody in the apartments.

VE: Oh I see the long run benefits to the electric customers. The next one is in the gas rules - 056(2) and it talks about (reading from rule) I'm not sure what this is - does anyone have an example of what that might look like?

DMC: The same verbage is in 056 in electrical - we also look at the total installation from safety. If we notice something that was hazardous . . . those are instances where we would not hook up service and we would go back and notify the landlord or . . . before we would go in and restore service.

ML: It sounds to me like it refers to where it was hazardous to actually do the hook up.

MS: You mean like if there were 5 rabid dobermans?

KK: The rule is specific to the equipment.

VE: Our last one is in 100-056(4) and it says the installation of proper protective devices (reading from rule) - again I'm wondering what kind of proper protective devices that might be.

?? From

PSE : I think they are talking about generation hookups if they don't want to have a generator backfeed into the system - there are certain requirements for making sure it doesn't backfeed so that when the system is down and repair work is being done they know it's being done.

DMC I also read that as a possible method whereby if a customer is locked on to some kind of a

device- that pulling the meter and tampering with service could also cause a safety issue.

VE: The other part in refusal of service - we had several comments from the companies as to whether the companies should be allowed to refuse service to a customer who has an unpaid bill. This spills over into 480-100&90-116 where we talk about the utility may not deny service because of a prior obligation.

JS: Anybody want to talk about prior obligation?

BF: I do for the record note that all utilities have brought this up as an issue and staff. We feel pretty strongly about this - customers should pay for service and we'd be willing to talk with staff about this. It really comes down to two types of customers - those who are down on their luck and deadbeats. There's quite a history on this issue - what we would like to do is recognize all parties' interest and try to recognize that there are people who are down on their luck and . . . when it comes to the habitual deadbeats we would like to deal with those customers in a slightly different way. What I've tried to do is take 16 years of history and then propose some sort of make sense solution. We'd be happy to go into more detail but I'm curious to know where you are on this issue Vickie?

VE: We're probably close to the same place in principal - allow customers who are temporarily in financial distress some way to maintain service . . but we also have sympathy for companies as well.

BF: That's where we are coming from too. I think our proposal would fashion some recognition customers in temporary financial distress. In the course of discussions in our company there is that delineation between down on your luck and deadbeats. I do have a couple people here today who do disconnecting and also collections.

CR: I agree with Bruce - this is a difficult area and one we would like to see addressed. We propose some kind of recognition of people who have abused prior obligation and limit them to maybe something like once every twelve months. I think it should apply to just residential customers - not all customers. In addition to that maybe we could look at a heftier deposit to at least let the utility have a little more funds when that customer does default.

RW: (did not use microphone - can't hear on tape) I am someone who added the proposal of adding terms to the glossary - currently in our rules it defines when we can collect . . . yet in 116 it goes on to say a statement that indicates that a utility can't hold a customer responsible for a bill at an address that was used by the previous customer or another customer. It goes on to state that the utility may not permanently deny service to the applicant due to a prior obligation to the utility. I wanted clarification because it indicates that we can collect those proper charges.

- BG: Renee and I read that the same way. Even if that's a little bit of a huge first step we appreciate you looking at it because this has become a major issue as far as collections.
- VE: We were trying to find the exact reference to prior obligation and we couldn't find it - so it's on our list to clarify that so we'll make sure we get that clear.
- LD: I'm in agreement with the prior obligations. What we're doing in Oregon is for those customers that can't pay their bills we make payment plans for them. If we aren't able to move away from it I would like to see it just apply to the residential customers.
- PP: We share those concerns and we didn't recommend specific proposals although the way it's dealt with in Oregon seems like a good way to handle it.
- RW: One thought I have is that if somebody is disconnected for non-payment and we're required to restore service and make a payment agreement. Then later, they default on those payment, the utility should have the right to go back and disconnect.
- LK: My comment affects this rule as well as others that deal with disconnection - we would encourage the commission and companies to make the distinction between low income customers who don't have the ability to pay and those who do have the ability to pay. So that everybody has an easier time swallowing some of these changes. I think there are advocates who are concerned about low income versus someone who has the ability to pay and is somehow scamming the system. As long as there were more creative rules addressing low income.
- MS: I've been told by the lobbyist for Lutheran Social Services that the #1 reason for homelessness in this state is the inability to pay utility bills - because size of deposits and some other things. So that the result of what is done here doesn't get all of us in a worse mess and so that the customers most in need are treated fairly.
- BF: Our proposal for language does try to recognize some of the issue you are talking about. We didn't want to have a hard position - we wanted some sort of compromise. We are sensitive to what you are saying. The question is how do we fashion the language?
- JS: Any other refusal of service issues?
- TT: NW Natural asked should a company be allowed to refuse service to a customer who committed two or more offenses of theft of service or fraudulently obtaining service?
- ?? (can't hear on tape - didn't use microphone) That language has always been in the rule. It's actually under discontinuance of service.
- TT: There might be a difference between discontinuance of service and refusal of service.

?? It's actually written as exception language.

DMC It's under 071 - then it drops around to (1)(m) . . (reading from rule)

TT: So you thought this just needed to be more clear in refusal of service?

MS: Do you have any proof problems with that? Proving that something was done fraudulently?.

?? I'm not all that familiar with that . . . somebody mentioned a water hose being hooked up.

GC: Sometimes it's a little bit more difficult with electric - if they are occupying a location without signing up or if we have gone out and disconnected the location and it's re-established in another customer's name but that customer is still the main occupant of the apartment. It's sometimes difficult to prove that fraud even though a person in the field can see that original tenant or has firsthand knowledge they are still there.

MS: I was just curious because I think common law fraud has 9 elements you have to prove.

JS: I'm going to jump back up to general issues regarding customer notice and I'm going to turn this over to Penny Hansen.

PH: On customer notice issues currently there are no WACs - but RCWs. It's been my experience that both gas and electric industries are confused of when the notice is to be issued and what type of notice would be acceptable. This would not be changing or adding any requirements but to clarify it so that you would know the timing. For example there's a lot of different notice requirements that "after commission action" you could notice your customers after it goes through the processes (PGA filing, raising taxes, etc.) I was interested in hearing from the industry what you thought about clarifying these time-lines and types of notices.

CR: I think the clarification would be good and time-lines are very helpful. With regard to #4 - that's where we transmit to customers once a year a form to get the rights and responsibilities . . .

PH: Can I clarify - this is the 1st thing I noticed as well. Customer notice is not included in 041 - so it looks like it is part of that WAC but it's not.

OK: Are you talking about the current rules that are now under 480- (can't hear on tape)

PH: Statutory notice requirements for rate increases or changes in services and conditions - do you still support clarification of time-lines?

CR: Sure.

PP: It would be very helpful to see what you had in mind.

BF: Based on several phone calls over the last few months I'm sure you know we would be very supportive of any clarification.

JS: Let's talk about 041.

CR: #4 in 041 - I think it would help us a lot if we could do a bill message instead of a form once a year. It would be much more convenient for us.

PH: I've had several conversations on that issue with the industry about the form and what is the form - rather than a bill message. I'd be open to that idea.

TT: Just to clarify - this is quite a list of things that the company is required to provide - I'd really like a little bit more feedback on what's available and what the customers should have to make appropriate decisions.

CR: I think each utility has a pamphlet and it goes out to all new customers within 30 days and then also made available once a year to all customers and it's quite a lot of information.

TT: Is most of what is required here contained in your pamphlets already?

CR: Yes - that's why we do them.

TT: What's in your pamphlet is stating what's in the rule?

CR: We create our pamphlets based on what's in your rule.

TT: On #6 on the electric side where on request a customer (reading from rule) can request a report on what the usage has been on a particular resident.

RW: We were under the impression that if it wasn't a customer of record that we couldn't provide the actual usage. We could provide the average high and low for a potential new customer.

TT: A customer who's going into a new residence or maybe an applicant who's scoping out a residence.

RC: A customer's records are confidential. A high and a low or what your deposit would be is what we give an applicant.

BG: Same thing - it's confidential records and without their permission we don't give it out.

LD: We do the same.

TT: To clarify again - on the gas side - that language is not included in that rule. As opposed to just providing a high/low or any information - and should that be included in that rule?

BG: It wouldn't hurt to have it in there.

PH: The bill message in the form that you're talking about for the rights and responsibilities thing - that's your yearly requirement?

CR: Yes - under #4.

MS: One of the things that other rulemakings are looking at is giving out the general information that must be provided - then allowing each company to add to that a description of their services, etc. to make it individual to each company.

CR: The rights and responsibilities is pretty much crafted to do what the rules require. We also send out information to the customers that deals with other items of interest that goes out separately.

BG: I don't think there's a need to change the rules - we use the rights and responsibilities as a minimum and then add to that. I don't know what requirement you would put in.

JS: Any other 041.

BF: Do you anticipate continuing the separate sheet notice to customers? You had indicated maybe a newsletter with frequency where we inserted those in that other piece where there's a better chance of it getting read - is that the sort of detail you are getting to?

PH: For just the rights and responsibilities issue? It depends - I'd have to think about . . .

BF: Do you anticipate getting to that level of detail in your proposed rule revision?

PH: No.

BF: We tend to think that a newsletter may be better read than a bunch of sheets that fall out.

PH: No - back to the notice issues - it's more of a clarification of when and it's not going to be limiting to the industry because I want to give you as much flexibility as I can.

LK: Does the commission staff get copies of all of the materials that the companies send out

to their customers?

VE: There is not a requirement for that but there's a couple of companies that send their newsletters and upon request they send everything.

BF: The required notices we run by staff just to make sure they're ok.

LK: I wonder about that with the evolving industry we have - if more information is evolving into heavy marketing information at the cost of the rate payer then I don't know. I like the thought of knowing that the commission has a copy of everything. Typically it's going to work to the company's advantage.

MA: We discussed in the break out group that there are a couple of rules that may be affected by a new rulemaking we'll be starting at the end of summer. This is another of those rules while it might not be open again - in the reliability rulemaking the staff is considering the idea of whether there is reliability information that should be passed on. So I just wanted to raise that to let folks know there is at least that one other element in a new rule making.

TT: Can I ask Liz a question? On your idea about having the companies submit all of their information to us. Are you thinking this is for the commission's approval prior to - or just as they submit it to their customers?

LK: The latter.

PP: I'm not aware of any situations where there have been problems with supplying information that you ask for - the problem I see with making a rule that requires this is if you are just going to require this information and not do something with it.

JS: Let's take a 15 minute break.

JS: (explaining about advisory committee sign-up sheets that are being passed around)
This morning you had a question about NW Natural this a.m.

EF: We raised an issue that you've already addressed.

JS: Moving along to 046 application for service and the staff has posed a couple of questions. Anybody want to expand on that?

TT: This actually comes across the board on all the industries we work with. One of the main questions is social security - we're just wanting to know legally and realistically what the

. . . and what other information the company really needs to open an account for a customer. It comes from privacy issues and what are the legal ramifications or requirements out there.

KB: One of the key identifiers for that is social security numbers . . . you have a whole bunch of dilemmas . . . so if we were collecting ssn.

BG: We ask for the SSN - we don't require it. Basically we need their name and address - if they don't want to give us anything else then we require the deposit

TT: So you just go by who they say they are.

CR: Or you

DMC The other side of that is follow-up service work. If you have the name of the customer and the address and nothing else - then it's hard to get ahold of people. If it happens to be a safety issue or something like that

TT: What information would you need then to resolve those issue. A work conduct and a phone

DMC: . . . and then let them come back to us where maybe we could have notified them sooner.

GC: The other problem with that is unless you can identify who you are talking to - anyone can call in and get your usage and billing information so it's a protection to the consumer as well. It makes it

KK: Like most of the other comments in here - the company asks for social security info but does not require it. We ask for it for identification purposes. It's helpful when it comes time when trying to find these people when there is unclaimed property and that's one way we can identify them. We a customer does go to collection we also want to make sure the agency identifies the right person.

TT: The 2nd paragraph of that rule says (reading rule) when we were first reading that we were wondering . . . are there times when customers would use service prior to ordering it? We just

CR: This looks like it's geared toward situations where you don't have a signor . . . and so there's somebody else in the house and they didn't sign for service.

TT: Does this rule meet the needs of the companies?

CR: I would suggest a little more clarity - we have a similar rule in Oregon.

RW: I think what's missing there is when do they need to pay

JS: Any other issues on 046?

SR: Our group is suggesting under 046 on the 3rd paragraph - we're proposing to drop the last part of that and state that "gas under no circumstances ...

SK: What's the thought behind dropping that?

SR: We're looking at ...

SK: It's just that they have one campus ... so I'm just trying to figure out I'm not very aware of situations where ... they're not tacking them on

DL: I think to carry on with what Steve is indicating is that we're trying to tie them in to the definition of master meter as well.

SK: I agree with that intent but I don't think that rule accomplishes that.

DL:

EF: There certainly are a number of industries that I'm aware of that sub-meter ... is it the intent of the staff to prohibit that?

SR: That's a good point - I think in light of that it may be an area where we need to revisit.

EF: The current regulation has always taken care of that ...

DL: ... as safe as they would be with a ... rules that relate to and by all means we're not in a position to recommend stopping industrial customers from utilizing those ... in fact we do have several

JS: Any other issues with 046? Let's move to establishment of credit 051.

PS: This rule has a number of issues - the majority of them centered around deposit requirements. A few of the companies have submitted comments on this.

BF: We suggested that the commission sanction some kind of credit scoring system ... how do you determine the appropriate level of credit. We came up with this idea because ... that was a solution that seemed to work for all rather than the utility coming forward with a private firm rather than the customer having their eggs in one basket. It worked well with our pilot program

- RW: Currently our company has a program called "Easy Pay" - part of that the financing is actually going through a bank. It takes just a few seconds and when they approve them they have always been our best pay customers. . This system has always been right on.
- BF: That's on the gas side for certain appliances
- PS: When you go through a credit screening isn't there a cost and are you assuming that the customer would pay for that cost?
- RW: The cost would be an expense to the company - but at the same time if you're going through the list of reasons why you would waive a deposit - that doesn't mean they are going to pay their bills.
- PP: We had commented on several of those issues and I first want to ask a clarifying question - the credit scoring proposal would couple the credit scoring to the size of the deposit potentially?
- BF: Yes
- RW: It would just determine if a deposit was needed or not.
- PP: We made a few comments about those establishing credit issues - it seems reasonable that today there are firms that specialize in establishing credit - we didn't propose having the commission authorize or approve credit firms. We have the same issue of let's get at the heart of the credit matter.
- VE: The company's that specialize in credit - that's general credit so that means how well I pay my Penney's card - is that right?
- PP: Yes - and to say I have two credit cards . . . can we reasonably be expecting that you're going to pay your bills. We had proposed to get the credit reference from an agency and that would be billed to the customer.
- VE: So when I apply for service I would get a charge for you doing a credit check on me?
- PP: I'm not sure that would be the case in every situation. We were more focused on using employment and two major credit cards and those aren't nearly as effective in establishing credit as a credit report would be.
- VE: We have had this discussion before - so from staff's perspective we have a little concern with companies charging the people who can least afford it for doing a credit check. I think there's a reasonable argument that if I have trouble paying my bills I'm going to pay my essential services first (like utilities).

BF: I'm not sure we're seeing that in the marketplace that if you know you have 4 months before you're shut off - I'm not sure that is the experience we have with poor pays. The credit scoring is a conceptual idea at this point. When it comes down to who pays and how we would be open to suggestion.

RW: (can't hear on tape) I agree that any customer with credit cards does not justify good payment history along with someone who's been employed for 12 months.

PS: There have been times when people are attempting to establish credit and they have asked for records from the utility company to provide to another utility company - should there be a time frame established that the companies would be required to provide that information?

RW: (can't hear on tape) Whenever we have a call from a customer requesting a letter of credit it's done on line that day.

PP: Are you getting complaints about that issue?

PS: We have in the past - it's one of the things we wanted to look at. The other thing is should companies be allowed to require proof of identification? Also Avista mentioned - should a customer be allowed to pick up a deposit at the local business office?

BF: One is the alternative to deposits - we haven't ever had a customer use this and so if that is the case is this rule necessary?

PP: PSE - we don't.

CR: Pacificorp - we don't.

BF: We have a process where twice a week we cut refund checks and mail them out. If they want to pick it up we have it at the front desk of the main building. When it comes to outside our main metropolitan area it's just as easy to mail it. We're curious if this rule is kind of a vestige of the past and does it make more sense just to mail it?

PS: I would be concerned about the timeliness of sending out the checks.

BF: To my knowledge we've had no complaints of checks not making it.

LK: When do they get deposits back?

CR: After 12 months or if you move before that 12 months is up.

LK: And that's the one reason I could see reserving the ability to pick it up. People leaving on

two weeks' notice and their check is in the mail while they are driving to Texas.

BF: We'd be happy to hold it for them.

BG: We have offices in both Washington and Oregon and we cut checks only from our Seattle office and only 2x weekly. We may as well mail it to the customer because we would have to mail it to the local office for them to pick it up. If they are moving and they don't have a forwarding address we can mail it to the local office but for timeliness it may as well go straight to the customer.

PS: There's one other thing - regarding the amount of the deposit - people had mentioned increasing or is there a need to further limit the criteria?

PP: We recommended increasing the amount of the deposit by 1/12th of an annual bill. We were just trying to get the point across that sometimes the deposit isn't meeting what it is supposed to be. To say that it should be increased by 1/12th is not a position we would cling to.

LK: I would like to comment on that if there was a distinction made between those customers who have the ability to pay and those who are already having difficulty affording electrical service I'm not interested in seeing a requirement on their deposit. Like I said I'm really hoping we have a broader dialog on that issue and maybe think of package solutions for the low income customer.

JS: Any other issues with establishment of credit?

CR: Have we discussed the issue of the requirement for positive identification?

JS: No we haven't.

CR: I guess it's one way if you're not sure who you're customer is - to send a service person to the door for identification it would help with the proof area and some of the issues of fraudulent use of power. We don't use it very often.

VE: So you're talking about when they establish service and you send a field rep.?

CR: When they have moved from another location and they are moving into a new location and you'd like to establish who they say they are. It's nice to send somebody to the location.

VE: Are you talking about requiring proof of identification when they apply for service or at any point in between?

CR: I was talking about when applying for service.

LD: It has worked well for us in Oregon - helps us identify customers who have the same name as another.

TT: Are you saying that you would like - as opposed to when the customer comes in or calls on the phone and company rep says we need proof on picture ID to prove who you are - we would really like to be able to send someone out to the premises?

CR: Yes because we don't have offices - we have service centers. But we do have folks out in the field.

BG: We run through all of the other criteria first to see if they qualify for waiver of deposit - it's only if we get down to everything else and they don't qualify then we ask for picture ID and we do ask them to come in in that situation.

JS: Moving along to discontinuance of service - 071.

TT: I'll just go down the list and then I have a couple more questions for you - (reading questions from the issues list).

BG: The tampering part is a safety issue. If we find some tampering do we have to go back to the office and send them a notice. We want to make it clear to them it's a safety issue. As far as the vacation of premises that could also be safety - but more along the lines if the house is obviously empty and the meter is still on do we need to wait 2 weeks to send a notice out or hang a tag on the door before we turn off the service?

TT: It sounds like it's an efficiency question.

BG: Also a cost of service kind of thing because the meter is running and we're going to try to collect from the customer who has left.

SR: As far as the comments just made - re vacation of a premise - (tells story of when he sold a home and didn't want service disconnected because he had things in the house).

BG: We're talking more along the lines of - not the first time we go out and see it's vacant - but when there's been collection issues in the past. You just don't go out and turn off the heat in the winter.

TT: So it may be upon thorough investigation of the premise.

RW: I was thinking . . . (can't hear on tape - no microphone used)

- BG: More like in summer - we don't turn off for bill less than \$50 - it's been vacant for 3 months & still no disconnect situation.
- TT: The next one says (reading 2nd from 071 list) - When the bills are coming from another state should that allow the customer a couple more days to pay that?
- GC: We have a very extensive network of pay stations throughout the state - and plus even though they are due there's no penalty if the payment is received prior to the next billing - so I don't see that as an issue. I think the customer still has ample time to make payment.
- RW: We bill within the state and we automatically allow an additional 3 days to allow the customers time to mail payment.
- RC: Our bills are due in 15 days but we don't send out a past due notice for 30 days.
- TT: The next one was an inquiry - the rule talks about medical facilities and what do to if a medical facility is threatened with disconnect and then there's a process in that rule. The inquiry was based upon an assisted living facility - I'm wondering if there are additional facilities that needed to be included in that rule? There's facilities that are group homes for retired and if the owner doesn't pay their bill then everybody's out.
- RW: How would those be identified if they are in a home?
- TT: I don't know if there's a term for those - we'd have to do some research on that I guess.
- RW: I think as a company we would probably agree if there was some way to identify where they were.
- GC: And who would you notify?
- LK: I thought there was something - a tool to prioritize re-hook-up after a storm - certain people getting medical assistance who were priorities - but maybe not.
- RW: We do have customers classified as priority reconnects - of our existing customers who are out there and not coded out there, how would we identify them?
- LD: In Oregon we were required to send them a notice of anyone that was in danger of disconnect. What happened was the owners got upset - said it was a privacy issue.
- TT: Were you able to easily identify?
- LD: When they set up service they would tell us that it was a foster care home. We couldn't term them off unless the PUC approved it.

- TT: I think the main question right now is how to identify them. We'll go on to the next one. (Reading next on list) This came up in our water rules and there was a lot of discussion about privacy issues. When you look at the rule and the types of information that's required in this rule - they were concerned about what kind of information was actually provided.
- PH: The health and medical condition is confidential -
- JS: Did you resolve it there?
- PH: It's still pending now.
- TT: They eliminated a lot of this and we were wondering if there was something of real special interest that you felt you needed in these rules.
- GC: On of the issues might be if they are on life support - that's a whole lot different than if they are diabetic. It is a helpful tool.
- VE: They are not talking about re-connection after an outage. It's when you go to disconnect and they claim a medical emergency and you have to delay for 5 days.
- GC: In that same regard - we've had instances where we've been given a medical certificate and when we were out putting the medical seal on the meter - a family member wondered why we were doing that because they had no medical emergency.
- PH: I don't think a list of the equipment needed is a problem - the problem is the description of the health conditions and actual medical condition. Not why they are on that equipment. That's the privacy issue.
- PP: If we have a statement from a doctor saying that discontinuance of service is going to create a serious health issue - I'm not sure that you need to know a detailed description of what those issues are.
- BG: We have actually had a medical certificate overturned . . . based on that detail.
- TT: Next one (reading from list) - we were wondering if this might be a situation in these two industries.
- RW: I can see some situations where there may be emergencies that would eliminate us from being able to meet those time-lines. Currently what I believe we have in our tariff is that they have a regular hours and after-hours charge. We have a schedule that is set out for that day ahead of time - they work in kind of circle to make things more efficient.

TT: What I'm hearing is there may be a lack of staffing problem to connect or disconnect within a time frame but normally they are taken care of.

RW: Normally, I don't believe there is a problem with them.

CR: We are making commitments like this as part of our proposed merger with Scottish Power - what I would like to say is that those commitments are at a cost. It does require significant scheduling, appointments, addition of employees. You attempt to get at your work within a certain time-frame. If you have specific requirements it would require more people, more systems and a big investment from utilities.

TT: In your experience have you had any problems within a 24 or 48 hour problem?

RW: I do not know of a situation in Avista.

CR: Is this a 24 hour period for connection?

TT: Either way.

CR: Yes there have been a lot of times and that has to do with scheduling, especially during peak times.

DMC: Are we talking about new construction or reconnect on an existing service?

PP: One of the things I would be curious about is there's a whole lot of issues in telecom that would cause that to happen. I'm not sure why we would need a rule in energy.

JS: It's been suggested that 071(1)(c) should be deleted.

DD: That was an error on our part - we'd just like to add the word "unmetered"

TT: That was one question that we had was is there is still flat rate service - and there is.

JS: Then there's Cascade's comment about subsequent medical emergencies.

BG: Yes we recently had a situation (customer medical certificate emergency, left on for 5 days, we went for 3 wks w/promises of another medical certificate, no payments and we turned him off, he claimed another medical certificate & without any payment or deposit wanted turned back on again) The commission said yes there's nothing in the rule that would stop that - you have to hook them back up.

DMC: A story similar to that - we had a customer who had . . . some of those rules could be clearer and clearer for the customers. Even if you have a medical reason.

- KK: PSE shares these concerns - we've had similar instances. We'd like some rules that would give us some more leeway.
- TT: I have a couple more questions. We wanted to address NSF checks again and I think I know the answer to this but we wanted to know in a situation where a company has sent a notice to the customer and then they pay and the check is NSF. The question is should there be another notice in fairness?
- RW: Avista's policy currently is if there have been . . . in the event that they had already received one notice we would go ahead and provide another notice. Bruce brought up earlier people who submit multiple NSF checks . . . and it's a revolving door. We're trying to provide notification and what they do is make the payment at a payment station.
- VE: Do you have customers that you will not accept a check from?
- RW: In the event that we are going out to reconnect - we wouldn't accept a check.
- CR: We're starting to implement that policy in Oregon where they've had multiple NSF checks we will require cash only.
- LD: We have it in place that if they write 3 bad checks within one year then they are on a cash only basis.
- RW: Without the office there we can't enforce cash only. And our payment processing center would not know not to accept a check. If there were multiple NSF checks - we would like to be able to go to collect cash.
- CR: But you're automated.
- GC: There are paystations that do code the transaction whether it's cash or check. But then how do we notify the paystations that customer x is on a cash only basis. If they have made a payment with an NSF check I believe the regs state no payment has really been made - so would another notification be required?
- TT: That's the question. But I think you've given us some options to think about. Another question that I have is should we give examples of what fraud actually is? (General response no) 071(f)(m) refer to fraud.
- KK: Fraud is such a legal term that if we perhaps just described what the customer did such as misrepresentation . . .
- TT: Maybe when we see the examples we will have a better fit. On the last page of 071 and it's actually the section just above #3 there refers to "any customer may designate . . ."

what do you think of that? Maybe you're interested in removing that out of there?
(General response - yes) One more has to do with disconnect notices "should companies have the option to make telephone calls to customers . . ." instead of the requirement?

CR: We call.

RW: We have an automated message that calls - in the event we have a first notice sent out. By making a phone attempt that will fulfill the 2nd notice requirement.

BG: We understood that is an option - the rule reads "(reading)"

TT: If you don't do the other you have to do the telephone and we're just wondering if that's still an ok option.

PS: Then there's also the question as to whether leaving a voice mail message is considered phone contact.

TT: Do the companies actually leave messages on the answering machines?

RW: There is a message left on the home answering machine. (can't hear on tape)

BG: But we never tell them how much is owing - just to call right away.

JS: If you're done I think we're close to being done. I see the last agenda item is wrap-up and I ask the group's suggestions on how to handle this.

KK: Would there be some proposed rules prior to the next workshop and a comment period?

VE: I think just another workshop to do what we did today and get through the issues list.

JS: The next step will be to start drafting and I believe once we do the next workshop the staff will have the beginning place and the staff will be able to get draft rules out. Any other comments?

END