

STATE REPRESENTATIVE
4th LEGISLATIVE DISTRICT
MATT SHEA

State of
Washington
House of
Representatives



ENVIRONMENT
RANKING MEMBER
JUDICIARY
ASSISTANT RANKING MEMBER
TRANSPORTATION

Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504

Re: Public Comment on Docket U-144155, Rulemaking on Corrected Billing

RECEIVED
PROGRAMS MANAGEMENT
2015 SEP 25 AM 8:05
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Honorable Commissioners:

Let me begin with my sincere thanks and appreciation that the UTC has taken up rulemaking on the issue of utility back-billing practices, aka, "corrected billing".

As you may be aware, I introduced and sponsored bi-partisan legislation, House Bill 2261 (2015), that would limit utility back-billing to no more than one billing cycle. My interest in the issue was sparked by an article in the Spokesman-Review from October 17, 2014. The story was about the Kipp family in Spokane Valley, an area I represent, receiving a letter from their utility that they owed \$3,140.85 for "under-billed" electricity, even though the under-billing was *due to the utility's equipment failure*. The Kipp's ask the appropriate question, "What if we were retired? What if we had no way to make up that money?" I think it is vital that we wrestle with that question and provide an answer that serves the public interest. Thank you for your work to get this right and commitment to put the public interest above the private interests on this and all issues that come before you.

As a practical matter, so many of our neighbors live from paycheck to paycheck. I am concerned that the proposed rule ignores the reality that folks simply have not, and in many cases cannot budget for "making up" 6 months' worth of erroneous utility under-billing without foregoing other necessities: possibly transportation, food, and medicine. It is possible, that those who receive a massive back-bill from their utility "compensate" or "offset" for the higher electric bill by trying to reduce their home heating costs in the winter, turning down the thermostats—possibly to the detriment of someone's health or safety.

After review of your proposed rule, I am concerned that there is much more the UTC can and should do to diligently pursue information from regulated utilities that would show the customer side of the story before a rule becomes final. **This would require pursuing information that will allow you to determine what measure of hardship is being caused on the customer by current back-billing practices and how best to alleviate that hardship.** Here is some suggested data that should be sought and analyzed before you finalize your rule:

- What percentage of customers who are back-billed ask for help with payment arrangements and what percentage are already receiving low-income assistance of any sort for their utilities?
- What the average dollar value of back-billed amounts is of those who ask for payment arrangements?
- What is the relationship, if any, between those asking for payment arrangements and the number of months of “under-billing” for which they were back-billed?
- How many who ask for payment arrangements are able to successfully manage those arrangements on the original timetable, or need extension?
- What is the average length of a payment arrangement schedule and average monthly payment amount for those arrangements made to satisfy a back-bill?
- Do any number of those who were back-billed subsequently curtail/reduce their average monthly utility usage—a sign of potential financial hardship?

If you were to ask the utilities to provide written responses directly addressing these questions it would provide important insight on the measure of economic hardship experienced by ratepayers as a result of utility equipment or billing practice errors.

In this particular instance, the data and metrics that the UTC asked of the utilities does not appear reasonably targeted to illuminate the ratepayer point of view. The UTC appears to have focused its data-gathering inquiry on the number of corrected bills each year for each utility, and the number of months billed/corrected in each of those instances. After determining that the current utility practice shows that most billing errors are discovered within six months¹, the UTC appears to have written a rule that has the end effect of endorsing that timeframe as the “reasonable” and just period for back-billing customers. There does not appear to have been any inquiry on what portion of the ratepayer population experiences financial hardship to make up billing errors of a duration of more than a month and up to six months. **I am concerned that the current proposed draft rule requires the least change to status quo for the utilities, and seems to accept an intolerably high and recurring level of billing inaccuracy, as well as potential or actual ratepayer inconvenience and hardship².** After this rulemaking inquiry, I don’t feel that the UTC is any closer to appropriately answering the Kipp’s question, “What if we were retired? What if we had no way to make up that money?” Does the UTC know how many people are able to make up six months’ worth of back-billing without experiencing financial hardship? Until you know the answer to that question, I do not think you should finalize the proposed rule.

¹ See, e.g. *Staff Comments in Summary of Comments in Response to CR 101 Notice*, Docket # U144155, “Percentage of retroactive bills by company that are less than or equal to 6 months: PSE: 76-84 percent; Avista: 95-7 percent; PP&L: 95-100 percent; NW Natural: 94-100 percent.”

² See, e.g., *Summary of Comments in Response to CR 101 Notice*, Docket # U144155. From 2012-2014, PSE, alone, had more than 9,000 instances of accounts with a stopped meter that was identified and rebilled resulting in a customer being “back-billed”.

The inquiry thus far has not adequately explored the existence of ratepayer inconvenience or hardship that presently exists or would exist if companies can back-bill for up to six months of under-billing. I respectfully request that you to set aside your draft rules until you have asked the regulated utilities under your oversight questions along the lines of those proposed in this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Shea". The signature is stylized with a large, sweeping initial "M" and a long, horizontal stroke extending to the right.

MATT SHEA
Washington State Representative
4th Legislative District