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***VIA ELECTRONIC FILING***

Steven V. King

Executive Director and Secretary

Washington Utilities and Transportation Commission

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**RE: Docket U-144155—Pacific Power & Light Company Comments**

Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company), submits the following comments in response to the Washington Utilities and Transportation Commission’s (Commission) Notice of Opportunity to Submit Written Comments issued September 4, 2015, in Docket U-144155 (Notice).

Pacific Power appreciates the opportunity to provide comments on the revised draft rules developed by Commission staff, and notes that many of the utilities’ suggested changes have been included in this rule. The Company offers the following comments regarding the revised draft rules.

**WAC 480-100-178(5)**

The revised draft rules consolidate the billing adjustment requirements for meter failures and malfunctions, unassigned usage situations, and billing errors into subsection (5)(a). Pacific Power proposes meter failures and malfunctions, and billing errors be listed and defined separately in subsection (5) to acknowledge the variances between these issues and allow for consideration of different billing adjustment requirements; and proposes unassigned usage be removed from this proposed rules. Additionally, Pacific Power provides the following specific comments for subsection (5):

1. Unassigned Usage

Pacific Power requests unassigned usage be removed from the proposed draft rules. The Commission already has WAC 480-100-128(2)(f) which addresses unassigned usage. Pacific Power believes any changes to the rules regarding unassigned usage should be addressed in WAC 480-100-128(2)(f). However, should the Commission determine to include unassigned usage in the proposed changes to WAC 480-100-178, Pacific Power recommends that “unassigned usage” be included as a separate subsection.

Pacific Power also proposes removing the requirement that bills for unassigned usage be issued within 60 days from the date the unassigned usage is confirmed. This provision was proposed to ensure that adjustments to current customer accounts were completed in a timely manner by the utility. However, unassigned usage occurs when an individual uses the energy at a site prior to applying for service with the utility. The utility cannot issue a bill for the unassigned usage until the individual who used it applies for service. The utility should not be penalized and prohibited from issuing a bill because the applicant did not timely apply for or complete their application for service.

1. Clarification changes

Pacific Power proposes replacing “Upon discovery of” and “discovered” with “When the utility has determined” and “confirmed” with “determines” in the last sentence. This change would give more clarity as to when the sixty day clock starts for issuing a billing correction. Pacific Power proposes to clarify the rules by stating from the “date the utility determines the error” in order to ensure time for investigation and confirmation of the error.

1. Residential and Nonresidential Service

Pacific Power supports limiting the adjustment period for meter failures or malfunctions for residential customers to six months. Pacific Power proposes, however, a 36-month adjustment limitation for under-billing to nonresidential customers for meter failures or malfunctions. Residential metering is relatively simple to track and identify errors. The complexity of nonresidential metering can make it difficult to identify problems. In addition, nonresidential customer adjustments tend to include higher dollar adjustment amounts that should not be subsidized by residential customers.

1. Over-Billing

The revised draft rules limit adjustments for under-billing to six months, but do not provide a limitation on adjustments for over-billing. The Commission has a history of providing the same adjustment periods for under- and over-billings in both its own rules and in approval of utility tariffs. WAC 480-100-183 does not provide different adjustment periods based on whether the adjustment is an over- or an under-billing. Additionally, the Commission supported limited adjustment periods for both under- and over-billing when it approved Pacific Power’s Tariff Rule 10.D. Adjustment for Billing Errors in 1980. Rule 10.D limits residential and nonresidential adjustments for billing errors to six months, unless the Company can determine the date the error occurred. If the Company can identify the date the billing error occurred, the Company will adjust the billing back to that date, but in no event will the adjustment exceed a period of three years. Consistent with how the Commission has historically handled adjustments, Pacific Power requests the rules reflect the same adjustment period for over-billings as required for under-billings. However, should the Commission determine that adjustments for over-billings should be treated differently, Pacific Power proposes language that would not require a utility to issue corrected bills for over-billings beyond 36 months.

1. Billing Errors

While Pacific Power appreciates Staff incorporating billing errors in this proceeding, it disagrees with Staff’s recommended six-month adjustment period for under-billing related to billing errors. Billing errors can be related to issues that are difficult to capture in a process, such as the customer signing for service at the wrong address, the meter base being labeled incorrectly, internal wiring issues, etc. Utilities should not be penalized when the source of the error is based on problems beyond the control of the utilities. The utilities previously proposed a 36-month limitation for all billing error adjustments. Pacific Power again proposes a 36-month limitation for under-billing related to billing errors. For over-billing, Pacific Power proposes language that allows a utility to issue a corrected bill for a period greater than 36 months. This would provide some discretion for longer adjustments for over-billing in situations where the customer or the utility would not have reasonably known there was an error with the billing. One example would be to correct the over-billing of pass-through charges like taxes or franchise fees.

(6) Definitions

Pacific Power proposes changes to the definitions for clarity. Pacific Power requests the removal of the term “erratic meter” from the definition of “meter failure or malfunction”. The meaning of “erratic meter” is undefined and ambiguous. The Company believes “meter failure or malfunction” would be adequately defined without the term “erratic meter” included in the definition. Pacific Power also proposes adding language to the definition of “billing error” to specifically exclude “meter failure or malfunction” and “unassigned energy usage meter” from the types of errors that would constitute a billing error.

**WAC 480-100-178(6)**

1. Unassigned Usage

As with Subsection (5), Pacific Power proposes to move unassigned usage from subsection (6)(a) to a new subsection (6)(b) to differentiate it from the corrected billing received due to a meter failure or malfunction or billing error. Not all of the information that would be required for an adjustment for a meter failure or malfunction or billing error needs to be included on a billing for unassigned usage. Pacific Power proposes that all bills issued for unassigned usage be required to have a breakdown of the charges for each month the customer is billed and the total amount of the bill that is due.

1. Corrected Bill Information

For clarity, Pacific Power proposes to remove “an explanation of” from the payment arrangement requirement. It is unclear what should be included in an “explanation of the availability of payment arrangements” beyond a statement confirming arrangements are available.

**Conflict with WAC 480-100-183**

The Company does not object to the proposed six-month limitation for billing of unassigned usage. However, the Company believes this proposal requires a revision to WAC 480-100-183(5). WAC 480-100-183(5)(a) requires utilities to refund or bill customers for the proper usage from the date that they first were billed for the malfunctioning meter, if the date is known. If the date is unknown, WAC 480-100-183(5)(b) limits the adjustment period to no more than six months. To eliminate confusion and to prevent having two conflicting rules depending on whether the utility initiated the investigation or the customer, Pacific Power proposes WAC 480-100-183(5) be modified to refer to the proposed WAC 480-100-178(5)(a),Corrected Bills, as follows:

*(5) If a meter test reveals a meter error greater than specified as acceptable in WAC* 480-100-338*, Accuracy requirements for electric meters, the utility must repair or replace the meter at no cost to the customer. In accordance with WAC 480-100-178(5)(a), t~~T~~he utility must adjust the bills to the customer based on the best information available to determine the appropriate charges. The utility must offer payment arrangements in accordance with WAC* 480-100-138*(2), Payment arrangements.*

*~~(a) If the utility can identify the date the customer was first billed from a defective meter, the utility must refund or bill the customer for the proper usage from that date;~~*

*~~(b) If the utility cannot identify the date the customer was first billed from a defective meter, the utility must refund or bill the customer for the proper usage, not to exceed six months.~~*

**Consistent Treatment under WAC 480-100-128**

Pacific Power also believes there is a conflict with WAC 480-100-128(2)(f), which states the utility “must charge the customer for service used in accordance with the utility’s filed tariff” when it determines service has been used prior to receiving an application for service in the context of a possible disconnection. For clarity, Pacific Power proposes WAC 480-128(2)(f) be revised to state:

*The utility has determined a customer has used service prior to applying for service. The utility must charge the customer for service used in accordance with ~~the utility’s filed tariff~~ WAC 480-100-178(5)(b).*

**Need for System Changes and Training**

The Company believes the final rules will require several changes to current business practices and processes. The Company requests Staff consider the system changes and training that utilities may need to complete when determining the schedule for implementation of the final requirements in this proceeding.

**Responses to Staff’s Questions**

1. **Please provide the three most recent years of data regarding the number of corrected bills issued for under-billed amounts due to meter failure or malfunctions, or unassigned energy usage meters that exceeded six months in duration.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Residential | | Non Residential | |  |
| Year | Accounts corrected more than 6 months | Total amount billed in excess of 6 months | Accounts corrected more than 6 months | Total amount billed in excess of 6 months | Total Washington  Revenue |
| 2012 | 16 | $1,243.95 | 11 | $1,391.82 | $302,511,323.12 |
| 2013 | 18 | $1,127.94 | 7 | $478.98 | $313,273,892.31 |
| 2014 | 13 | $8,480.73 | 13 | $6,050.05 | $319,351,198.18 |

1. **Please provide the three most recent years of data regarding the number of corrected bills issued for under-billed amounts due to all other billing errors (excluding meter tampering, fraud and estimated bills.) Examples include: corrected bills for incorrect prorated bills: mislabeled meter bases; incorrectly installed meters; incorrect billing rate schedules; and incorrect billing multipliers.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Residential | | Non Residential | |  |
| Year | Accounts corrected more than 6 months | Total amount billed in excess of 6 months | Accounts corrected more than 6 months | Total amount billed in excess of 6 months | Total Washington Revenue |
| 2012 | 4 | $745.59 | 0 | $0.00 | $302,511,323.12 |
| 2013 | 2 | $1,436.50 | 0 | $0.00 | $313,273,892.31 |
| 2014 | 1 | $846.66 | 2 | $841.59 | $319,351,198.18 |
| Adjustments due to bankruptcy and charges/fees waived are not included. | | | | | |

1. **The rationale for requesting the exclusion of non-residential customers from the six month billing correction limitation is unclear.** 
   1. **Please provide additional rationale and examples of why it is important to exclude non-residential customers.**

Although Pacific Power’s processes to identify and address meter failures or malfunctions, unassigned usage, and billing errors apply to both residential and nonresidential services, Pacific Power supports excluding nonresidential customers from the six-month limitation for adjustments for meter failures or malfunctions. It can be difficult to identify when a meter error or billing error occurs for nonresidential customers. The following are some examples of metering or billing errors that could occur with nonresidential customers that may go undetected by the utility:

* The meter stops during a period of curtailment or shut down and the customer does not notify the utility when normal operations resume.
* The customer modifies their facilities, requiring different metering equipment to properly measure and bill their usage, but does not notify the utility of the change.

In response to Staff’s concerns, Pacific Power is proposing in these comments a billing adjustment limitation for nonresidential customers.

* 1. **Please provide an explanation of the terms “small business customer,” “commercial customer,” “large commercial customer,” and “industrial customer.”**

Pacific Power does not have defined terms for “small business customer,” “commercial customer,” “large commercial customer,” and “industrial customer.” The Company classifies customers based on revenue class using SIC Codes.

* 1. **Please provide the following additional data regarding seasonal commercial customers. Also, please provide an explanation of how seasonal commercial customers pose a problem for companies to identify and correct billing problems.**

|  |  |  |
| --- | --- | --- |
|  | Seasonal Customer | Total Revenue |
| Year | Number of accounts issued corrected bills exceeding six months | Total amount billed in excess of six months | Seasonal Customer Revenue |
| 2012 | 2 | $92.00 | $12,429,049.14 |
| 2013 | 2 | -$626.94 | $12,823,928.67 |
| 2014 | 5 | -$69.14 | $14,161,537.96 |
| Only schedule 40 customers are included. These customers are also included in other responses herein. | | | |

Pacific Power identifies seasonal nonresidential customers as those receiving service under Electric Service Rate Schedule 40, Agricultural Pumping Service. While seasonal nonresidential customers primarily use electric service during the “irrigation season”, the irrigation season varies for each customer. Factors such as the type of crop being grown, weather conditions, crop rotations, etc. can all affect when a customer starts and stops their irrigation season for the year. This variation can make it difficult to identify a meter failure or malfunction. For example, if the meter starts to slow or stops in the fall when irrigation seasons typically end, it may look no different than the seasonal nonresidential customer slowing down operations for the season. It would be cost prohibitive for the utility to send an employee out at the end of the irrigation season to verify whether the meter has failed or the seasonal nonresidential customer has simply stopped irrigating for the season. Additionally, access to meters can be an issue which prevents utilities from being able to resolve meter or billing issues promptly.

Unassigned usage can also be difficult to address with seasonal nonresidential customers. If a new customer takes over the service at the end of the irrigation season but does not apply for service, they could have minimal usage during the off season. The usage may be so low that it does not prompt an investigation of the unassigned usage. It could be over six months before the seasonal nonresidential customer begins to irrigate, prompting the utility to investigate.

1. **Please provide the most recent three years of data for corrected bills related to over-billing.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Residential | | Non Residential | |
| Year | Accounts corrected more the 6 months | Total amount billed in excess of 6 months | Accounts corrected more the 6 months | Total amount billed in excess of 6 months |
| 2012 | 23 | -$2,111.39 | 11 | -$748.45 |
| 2013 | 32 | -$949.02 | 8 | -$50,663.79 |
| 2014 | 20 | -$2,450.49 | 9 | -$6,683.62 |

1. **Please describe all current procedures in place to prevent and identify billing errors resulting from: incorrect prorated bills; mislabeled meter bases; incorrectly installed meters; incorrect billing rate schedules; or incorrect billing multipliers.**

Identifying and Preventing Billing Errors

The Company has several automated and manual processes that analyze billing and metering information to help prevent billing errors. Several of these processes are described below.

**Suspends Process**

The Company’s automated “suspends process” assists in identifying many potential billing errors including, but not limited to, misread meters, rate schedule errors, meter register inconsistencies and meter failures. There are currently over 50 different types of automated billing suspends that require a billing agent complete an electronic review of the bill prior to the statement being sent to the customer. Suspends may result in re-reads, meter site visits/exchanges or a telephone call to the customer to gather/clarify information before the statement is sent.

**System Edits**

The Company’s billing system has a number of built-in system edits that prevent incorrect meter installations based on the specific meter type being installed, including phase, billing multiplier, current/voltage transformer ratios, service profile, meter asset status, communication type, etc. These edits prevent errors from occurring during the initial setup and exchange of meters in the system.

**Verify Service Information (VSI) Process**

When an instrument-rated metering installation is initially installed, rewired, tested or a meter is exchanged, a verification service information (VSI) procedure is followed to ensure billing errors are avoided. The VSI process includes a full inspection of the installation, a review of billing determinants, meter characteristics and voltage/current testing.

**Validation One-Line Team (VOLT) Process (Installations Over 1 MW)**

The Company follows a VOLT procedure that tracks the installation of any single meter measuring over 1 MW of load. The VOLT process is a cross-functional team audit with participants from the meter engineering, billing, account management and contract groups. The VOLT audit is performed prior to the first statement being sent to the customer to prevent any errors in the initial setup of an account. This procedure may also be implemented whenever significant changes occur at the site.

**Verification Reports**

Monthly or daily reports are reviewed to determine if customers are being billing on the correct rate schedule.

* New customer BPA review
* Separately metered new services (barn, garage, shop) BPA qualification review
* Non-residential account type billing on residential rate schedule
* New irrigation rate schedule account review
* Missing or mis-matched data on the load screen review (indicator of possible incorrect rate schedule)

**Quality Monitoring**

The Company’s call centers monitor random customer calls and agent back-office work for quality and accuracy when customers apply for service. If an agent incorrectly sets up a customer’s account or selects an incorrect rate schedule, the error is corrected and additional training is provided to the agent.

Preventing Mislabeled Meter Bases

Accurate labeling of meter bases is the customer’s responsibility (WA Rule 8A). The company does everything it can to ensure customers are aware of this responsibility, including publishing guidelines in the Company’s Electric Service Requirements (ESR) booklet, which is available online at [www.pacificpower.net/esr](http://www.pacificpower.net/esr). Labeling of meter bases is addressed in the following sections of the Company’s ESR:

* 7.7.3, requirement 10
* 7.8.3, requirement 7
* 10.6, requirement 1

The Company also has a “Multi-Meter Verification Process” for business accounts. When multiple meters are installed on a single business structure, such as a strip mall or individually metered business offices in a complex, a letter is sent to the initial customer that signs up for service to remind them to verify the meter information at the site is correctly reflected on their bill.

Pacific Power appreciates the opportunity to provide these comments. If you have any questions regarding these comments, please contact Barbara Coughlin, Director, Customer & Regulatory Liaison, at (503) 331-4306.

Sincerely,

R. Bryce Dalley

Vice President, Regulation

Enclosures