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DEPARTMENT OF COMMERCE  
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To: Public Service Commission  
From: The Office of Consumer Services  
Michele Beck  
Cheryl Murray  
Date: April 29, 2013  
Subject: Rocky Mountain Power Proposed Tariff Change to Electric Service Regulation 3. Docket 13-035-T08 Advice No. 13-07

## Background

On April 5, 2013, Rocky Mountain Power (Company) filed with the Public Service Commission (Commission) a proposed change to Electric Service Regulation 3 – Electric Service Agreements.

The Company proposes to add language to Electric Service Regulation 3 to specify that customers are responsible for reasonable court costs, attorney's fees and/or collection agency fees (Fees) incurred in the collection of unpaid debt following the due date of their closing bill. The proposed language reads as follows:

Subsequent to the termination or suspension of service and following the due and payable period of the Customer's closing bill, the Customer will be responsible for any reasonable costs associated with the collection of unpaid accounts, including but not limited to: court costs, attorney's fees and/or collection agency fees. If an applicant with a recoverable balance assigned to a collection agency requests new service, and if their application is approved and all required charges are paid, the Company will cancel the collection agency assignment and transfer the remaining debt to the customer's current account, so long as legal action has not been initiated by the collection agency. The collection agency will not assess a fee to the customer when a past due balance is transferred to the customer's current account.

Currently all customers incur a share of these costs as they are included in general rates. The proposed change will eliminate the subsidization of costs incurred as a result of non-payment of bills and make those costs the responsibility of customers who received services for which they did not pay.

## **Discussion**

### *Impact on Rates*

The Company acknowledges that current rates are set to recover these costs and states it will make an adjustment in its next general rate case to eliminate recovery of Fees. If the Company files a general rate case in January 2014<sup>1</sup> the rate change removing these costs from customer rates would not occur until September 2014. The Office acknowledges that the amount currently in rates is likely immaterial but the Company has not demonstrated a necessity for a period of double recovery of these costs.

### *Principle of cost causation*

The Office is a proponent of the principle of cost causation and while the Company's proposal appears to align with that principle there may be additional elements that should be considered before implementing the Company's requested change. The Office asserts that a general rate case would provide a more appropriate venue for parties to fully consider all the implications of the Company's request.

### *Customer notification*

The Company proposes to notify customers of the change through language that will be added to the Company's customer informational brochures that are mailed annually<sup>2</sup>. Additionally, customers with delinquent accounts will be notified on their closing bill that they are responsible for Fees incurred to collect unpaid balances. The Office agrees these are appropriate notification methods if and when the proposed tariff change is appropriate.

### *Prior Company Request for Change to Regulation 3*

The Office notes that this is not the first time the Company has made a request for a change of this nature. On March 6, 2007, Rocky Mountain Power submitted to the Commission a proposed tariff change to add the following language to Electric Service Regulation No. 3, "Subsequent to the termination or suspension of service, the Customer will be responsible for any court costs, attorney's fees and/or collection agency fees incurred in the collection of unpaid accounts". That language is similar to and establishes similar requirements as the language addition requested in this docket.

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<sup>1</sup> The Stipulation in Docket 11-035-200 restricts the Company from filing a general rate case prior to January 1, 2014.

<sup>2</sup> The Company indicated brochures will be mailed in December.

On March 27, 2007, the Division submitted a memo to the Commission recommending approval of the language change. On April 3, 2007, the Office responded asserting the “consideration of this type of adjustment is more appropriate in a general rate case where both the merits of the proposed action and any necessary adjustments to rate base can be assessed”. In a letter dated April 5, 2007, Salt Lake Community Action Program stated it objected to the tariff modification noting there has been inadequate examination of the issue in question.

On April 6, 2007, the Commission issued an Order Suspending Tariff Modification stating “Based upon the pleadings filed herein, the Commission will suspend the tariff filing pending further investigation of the proposed tariff change”. On June 19, 2007 the Company, in response to the Commission’s Order Suspending Tariff Modification requested that the advice filing be withdrawn. On June 27, 2007, the Commission Secretary acknowledged the Company’s withdrawal stating “As understood by the Commission, Rocky Mountain Power will pursue the regulation change in an upcoming general rate case”.

Since the original request in 2007, the Company has filed and completed five general rate cases in which it could have taken the opportunity to request the desired language changes.<sup>3</sup>

The Office asserts that circumstances have not changed since the 2007 request for a language change, some amount of Fees are still included in general rates and there has not been an adequate examination of the issue. Therefore, the Office continues to recommend that the Company bring forth its request in the context of a general rate case where parties will have an opportunity to evaluate the merits and the consequences of the proposed action.

### **Recommendation**

The Office recommends that the Commission:

- 1) Not approve the Company’s requested language change to Electric Service Schedule No. 3 and
- 2) Order the Company to present the issue in its next general rate case.

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<sup>3</sup> Docket Nos. 07-035-93, 08-035-38, 09-035-23, 10-035-124, and 11-035-200.