

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of Rocky Mountain
 Power's Proposed Changes to
 Electric Service Regulation
 No. 3 to Indicate Customers are Responsible for Reasonable Court Costs, Attorneys Fees and/or Collection Agency Fees Incurred in the Collection of Unpaid Debt Following the Due Date of Their Closing Bill

Docket No.
13-035-T08

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 HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission
 Hearing Room 451
 160 East 300 South
 Salt Lake City, Utah

DATE: Monday, July 1, 2013

TIME: 1:30 p.m.

REPORTED BY: Scott M. Knight, RPR

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A P P E A R A N C E S

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1 PROCEEDINGS

2 THE HEARING OFFICER: Good afternoon. My name is
3 Melanie Reif. We're on the record, and this is the matter
4 docketed as 13-035-T08, entitled In the Matter of Rocky
5 Mountain Power's Proposed Changes to Electric Service
6 Regulation No. 3 to Indicate Customers are Responsible for
7 Responsible [sic] Court Costs, Attorneys' Fees and/or
8 Collection Agency Fees Incurred in the Collection of the
9 Unpaid Debt Following the Due Date of Their Closing Bill.

10 Let's start by taking appearances, please.

11 MR. SOLANDER: Thank you. Daniel Solander on
12 behalf of Rocky Mountain Power. And I have with me at the
13 counsel table Barb Coughlin, director of customer and
14 regulatory liaison. And Ms. Coughlin will be our witness in
15 this matter.

16 THE HEARING OFFICER: Thank you.

17 MS. SCHMID: Patricia E. Schmid with the Attorney
18 General's Office, with the Division of Public Utilities.
19 And with me, as the Division's witness, is Mr. Justin
20 Christensen.

21 MS. MURRAY: Cheryl Murray for the Office of
22 Consumer Services.

23 THE HEARING OFFICER: And Ms. Murray, will you be
24 represented by counsel today?

25 MS. MURRAY: I will not.

1 THE HEARING OFFICER: Thank you, everyone.

2 Mr. Solander, this is Rocky Mountain Power's
3 application. And I have reviewed the filings that have
4 taken place since the technical conference and wish to thank
5 everyone for their submissions and would like to turn the
6 matter over to you at this point to address your application
7 as it's pending. And if you do wish to call Ms. Coughlin,
8 I'd be happy to swear her in at this time.

9 MR. SOLANDER: Yes. Ms. Coughlin has prepared
10 some statements or some comments addressing some matters
11 from the technical conference and has some additional
12 explanation. And we ask that she be sworn as our witness at
13 this time.

14 THE HEARING OFFICER: Very well.

15 Ms. Coughlin, would you raise your right hand?
16 And do you swear that the testimony you're about to give is
17 the truth?

18 MS. COUGHLIN: Yes.

19 THE HEARING OFFICER: Thank you.

20 BARBARA COUGHLIN,
21 being first duly sworn, was examined and testified as
22 follows:

23 EXAMINATION

24 BY MR. SOLANDER:

25 Q Would you please state and spell your name for the

1 record?

2 A My name is Barbara Coughlin. B-a-r-b-a-r-a,
3 C-o-u-g-h-l-i-n.

4 Q And by whom are you employed and in what capacity?

5 A I'm employed by PacifiCorp, and I am the director
6 of customer and regulatory liaison.

7 Q And was the tariff change that we're here--that is
8 here pending before the Commission prepared at your
9 direction?

10 A Yes, it was.

11 Q And were the other matters regarding--that were
12 filed in response to the technical conference prepared at
13 your direction?

14 A Yes.

15 Q And have you prepared comments today that you'd
16 like to share with the Commission to explain and respond to
17 the comments that were filed by the other parties?

18 A Yes, I have a brief summary.

19 Q Please proceed.

20 A Thank you.

21 And good afternoon, everyone. Thank you for the
22 time that you've invested in this tariff filing. Back on
23 April 5th, Rocky Mountain Power requested a change to
24 Regulation 3 in Advice No. 13-07. This request was a
25 modification by the Company to add a paragraph to Regulation

1 3 that puts customers on notice that subsequent to the
2 termination of their service and following the due and
3 payable period of their final bill, the customer is
4 responsible for any reasonable costs associated with
5 collection of that unpaid account.

6 On June 11th, at technical conference held in this
7 proceeding, Rocky Mountain Power had the opportunity to
8 discuss impacts of this change for our current customers and
9 for former customers. A copy of that presentation was
10 previously provided for the record in this docket.

11 On June 26, Rocky Mountain Power filed
12 supplemental comments with the Commission, which included an
13 updated version of that presentation to provide additional
14 information as requested by parties on June 11th at the
15 technical conference.

16 Just as a brief overview, currently, when a closed
17 account, which is what we would also refer to as an inactive
18 account, has not been paid in 40 days, the account is sent
19 to a collection agency. The collection agency begins
20 working the account by sending a friendly letter. That
21 letter is on Rocky Mountain Power letterhead, with Rocky
22 Mountain Power contact information, to the customer,
23 reminding them of the debt and allowing 15 additional days
24 to pay that closing bill or dispute the charges.

25 If that debt has not been paid at the end of that

1 15 days, which is now in total 55 days since the bill was
2 sent, the former customer is not charged a fee by the
3 collection agency and the collection agency also does not
4 charge the Company a fee.

5 After that 15-day grace period, the collection
6 agency actively works the account per their protocols, and
7 when full or partial collections are realized, the
8 collection agency bills Rocky Mountain Power a set fee for
9 that collection.

10 With this existing method, all Rocky Mountain
11 Power customers are paying for the cost of collections for
12 approximately 4 percent of its Utah customers causing that
13 expense. Just as an example, in 2012 there were 34,422
14 debts that were assigned out of 820,610 accounts, just as an
15 illustration to you.

16 The change that we are proposing is simply to have
17 the collection agency bill their fee to the former customer
18 rather than bill their fee to the Company. By aligning this
19 process using the principle of cost causation, active
20 customers or ratepayers will no longer subsidize the
21 collection agency costs in their rates. The estimated total
22 savings to the Company and all ratepayers in the next four
23 years is approximately \$1.38 million.

24 I want to say, though, the collection agencies
25 will still bill fees to the Company for the agency

1 assignments that would be made--that were made prior to the
2 effective date of any change of the tariff. So because of
3 that, there's going to be a graduated savings, but after
4 approximately four years, there will be an additional
5 \$400,000 savings each year from collection agency fees that
6 are no longer being billed to Rocky Mountain Power.

7 Again, only unpaid former accounts are set to--
8 send to collection agencies. The fee is only incurred if
9 the former customer chooses to pay the debt. Collection
10 agencies allow customers to set up monthly payment plans
11 with them on debts. If--the fee is not incurred if a former
12 customer reestablishes service with the utility.

13 The fees charged to customers are set by the
14 collection agency. The collection agency determines the fee
15 charged to the former customer and adds their fee to the
16 outstanding debt required from the former customer.

17 Rocky Mountain Power does not regulate the
18 collection agency fees. Collection agencies have been
19 guided, though, by the Utah Legislature by way of statute.
20 Utah Code Section 12-1-11 has specifically set a limitation
21 on the fee. In this way, the reasonableness has been set by
22 the State.

23 Rocky Mountain Power does have the option to
24 choose the collection agency that they use. And we contract
25 with reputable, successful collection agencies through a

1 vetting process each time we contract.

2 As an illustration, Rocky Mountain Power has been
3 using this proposed--what we have proposed here in Utah.
4 We've been using this since 2008 in Wyoming, and it's been
5 very successful. Of 138,000 Wyoming accounts compared to
6 the 810,000 Utah accounts, we have an estimated savings to
7 our Wyoming customers of \$135,000 over the last five years.

8 We have not seen any impact to write-offs.
9 Collection agency--for the Wyoming accounts, they have not
10 increased their fee to the customers in the five years,
11 while there is no Wyoming statutory cap or limitation.

12 So all in all, we've had no customer complaints.
13 We've had no detrimental effects to write-offs. And there's
14 been no issues with the collection agency fee that they are
15 charging to our customers. It's been very successful in
16 Wyoming, and we would like to bring this process to Utah.
17 We believe it would be of benefit to our Utah customers.

18 Thank you.

19 Q And do you have any specific responses to the
20 comments filed by the Office of Consumer Services in this
21 proceeding?

22 A Yes. I would like to comment on the concern that
23 was raised with regard to the fee charged by the collection
24 agency. And again, as I mentioned, these fees are set by
25 the collection agency. However, as I said, in the five

1 years we've been doing this in Wyoming, our collection
2 agencies have never raised their fee. We monitor our
3 collection agency activities very closely to make sure that
4 they are doing what we expect them to do under the contract.
5 There have been no issues there.

6 Again, the--the assignments that are made to
7 collection agencies are not for former customers. These are
8 not our customers. So in that regard, we do not believe
9 that this is something that would be regulated by the
10 Commission. It's regulated by state statute, Utah Code
11 Section 12-1-11.

12 Q Does that conclude your comments?

13 A Yes, it does.

14 MR. SOLANDER: Ms. Coughlin is available for
15 questions or cross-examination from the parties.

16 THE HEARING OFFICER: Ms. Schmid?

17 MS. SCHMID: Yes, I have a question.

18 EXAMINATION

19 BY MS. SCHMID:

20 Q Could you please turn to the PowerPoint slides
21 that accompanied your June 25th, 2013, letter to the
22 Commission?

23 A Okay.

24 THE HEARING OFFICER: Ms. Schmid, just for
25 clarification--and Ms. Coughlin, this is really addressed to

1 you--that would be the same document that was filed and
2 which is identified as updated June 20th, 2013; is that
3 correct? They're a--

4 THE WITNESS: Yes.

5 THE HEARING OFFICER: --mirror image of one
6 another. I want to make sure. Thank you.

7 BY MS. SCHMID:

8 Q If you turn to Step 7, please--

9 A Okay.

10 Q --in the column that's entitled "Process After
11 Tariff Approval," the last clause says, "Then the collection
12 agency assignment is canceled and no collection agency fees
13 are assessed to the Company or the former customer,
14 [parens]"--

15 MR. SOLANDER: I'm sorry. Are you referring to
16 Slide 7 or Step 7?

17 MS. SCHMID: Step 7.

18 MR. SOLANDER: I think we might be looking
19 at different documents here.

20 THE WITNESS: Okay.

21 BY MS. SCHMID:

22 Q So can you see the last clause, where it talks
23 about collection agency assignment?

24 A Okay.

25 Q Just to clarify, where it says "no collection

1 agency fees are assessed," does the term "collection agency
2 fees" include court costs and attorney fees that are--have
3 accumulated to that time as well as the collection agency
4 fees themselves?

5 A Yes.

6 MS. SCHMID: Thank you. I have no further
7 questions.

8 THE HEARING OFFICER: Ms. Murray, do you have any
9 questions of Ms. Coughlin?

10 MS. MURRAY: No, I don't. Thank you.

11 THE HEARING OFFICER: Thank you.

12 EXAMINATION

13 BY THE HEARING OFFICER:

14 Q Ms. Coughlin, how many debt collection agencies do
15 you use in collecting debts or to--do you plan to use for
16 this purpose?

17 A Subject to check, I believe there's two that's
18 used for Utah.

19 Q And what do those debt collection agencies charge?

20 A The debt collection agencies currently do not
21 charge our customers fees right now; they charge us.

22 Q And what amount is that?

23 A --subject to-- percent. It's currently
24 percent.

25 Q And is that set by contract?

1 A Yes, it's set by contract.

2 Q So the contract is between PacifiCorp and the debt
3 collection agency?

4 A That's correct.

5 Q And just for clarification, are both entities
6 charging the same amount, the percent?

7 A No, we do not believe so. It's negotiable.

8 Q Could you please tell me what--which company is
9 charging percent?

10 A Bonneville.

11 Q May I please have a complete name?

12 MR. MUHLESTEIN: Bonneville Collection Agency.

13 THE WITNESS: Bonneville Collection Agency.

14 BY THE HEARING OFFICER:

15 Q And the second entity that you use is?

16 A Express Recovery of Utah.

17 Q Ms. Coughlin, do you have firsthand knowledge of
18 this information?

19 A I have knowledge from our director of collections.

20 Q And what is the percentage under the PacifiCorp
21 Express Recovery of Utah debt collection?

22 A percent.

23 Q percent. Okay. So there's a difference
24 of percent between the two?

25 A Sorry?

1 Q So there's a difference of percent between the
2 two?

3 A Right.

4 Q Do you know what the term of the contract is with
5 Bonneville Collection Agency?

6 A Not without asking my director.
7 The end of this year for both.

8 Q So the end of January--

9 A Yeah. December.

10 Q December. I'm sorry. December '13--2013--for
11 Express Recovery as well?

12 A For both.

13 Q Is there a reason why there's a difference between
14 the two companies, one offering service at percent and
15 one offering at percent?

16 A Contract negotiations.

17 Q Does one do more than the other?

18 A No.

19 Q When proposing the tariff change that PacifiCorp
20 has presented in this docket, were there any other
21 alternatives considered?

22 A No. This alternative was something that--or this
23 process was something that--like I discussed, we had one in
24 Wyoming and had found it to be so successful that we looked
25 at expanding this across the rest of our service

1 territories. And it seemed to be a very economic
2 alternative for our customers.

3 Q Other than Wyoming, have you established this
4 particular procedure in any other state?

5 A We do not have it established in any other state
6 right at the moment, no.

7 Q I believe in one of the filings there's a
8 reference to another state other than Utah having postponed
9 the matter, I believe--

10 A Right.

11 Q --is the terminology?

12 A Yes.

13 Q Can you help me understand what--what that means?
14 Is it a similar proceeding? Did they suspend the tariff?
15 What--

16 A We actually--Judge, we had filed and received
17 approval in the state of Oregon approximately the same time
18 period--I can't say it was exact month as Wyoming, but in
19 the same time period--and it was subsequently withdrawn. It
20 was a decision that was made by management. So the--in
21 Oregon we withdrew the filing on the basis that we would
22 refile at another date.

23 Q So you received approval but then withdrew?

24 A Right. We withdrew the tariff several months
25 after it was approved.

1 Q And was it the same language that you are using in
2 Wyoming?

3 A Yes.

4 Q Are you able to elaborate on why it was withdrawn?

5 A We were asked by senior management to withdraw it
6 after an issue was raised by a consumer group. And we were
7 asked to withdraw it.

8 Q And did that also occur in the other jurisdiction,
9 in--in Oregon, I believe you mentioned?

10 A That was in Oregon. No. In the other
11 jurisdiction, in Idaho, it was filed, but as part of a rate
12 case settlement it was agreed that all customer service-type
13 matters would not be taken up in that stipulation in that
14 case. So it was--I don't know if you want to say deferred,
15 but . . .

16 Q Do you know whether Wyoming has a similar statute
17 that you referred to earlier in your testimony, in
18 particular, Utah Code 12-1-11?

19 A I was advised that the Wyoming--it has a statute
20 but it does not set a limitation.

21 Q Are you aware that Utah does set a limitation?

22 A Yes.

23 Q And what do you understand that limitation to be?

24 A Forty percent.

25 Q Do you have a copy of that statute with you?

1 A I do not have a copy. I have a--a very poorly
2 typewritten--

3 MR. SOLANDER: Excerpt.

4 THE WITNESS: --yeah, excerpt of it.

5 BY THE HEARING OFFICER:

6 Q Do you believe that your excerpt is a--essentially
7 a copy of the legislation that presently exists?

8 A Of the code section, yes.

9 Q Yes. Yes. Could you make that available for
10 yourself, please?

11 A Okay.

12 Q Could you please--beginning with subsection (3) of
13 this particular code, which is Code 12-1-11 of the Utah Code
14 Annotated, could you please read that entire section,
15 including subparts (a), (b), and including into the next
16 section, (4)?

17 A "The creditor shall establish the amount of the
18 collection fee imposed under the section, except that the
19 amount may not exceed the lesser of: (a) the actual amount
20 a creditor is required to pay a third-party debt collection
21 agency or licensed attorney, regardless of whether that
22 amount is a specific dollar amount or a percentage of the
23 principal amount owed to the creditor for a debt; or (b) 40
24 percent of the principal amount owed to the creditor for a
25 debt. (4) An obligation to pay a collection fee imposed

1 under this section is in addition to any obligation to pay
2 attorney fees that may otherwise exist."

3 That's all I have of it with me.

4 Q Thank you. That's--that's all I needed.

5 I'm going to ask you if you would, please, take a
6 look at the updated June 20, 2013, technical conference
7 submission which was made in this docket. And if you would,
8 please, go to the very last page of that document, and with
9 the previous section having been recited, could you please
10 direct me to where the Company--i.e., the creditor--
11 establishes the collection fee to be imposed?

12 A "The consultant shall add a reasonable collection
13 fee to the account."

14 Q And the consultant is the debt collection agency--

15 A Correct.

16 Q --correct?

17 And again, I ask, where does it state that the
18 creditor has specified what the collection fee will be?
19 What I'm attempting to do is, I'm trying to make a
20 correlation between the proposed tariff language and the
21 statute which requires that the creditor establish the
22 amount of collection fee. And I'm juxtaposing that with the
23 proposed contract language which establishes that that fee
24 is--to use the word "establish" again--is established by the
25 actual debt collection agency.

1 So is--is there language here that the Commission
2 can directly rely upon that would indicate that the
3 creditor--i.e., PacifiCorp--has established the amount of
4 collection fee to be imposed pursuant to 12-1-11?

5 A The--I don't know that in this one paragraph I
6 can--I can say that. I can say that the Commissions are
7 charged based on a percent of the total amount. This--this
8 one paragraph is just that; it's one paragraph of a
9 contract. And Judge Reif, I don't have all that contract
10 with me to say any more than just this one paragraph, that
11 was an illustration that we understood there was concerns
12 with the clarity of it and that we would work to improve the
13 clarity of the paragraph when we negotiate contracts.

14 Q Okay. Fair enough.

15 A So that was the intent of it.

16 Q Let's back up, then. Let's look at your April 5th
17 filing, which was the original filing that PacifiCorp made--

18 A Okay.

19 Q --requesting this tariff change. And if you would
20 kindly turn to the page which is entitled "First Revised
21 Sheet No. 3R.3." And below that, it states, "Canceling
22 original sheet No. 3R.3." And could you identify for me the
23 portion of this document which is proposed as new language,
24 new tariff language for the Commission to consider?

25 A Yes. It starts with "Subsequent"--"Subsequent to

1 the termination or suspension of service and following the
2 due and payable period." Would you like me to read the rest
3 of it?

4 Q Yes, please.

5 A Okay. "Subsequent to the termination or
6 suspension of service and following the due and payable
7 period of the customer's closing bill, the customer will be
8 responsible for any reasonable costs associated with the
9 collection of unpaid accounts, including but not limited to
10 court costs, attorneys' fees, and/or collection agency fees.
11 If an applicant with a recoverable balance assigned to a
12 collection agency requests new service and if their
13 application is approved and all required charges are paid,
14 the company will cancel the collection agency assignment and
15 transfer the remaining debt to the customer's current
16 account so long as legal action has not been initiated by
17 the collection agency. The collection agency will not
18 assess a fee to the customer when a past-due balance is
19 transferred to the customer's current account."

20 Q Is this the language that PacifiCorp is still
21 seeking to have approved?

22 A Yes, it is.

23 Q Okay. So the language that we were reading from
24 under the updated June 20th, 2013, that does not substitute
25 the language that was originally filed?

1 A No.

2 Q Okay.

3 A No, this was just a . . .

4 Q Okay. Thank you. So back to the new language
5 that you have kindly read into the record, could you please
6 identify for me where, within this new language, the
7 creditor--i.e., Rocky--excuse me--PacifiCorp--is
8 establishing the collection fee to be imposed?

9 A "Reasonable costs."

10 Q Okay. When we read from 12-1-11, there was some
11 very specific limitations that 12-1-11 requires. It
12 requires that there be an actual amount--and I'm reading
13 from (3)(a)--12-1-11(3)(a): "The actual amount a creditor
14 is required to pay a third-party debt collection agency or
15 licensed attorney"--and then there's some additional
16 language--"or a percentage of the principal amount . . . to
17 the creditor for a debt; or 40 percent of the principal
18 amount owed to the creditor for a debt."

19 So how--how is it that "reasonable cost" meets any
20 of those definitions, either the actual amount a creditor is
21 required to pay a third party, the percentage of the
22 principal amount owed, or 40 percent of principal amount
23 owed to the creditor for a debt?

24 MR. SOLANDER: Could you give us one moment?

25 THE HEARING OFFICER: Sure.

1 THE WITNESS: The--the statute isn't referring to
2 put it in the tariff. It is based on the contract with the
3 Company and the agency. So we establish that fee with the
4 collection agency, not the tariff between the customer and
5 ourselves. We establish it between the contract between the
6 agency and ourselves.

7 BY THE HEARING OFFICER:

8 Q Well, this particular statute addresses not only
9 creditors--debts, debtors, and third parties--so how could
10 it be limited to simply a creditor and a debt collector? It
11 seems that that would be beyond the scope of the intent of
12 the plain language of the statute.

13 A Just a moment.

14 Our tariff, again, is between us and our customer.
15 And that fee is not something that we are charging our
16 customer. It's the collection agency charging--we have a
17 contract with the collection agency, so the fee is the
18 collection agency fee.

19 I'm not making--I'm sorry. I'm not tracking to
20 how it gets to the tariff. It's a--it's a contractual--my
21 perspective--our perspective is, it's a contractual issue
22 between the collection agency and the Company. But then
23 what we're asking to do is have the collection agency charge
24 the former customer--we no longer have a relationship with
25 the customer--the fee. So I'm not--I'm not--I'm sorry. I

1 don't--I don't have any more of an answer for you.

2 Q Okay. I understand what your end goal is,
3 and--and I'm very clear on that. What I'm trying to better
4 understand is--and might be best if we consider this as a
5 hypothetical--if you're a customer who is--had their account
6 closed, so you would be technically a former customer, and
7 there is a tariff on the books that refers to reasonable
8 costs, that customer has no confirmed basis from which to
9 analyze their potential liability should they not pay their
10 bill and potentially be subject to attorneys' fees and
11 costs.

12 So what I'm trying to better understand is--I know
13 that the Company has taken the position that it can charge
14 up to 40 percent pursuant to some revised filings after the
15 technical conference, but for purposes of Commission review,
16 the Commission finds it very difficult to determine what
17 "reasonableness" means without any further clarification.
18 So that's what I was getting at with trying to--trying to
19 get that.

20 And inasmuch as it's the Company's relationship
21 with the customer, we would anticipate that, pursuant to the
22 tariff--that that would be specified by the Company that
23 would state what that fee is.

24 A The Company believes that this has been set by the
25 Legislature already and this is now a relationship between

1 that collection agency and our former customer that's not a
2 customer, that our--our tariff is a relationship with our
3 customers, and that we have charged the tariff rates. We
4 have done all the mandatory noticing and protections
5 required under the Commission's rule to notify the customer
6 of the amounts due and owing. We have offered a 55-day
7 grace period in which to do this. And from that
8 perspective, the debt is now turned over to the collection
9 agency.

10 There's other statutes in place which we've
11 referred to here that offers the former customer
12 protections. There's Fair Credit Collection Act guidance
13 out there that--the Company has followed all the protections
14 for our consumers. And at this point, we no longer have a
15 consumer, and this is a matter between the collection agency
16 and the customer. And if there's a dispute as to the
17 reasonableness of the fee that the collection agency is
18 charging the customer, that's to be taken up between the
19 agency and the former customer of the Company's.

20 Q Ms. Coughlin, let me make sure I'm understanding
21 you correctly. So you--you have filed a tariff--

22 A Right.

23 Q --which you're asking the Commission to review.
24 But at the same time I'm hearing you say that you believe
25 that this matter is outside the scope of the Commission's

1 jurisdiction?

2 A We are filing a tariff for the Commission to
3 approve to let customers know that if they choose not to pay
4 the bill for the service they had with the Company, that
5 they will have to incur the costs of that collection. If
6 they determine that they no longer want to be customers,
7 then they have made a determination not to pay the bill.

8 While we say this, we have also said that anyone
9 who chooses to come back to the Company as a customer has
10 the opportunity to pay that debt that's owed without paying
11 the fee. So there's a safeguard there for the customers.

12 We also give the customer, when turning this over
13 to the collection agency, that 15-day period, sending them a
14 letter, advising them, again, that this is going to be
15 turned over. We're perfectly willing to put verbiage in
16 that letter letting them know that there will be reasonable
17 costs and fees, etc., inside that letter when we do that
18 15-day friendly letter. We can do that. It just will not
19 have that fee in it. We will put a bill message on our
20 bills to advise customers with closing bills that should
21 they not pay it, they would incur fees.

22 Q So if I choose to establish service with
23 PacifiCorp and I'm--say I'm a new customer and I--I'm doing
24 my due diligence and I want to better understand what my
25 rates are and what potential repercussions there may be if I

1 don't pay a bill and I see that--assuming that this proposed
2 language is--is approved and I read it, what information can
3 I glean from that other than that there's some term
4 regarding reasonableness that holds me accountable,
5 potentially, to cost and fees? What--what sort of notice--
6 what kind of process is there that--that--that I can rely on
7 that--that gives me some explanation as to what "reasonable
8 costs" mean?

9 A They can--they can go back to the Utah statute to
10 understand what--what their option--or what collections
11 practices are in the state.

12 Q So is it your position--is it PacifiCorp's
13 position that "reasonable costs" is defined as 40 percent of
14 the principal amount owed to the creditor for a debt?

15 A There's--there's--I am not sitting here today
16 advocating one way or the other. I believe that the Utah
17 Legislature has set what they believe is reasonable in the
18 state.

19 What I--what I have said is what the current rate
20 is that our collection agencies are using today, which is in
21 no way close to 40 percent. I've relied on our experience
22 in Wyoming for five years that it's been set on the south
23 side of percent and has not been raised above percent
24 in those five years.

25 So all I can rely on today is, you have a statute

1 in the state of Utah that's already capped at 40 percent,
2 and believe that it's not a matter for the utility to set,
3 that we have--we have set rigorously our protocols on these
4 closing bills and giving notice and allowing customers
5 opportunity to pay, but--but beyond that, Utah Legislature
6 has already spoken as to what the reasonableness is.

7 Q Okay. So would it be fair to say that reasonable
8 costs up to and including 40 percent of the principal amount
9 owed to the credit--creditor for a debt--is that what--what
10 you're getting at?

11 A It is--I--it's not our intention to put the number
12 in the tariff. That would mean every time the Legislature
13 makes a change, we would change the tariff, because there's
14 already this guiding statute. We believe "reasonable cost"
15 is appropriate to put in there to put customers on notice
16 that they're going to--they would have to pay the fees of
17 the collection agency if they choose not to pay their Rocky
18 Mountain Power bill after the 55-day notice period that they
19 have had.

20 Q Okay. So taking one step further, would it be
21 correct, then, to say that "reasonable costs" include up to
22 40 percent of the principal amount owed to the creditor for
23 a debt, pursuant to 12-1-11 of the Utah Code and any
24 subsequent amendment which would take into consideration if
25 the Legislature chose to change that amount?

1 A That's an option. I don't know that that's--I
2 have not talked to others here to know if that's a preferred
3 option. It's an option to do that.

4 Q And the other thing that I was--I wanted to ask
5 you about is, you've mentioned that your current contracts
6 are at and percent. Is it--is it the intention of
7 PacifiCorp that although Utah Code does permit up to 40
8 percent of the principal amount owed to the creditor for a
9 debt, that you would be seeking something lower than that,
10 such as the or the percent?

11 A Well, we--we are not setting--I mean, we are not
12 billing that, so I guess it's not ours to say. What
13 we--what we want our agencies to do is to do an adequate
14 job, charge reasonable fees. And for me to sit here today
15 and say yes, I can say and is what they're charging in
16 today's world; when we go into new negotiation, will that be
17 and or will it be and --I don't know what that
18 market will do at that time. We obviously would like it to
19 be the fairest it can be and yet allow them to do a good job
20 in--in collecting for us.

21 Q So do you have a draft agreement with these
22 entities that proposes this new change and--and discusses
23 what the percentage should look like?

24 A We have already in the data responses filed copies
25 of the existing contracts. The process has not started yet

1 for the renegotiation with vendors for the end of this year.

2 While this process would go on, we will still have debts
3 that we are collecting under the old contracts.

4 Q So have you--have you entertained . . .

5 A I'm sorry.

6 Q Ms. Coughlin, have you entertained with Bonneville
7 Collection Agency or Express Recovery of Utah, or any other
8 entity that does debt collection, to propose to them what
9 you're thinking of doing that's presently pending before the
10 Utah Commission and--in an attempt to get some feedback or
11 baseline of where these companies stand as far as what kind
12 of fee they're looking for?

13 A These collection agencies--we would go out with an
14 RFP or the same--we would include the same ones we're using
15 today and are utilizing in our Wyoming experience. So
16 that--

17 Q Has any of that happened? Have you had any
18 conversations, even at just a very low level, non--not quite
19 to the RFP level?

20 A Yes. They've advised them that we are--we are
21 attempting to do this in Utah as well as Wyoming.

22 Q And what has the feedback been? Have they
23 indicated what they're willing to do as far as the
24 percentage they're willing to work for?

25 A There's--we don't set their fee. We don't put

1 their fee in our contract. It's been conversations advising
2 that this is what we're going to do. They're--they're
3 neutral. They're accepting the direction that we're going.
4 There's been--and Bonneville today is doing this for us in
5 Wyoming.

6 Q And what are they charging in Wyoming?

7 A Bonneville is percent for us. It's
8 percent-- to the customer?

9 MR. MUHLESTEIN: (Moves head up and down.)

10 THE WITNESS:

11 BY THE HEARING OFFICER:

12 Q So if they're doing it in Wyoming for percent
13 and right now their contract with you is percent, is
14 there any reason to believe that it should be any higher
15 than that?

16 A There's--all I can tell you at this point is
17 that's what they're doing. It is not a fee that we
18 negotiate with them for those customers that they add the
19 fee on to. So we are not part of that negotiation. They've
20 not led us to believe in any way that they are intending to
21 raise that. We've not been notified that they're raising it
22 for the customer. So from that regard, I would say there's
23 no reason that we would believe that's going to go up.

24 I--however, we do not negotiate that with them.

25 We don't--we don't believe it's going to go up. We would

1 certainly want to know that, if it's going to go up. But,
2 you know, it's also reasonable they could come tomorrow and
3 say "We're raising it to " or "We're lowering it to ."
4 We don't know.

5 And we are--because we negotiate with them, we
6 have a good relationship with them, I think that a
7 conversation, you know, is reasonable: "We expect you to do
8 a good job for us." But beyond--you know, we are not--
9 bottom line is, we are not setting that rate. It's not
10 going to be in our contract, because Utah statute . . .

11 Q And if you would, please, turn to the current
12 courtesy letter that's attached to the technical conference
13 updated June 20th, 2013, please.

14 A Right.

15 Q Just want to ask you a couple of questions about
16 some things on this page. Is this an example of a letter
17 that a customer would receive should they fall into this
18 category where they've become--I believe you call it
19 inactive?

20 A This is the letter that they would receive that's
21 produced by the collection agency once the inactive account
22 is assigned to the collection agency. So the customer at
23 this point has had 20 days to pay their closing bill, has
24 had an additional 20-days grace period, and then the account
25 is turned over to the collection agency.

1 In the meantime, we've also made an attempt on an
2 outbound phone call. So at day 41, let's say, this, then,
3 goes out by the collection agency and they advise the
4 customer they have 15 days to--to pay it.

5 Q Okay. At the beginning of the letter it says,
6 "During your move." And my understanding is that this
7 tariff, should it be approved, could apply in a couple of
8 different circumstances. It could apply if somebody does
9 move and doesn't pay, and it could apply if somebody doesn't
10 pay and has their service turned off. So I assume that they
11 send different letters, depending on the circumstances?

12 A This is the--the only letter that goes out.

13 Q At the bottom of the letter, there is an asterisk,
14 and it states, in red, "Future Change. When approved, Rocky
15 Mountain Power will add language in the courtesy letter
16 advising former customers of the collection agency fees."
17 Is there, in fact, an example letter that does incorporate
18 that?

19 A We have not drafted that yet.

20 Q So you don't have that proposed language for the
21 Commission?

22 A We did not draft that yet. We would--but we are
23 more than willing to do that.

24 Q On the last page of the same document that we're
25 looking at, just wanted to clarify something with you. It

1 appears there may be a typo or an incomplete sentence, but--
2 this is the last page, which starts with "The consultant
3 shall add." I'm looking at the third sentence, which begins
4 with, "It is agreed." Could you take a moment to read that,
5 and let me know if I'm understanding that correctly, or is
6 there a typo or there's something left out? It appears to
7 be an incomplete sentence.

8 A I would have to take this and proofread it against
9 the contract to see if there's a typo there. It appears
10 that if you would remove the word "that" in--one, two,
11 three--line five, "regulation states the customer," it reads
12 better, but I honestly would need to pull the contract and
13 see.

14 Q Which contract are you referring to?

15 A This is a paragraph out of our existing collection
16 agency agreement--

17 Q Okay.

18 A --with Bonneville. And I don't--I don't believe
19 in my piles of paper here that I have that contract with me,
20 Judge Reif.

21 Q Okay. Thank you.

22 A But again, the point of this was to illustrate
23 that we do think that there's a way for us to have
24 clearer--we discussed this in the technical conference--that
25 it may not be the crispest language in that we would be

1 looking at that when we contract.

2 Q Would that also apply to the first sentence of
3 this--

4 A Yes.

5 Q --contract language?

6 A The first sentence specifically, I believe
7 that's--is that in red on yours?

8 Q Yes, it is.

9 A And there was a sentence later on that was red.
10 There were questions about those during the technical
11 conference. And we agree that we would like to clarify
12 those when we negotiate at the end of the year.

13 Q And I guess that begs the very question of the
14 proposed tariff language, inasmuch as it refers to a
15 reasonable fee. Would it not make sense that if you
16 clarified the first sentence, that the proposed tariff
17 language would be clarified accordingly?

18 A I don't believe that the contract language and the
19 tariff language have to mirror itself. They're two
20 different purposes, two different audiences. I do agree
21 that this paragraph needs to be a little clearer. I--it's
22 not the intention to necessarily change the "reasonable fee"
23 portion of it that--"reasonable collection fee."

24 Q Well, let me see if I can help you out.

25 A Okay.

1 Q Okay. So earlier we were talking about the
2 proposed tariff and about how that might be augmented to
3 include your reasonableness approach and also the 40 percent
4 limitation under Utah Code and any amendment thereafter. If
5 this sentence were similarly adjusted, would you see any
6 objection in making this sentence and the proposed tariff
7 language similar?

8 A Can I talk to my attorney?

9 Q You may.

10 A From the--from the perspective that yes, if tariff
11 change is made, the contract needs to be reflective to be
12 consistent with the tariff, agreed in that respect. Whether
13 the contract language is word for word the tariff, I can't
14 say. It's not been negotiated. Hasn't been written. But
15 it cannot be contrary at all to anything that we have in the
16 tariff. That is agreed and could be carried through in that
17 respect.

18 Q Okay. I'd like you to next go to PacifiCorp's
19 June 25th, 2013, letter sent to the Commission, attention
20 Gary Widerburg, Commission secretary. Do you have that?

21 A Yes.

22 Q Okay. If you would kindly go to the second page,
23 please, the very first paragraph states, "If a former
24 customer does not submit payment for their outstanding debt
25 to the collection agency, they are also not paying the

1 collection agency fees, nor is the Company paying the
2 collection agency fees."

3 A Right.

4 Q While this may be factually correct, doesn't it in
5 some way skirt the real issue here, which is that it is the
6 Company's desire to remove itself from debt collection and
7 to ask a third party to take over that debt collection and
8 to make a customer--a former customer responsible for the
9 fees that may be incurred in debt collection?

10 So it--it seems a bit unfair to state that if a
11 former customer doesn't pay, no collection agency fee is
12 paid. I mean, that may be factually correct, but is that
13 really what you're trying to achieve?

14 A The point of the sentence is, there has been
15 concern raised about people who have income challenges, that
16 this could be difficult for them. And the intent of the
17 sentence is, if you have a low-income customer to say that
18 doesn't pay--there's no money for a collection agency to get
19 from them, but they're not getting the fee either, so
20 they're not further harmed by a collection agency fee. They
21 always have the opportunity to come back to the Company and
22 reestablish service without any fee.

23 So it's purely that if you can't pay the
24 collection agency, then you're not paying this fee, whether
25 it's 5 percent, 10 percent, 20 percent. They're not paying

1 the fee if they don't ever pay the debt.

2 Q Well, let's assume for a moment that you had a
3 customer who moved to Florida, so they're no longer your
4 customer, and they're never going to be your customer again,
5 and they have an outstanding bill and they are living on
6 limited means. And so they are pursued by the debt
7 collection agency and they don't pay. They don't have the
8 ability to pay. Are you saying that you're going to forgive
9 the debt?

10 A The debt is not forgotten. The debt stays on the
11 account. It shows on the account for the--the period in--
12 which falls under the statute of limitations, 180 days. It
13 goes to write-off, but the records still reflect that there
14 was an unpaid debt on the account. If they choose to come
15 back to us, that they can pay the debt, reestablish service
16 if it's a collectible debt, if it's in the time payments of
17 collectible debt. The collection agency, the same thing:
18 They can pursue it to the best of their ability till they
19 determine that there's nothing there to pursue.

20 Q But don't--don't they pursue it to the point of
21 judgment, regardless of--

22 A Not every debt.

23 Q --regardless of financial ability?

24 A Not every debt.

25 Q What percentage do they pursue to judgment?

1 A I don't--I would not have that information. I--
2 what we produced in the presentation was on our rates.

3 Q Okay. Could you--could you clarify for me,
4 please, what the grace period is during which a customer can
5 right themselves and pay their outstanding bill without
6 being subject to the fee that the debt collection agency
7 would be charging under this scenario?

8 A Sure. Absolutely. There's two ways. First of
9 all, from the time a closing bill is rendered, they have 20
10 days to pay that bill. They have a due date of 20 days.
11 Following that time period, we have a 20-day courtesy
12 period. So that's 40 days right there. At that point, we
13 will turn the debt over to the collection agency, where they
14 will have another 15 days from the time the letter is sent.

15 Q And is that what you referred to as the 15-day
16 grace period?

17 A Fifteen-day grace period for that--what we call
18 the friendly letter, I believe is how we refer to it.

19 Q Okay. At technical conference, a question was
20 raised, what would happen in the instance if the Company
21 becomes aware of a customer being available at a different
22 address than the address you have on file. Since that
23 technical conference, has there been any change in the
24 Company policy as to how it approaches those issues?

25 A No. It's the same on what was provided in the

1 updated technical conference presentation, was some
2 information that you had asked for with regard to how many
3 payments come in in the first 20 days, the second 20 days,
4 and during that 15-day period.

5 We also found that we have a very limited number
6 of return mail that comes back, and that's been updated in
7 here too. We have 6 percent returned mail. What you
8 generally will see is if a customer has forgotten this and
9 has done a mail forward, their bills get forwarded to them
10 and that payment then comes into that second 20-day bucket
11 is what the statistics appear.

12 Q Okay. So is there any extension of the grace
13 period or the courtesy period that you've defined when you
14 are notified that the address you have on file may not be a
15 current address?

16 A No, there is not. Remains the same.

17 Q Could you please, if you have it handy, pull the
18 document which is entitled "Docket 13-035-T08." It's in
19 handwriting. And it says, "Tech Conference 6/11/2013." And
20 it begins with 1.1 and it addresses a number of questions.
21 The first one says, "Please provide a copy of any written
22 agreements." Just wanted to ask you some clarification--

23 A Okay.

24 Q --about something.

25 In the third paragraph of paragraph 1.1, starting

1 with the sentence which starts with the quotation "The
2 consultant shall add a reasonable collection fee," there is
3 a reference at the end of that referring to the supplier, in
4 capitals. What does that mean?

5 A Be the collection agency.

6 Q Collection agency? Okay. Thank you.

7 Thank you for answering my questions,

8 Ms. Coughlin.

9 A You're welcome.

10 THE HEARING OFFICER: Are there any redirect?

11 MR. SOLANDER: No redirect.

12 THE HEARING OFFICER: Okay. Thank you.

13 Ms. Schmid?

14 MS. SCHMID: Thank you. The Division would like
15 to call Mr. Justin Christensen as its witness. Could he
16 please be sworn?

17 THE HEARING OFFICER: Mr. Christensen, would you
18 please raise your right hand? Do you swear that the
19 testimony you're about to give is the truth?

20 MR. CHRISTENSEN: I do.

21 THE HEARING OFFICER: Thank you.

22 JUSTIN CHRISTENSEN,

23 being first duly sworn, was examined and testified as

24 follows:

25 EXAMINATION

1 BY MS. SCHMID:

2 Q Could you please state your full name and business
3 address for the record?

4 A It's Justin Christensen. And the business address
5 is 160 East 300 South, Heber Wells Building, Fourth Floor,
6 Salt Lake City, Utah.

7 Q Thank you. And what is your position and
8 employer?

9 A My position is utility analyst with the Department
10 of Public Utilities.

11 Q Division?

12 A Or--sorry--Division, yes.

13 Q On behalf of the Division, have you participated
14 in this docket?

15 A Yes, I have.

16 Q Did you prepare or contribute to a memorandum
17 filed April 16th?

18 A I did.

19 MS. SCHMID: May we mark that for identification
20 as DPU Hearing Exhibit 1?

21 THE HEARING OFFICER: Any objection?

22 MR. SOLANDER: No objection.

23 BY MS. SCHMID:

24 Q Do you have any changes or additions to this
25 memorandum?

1 A I do not.

2 Q Did you cause to be prepared or contribute to a
3 memorandum dated June 25th, 2013, that was filed in this
4 docket?

5 A I did.

6 MS. SCHMID: May we mark that DPU Hearing
7 Exhibit No. 2, please?

8 THE HEARING OFFICER: Any objection?

9 MR. SOLANDER: No objection.

10 BY MS. SCHMID:

11 Q Do you have any changes or additions to that
12 memorandum?

13 A I do not.

14 Q Do you adopt what's been identified as DPU
15 Exhibit--Hearing Exhibit 1 and DPU hearing Exhibit 2 as your
16 testimony?

17 A I do.

18 Q Do you have a summary to present today?

19 A Yes, I do.

20 MS. SCHMID: Before then, I'd like to move the
21 admission of DPU Hearing Exhibit 1 and DPU Hearing
22 Exhibit 2.

23 THE HEARING OFFICER: They're admitted.

24 (DPU Hearing Exhibits 1 and 2 were admitted into evidence.)

25 MS. SCHMID: Thank you.

1 BY MS. SCHMID:

2 Q Please proceed.

3 A In reference to Electric Service Regulation 3, the
4 Division recommends that the Commission approve Rocky
5 Mountain Power's proposed modification filed on March 7,
6 2013.

7 The Company proposes the following changes:
8 Number 1, the provision would apply only to terminated
9 customers or those who have had their service suspended and
10 following the due and payable date of the customer's closing
11 bill; No. 2, the costs the customer will be responsible for
12 are the reasonable costs associated with the collection of
13 unpaid accounts; No. 3, collection agencies add their fee to
14 the outstanding debt required from former or inactive
15 customers; No. 4, collection agencies will only bill fees to
16 the Company when collection agencies recover debt on an
17 account assigned to them prior to the effective date of the
18 tariff and contract amendment; No. 5, the Company's
19 customers will no longer subsidize the collection agency
20 costs in their rates.

21 With the annual amount being relatively minor and
22 the language change consistent with the principal of cost
23 causation and ratepayer neutrality, the Division believes it
24 is appropriate for the Commission to approve the
25 modification now instead of in a rate case.

1 With the reasons stated, the Division recommends
2 the Commission to approve the modification to the Company's
3 Electric Service Regulation 3.

4 MS. SCHMID: Thank you.

5 Mr. Christensen is now available for
6 cross-examination and questions from Judge Reif.

7 THE HEARING OFFICER: Mr. Solander?

8 MR. SOLANDER: No questions. Thank you.

9 MS. MURRAY: No questions.

10 EXAMINATION

11 BY THE HEARING OFFICER:

12 Q Mr. Christensen, thank you for your testimony
13 today. Earlier, in Ms. Coughlin's testimony, we were
14 discussing the proposed tariff language, which includes the
15 term "reasonable fee." And--and during your summary, I
16 believe you referred to the tariff as being a minor change;
17 is that correct?

18 A The--no, the annual amount being relatively minor.

19 Q The annual amount being relatively minor. Okay.

20 As a ratepayer, how--how would you know what your
21 potential liability is if the tariff were to be approved as
22 presently presented?

23 MS. SCHMID: Perhaps I can help?

24 THE HEARING OFFICER: I'm asking Mr. Christensen.
25 Thank you.

1 THE WITNESS: Can you repeat the question, please?

2 BY THE HEARING OFFICER:

3 Q My question is, as a ratepayer, given the tariff
4 as proposed--and the tariff as proposed, as reading that
5 essentially if you default on your payment, you may be
6 responsible for reasonable fees and costs--how do you know
7 what your--what your potential liability is based on that
8 language?

9 A Yeah, the specific amount--we can go based on just
10 the word "reasonable."

11 Q And does that mean a certain percentage to you?

12 A No, as far as I know, just the maximum of the 40
13 percent.

14 Q But where does it say that?

15 A Just based on the testimonies that we've heard
16 today.

17 Q So you're relying on a statute that isn't
18 specifically cited in the proposed tariff language?

19 A Yes.

20 Q Would it be the Division's position that if the
21 tariff were proposed with the language discussed earlier
22 with the modifications, noting that the reasonable fee may
23 be up to 40 percent, or as further amended by the Utah
24 Legislature, that that would provide a ratepayer with a
25 better understanding as to what his or her liability may be

1 should they default on their account with PacifiCorp?

2 MS. SCHMID: May we have a moment to discuss that?

3 THE HEARING OFFICER: Sure.

4 MS. SCHMID: Thank you.

5 THE WITNESS: Yes, that's--that's our position.

6 BY THE HEARING OFFICER:

7 Q Thank you, Mr. Christensen.

8 I wish to ask you a couple more questions. And
9 thank you for your patience. With respect to the Division's
10 filing which has been marked DPU Hearing Exhibit No. 2, on
11 page 3--and do you have a copy of that before you?--
12 beginning with the paragraph that starts with "One of the
13 main concerns"--do you see that paragraph?

14 A Yes, uh-huh (Affirmative).

15 Q Okay. If you--if you go to the third sentence, it
16 reads, "First, the fees will only be incurred if the
17 inactive customer chooses to pay the debt." Isn't that true
18 and false at the same time? In other words, a customer
19 could choose to pay and be free of the debt and could also,
20 as the Company proposed in a document that was referred to
21 earlier--could not pay and also be free of their debt? So
22 isn't that true and false?

23 A Yes, that could be both true and false.

24 Q So could you help me understand--I--I read this a
25 couple of times and I didn't understand your next sentence.

1 It states, "This, of course, may not be of real comfort if
2 the collection agency undertakes legal action." Who--I
3 don't understand that. And what interest does the Division
4 have in the collection agency?

5 A Our--our main, you know, concern is the ratepayer
6 neutrality, to make sure that, you know, the issue of
7 fairness to all ratepayers considered. And so I think
8 that's our main point we're trying to show, that as far as
9 the ratepayers in whole, you know, is it reasonable for the
10 fees that have been caused by a percentage to be passed on
11 to everybody.

12 Q So are you taking the position that the defaulting
13 customer that doesn't pay his or her bill should be borne by
14 the ratepayers at large?

15 A Sorry. State that again.

16 Q So are you--is the Division taking the position
17 that the ratepayers in general should be responsible for
18 paying the debt--the bad debt of nonpaying customers?

19 A No--no, that's not our position. No, our position
20 is to make sure that the--you know, that ratepayer
21 neutrality is being met. And we feel, with the current
22 practices of this, that it's not being met, and that we
23 believe that with the changes, it will be met.

24 Q And I believe it's also your testimony that with
25 the amendment that we just discussed a few moments ago--I

1 don't want to put words in your mouth, but you would support
2 that as well?

3 A Yes.

4 Q Okay. You've emphasized some important--important
5 things: ratepayer neutrality, fairness. I think you may
6 have even mentioned equitable. And--do you think that those
7 goals would be better addressed by having more clarification
8 in a tariff that helps ratepayers who may become defunct
9 somewhere down the road know up front what their potential
10 liability is?

11 A Yes, I think the--the most clarification possible
12 would be, you know, of benefit for the ratepayers.

13 Q Thank you, Mr. Christensen.

14 THE REPORTER: Sorry. Can you just repeat that?

15 THE WITNESS: Yeah. The most clarification
16 possible would be of benefit to the ratepayers.

17 THE HEARING OFFICER: Thank you again,
18 Mr. Christensen. I have no further questions.

19 Is there any redirect?

20 MS. SCHMID: None.

21 THE HEARING OFFICER: Thank you.

22 Ms. Murray, do you wish to give your statement
23 or--do you wish to be put under oath?

24 MS. MURRAY: I do.

25 THE HEARING OFFICER: Okay. Very well. Please

1 raise your right hand. And do you swear that the testimony
2 you're about to give is the truth?

3 MS. MURRAY: Yes.

4 THE HEARING OFFICER: Thank you.

5 TESTIMONY OF CHERYL MURRAY

6 MS. MURRAY: My name is Cheryl Murray. I'm a
7 utility analyst with the Office of Consumer Services. I
8 would just note that the Office filed comments on April 29th
9 and June 25th, and they're already part of this record, I
10 believe. They were filed with the Commission.

11 The Office of Consumer Services is responsible for
12 assessing the impact of utility rate changes and regulatory
13 actions upon residential and small commercial customers;
14 therefore, our analysis is focused on implications of the
15 Company's request upon those customers.

16 The Company argues that this change will make
17 those customers that cause--that cause collection agency
18 fees and costs to be incurred responsible for paying those
19 costs, thus eliminating subsidization by other customers.
20 In general, the Office is a proponent of the principle of
21 cost causation; however, there were factors beyond cost
22 causation that must be considered.

23 This proposal represents a significant change from
24 current practice. The Office asserts that the Commission
25 must give careful consideration to the potential impacts

1 upon those customers which will be assigned collection
2 agency fees and costs. If the Commission approves the
3 Company's request, the Company will still be the contracting
4 agent with the collection agency but will be relieved of all
5 responsibility for determining the fees that can be assigned
6 to customers.

7 The Office asserts that the Commission cannot find
8 the potential for customers to be charged a 40 percent fee
9 to be on their bills to be just and reasonable in result and
10 in the public interest. The Office recommends that the
11 Commission deny the Company's requested language addition to
12 Electric Service Schedule No. 3.

13 The Company's proposal is not in the public
14 interest for the following reasons: The proposal allows
15 collection agencies to determine what level constitutes
16 reasonable cost, with the only cap on costs set at 40
17 percent, which certainly would be unreasonable--an
18 unreasonable level. The proposal does not prevent
19 discriminatory treatment of similarly situated customers.
20 Some customers may be charged 20 percent, some 25, 30, or
21 35, even up to 40 percent.

22 Ms. Coughlin made a statement about the
23 Commission's authority and that the State Legislature has
24 determined reasonableness in setting the 40 percent. And I
25 think the implication was that the Commission--it's not

1 their authority, it's done by the State. And this
2 Commission is always making a determination of just and
3 reasonable and what is in the public interest. Since this
4 appears to perhaps be a legal argument, we would need to
5 consult with an attorney and submit something in writing
6 following the hearing.

7 There's one other matter that I would just speak
8 to. And I apologize for this. I probably should have,
9 when--asked Ms. Coughlin this when you gave me the
10 opportunity. But Ms. Schmid asked about the case where a
11 prior customer, if they have been assigned to a collection
12 agency and then they return to the electric company and they
13 pay the outstanding bill, then they are relieved of the
14 responsibility of paying those collection agency fees.
15 They--the collection agency cannot collect them.

16 I believe that Ms. Schmid also asked about court
17 costs. And I think that Ms. Coughlin said that they don't
18 pay any fees. But I think that once it has been turned over
19 to a court, then that changes things if--so my understanding
20 was that court fees would--and legal fees, once that legal
21 action has taken place, that creates a different scenario.

22 And that concludes my statement--or my testimony.

23 THE HEARING OFFICER: Ms. Murray, just for
24 clarification regarding your last point, are you referring
25 to--when you refer to court proceeding, are you referring to

1 when a judgment is trying to be obtained by the debt
2 collector?

3 MS. MURRAY: Yes, I am.

4 THE HEARING OFFICER: Any questions for
5 Ms. Murray?

6 MR. SOLANDER: Yes, please.

7 EXAMINATION

8 BY MR. SOLANDER:

9 Q You referenced the 40 percent fee several times
10 during your statement there.

11 A Yes.

12 Q Is that fee a rate being charged by Rocky Mountain
13 Power to its customers?

14 A It is not a rate, no.

15 MR. SOLANDER: That's all I have. Thank you.

16 THE HEARING OFFICER: Ms. Schmid?

17 MS. SCHMID: No questions.

18 EXAMINATION

19 BY THE HEARING OFFICER:

20 Q Okay. Ms. Murray, just a couple of questions,
21 please. And thank you for your testimony today.

22 And in part, this--this question goes to all of
23 the parties. And I do wish to note that this is an
24 important distinction which 12-1-11 does provide. Under the
25 section that was read into the record earlier by

1 Ms. Coughlin, under subsection (3)(b), it does allow for
2 the--right now there's a cap at 40 percent for debt
3 collection, but in the very next section, it addresses the
4 imposition of attorneys' fees.

5 So I just hope that everybody is keeping in mind
6 that the tariff as it's proposed is for fees and costs and
7 attorneys' fees. And so just for clarification, I want to
8 be sure that we're all understanding that under 12-1-11,
9 that 40 percent is not necessarily the--the extent of the
10 calculation, as I understand it.

11 Ms. Murray, you raised a question--and perhaps you
12 may want to reiterate it--and were requesting perhaps some
13 time to have legal counsel brief an issue which you believe
14 has legal significance in this case. Could you reiterate
15 your concern and we can address that with the parties?

16 A Okay. It has to do with the--it seemed that
17 Ms. Coughlin was saying that--

18 MR. SOLANDER: Objection. I--my objection is, it
19 appears that she's trying to restate something that was said
20 by Ms. Coughlin.

21 THE HEARING OFFICER: I--please proceed,
22 Ms. Murray.

23 I believe she's indicating that her understanding
24 of--

25 THE WITNESS: My understanding of what

1 Ms. Coughlin was saying is that the Legislature has
2 determined what is a reasonable amount that can be set
3 for--I don't know--collection agency--anyway, the 40 percent
4 is the maximum that would be within the bounds of
5 reasonableness, and therefore, that the Commission is
6 removed from that determination is--because it would no
7 longer, I guess, be within the Company's--it would be out of
8 the Company's hands as well.

9 But I guess what I'm--sorry--what I'm thinking is
10 that we would want to consult with counsel to see if they
11 agree with that assessment that the Legislature has made
12 that determination and therefore the Commission is relieved
13 of--or precluded from making a different determination,
14 because that is not our view at all.

15 BY THE HEARING OFFICER:

16 Q So you're not necessarily asking to brief the
17 issue, but you would at least like to--you'd like to have an
18 opportunity to discuss it with your counsel?

19 A Yes, your Honor.

20 THE HEARING OFFICER: Mr. Solander, would you like
21 to address Ms. Murray's--

22 MR. SOLANDER: Sure. I believe if this is a new
23 argument that's being raised at this time, the Office, as
24 well as the other parties, had adequate time, through a
25 procedural schedule in this case, to brief this issue or

1 raise it in their comments. I think at this point the
2 record is closed, and the Company would ask that the
3 decision be made on the record before the Commission at this
4 point.

5 THE HEARING OFFICER: Isn't the issue the issue
6 that was raised by the Company today? I think that's what
7 Ms. Murray is saying.

8 MR. SOLANDER: I think the statute speaks for
9 itself. I mean . . .

10 THE HEARING OFFICER: But Ms. Murray is not an
11 attorney, so she's asking for an opportunity to speak with
12 counsel about the issue.

13 MR. SOLANDER: And then present new evidence at
14 the Commission that could have been presented before during
15 the pendency of this proceeding?

16 THE HEARING OFFICER: I don't know that she's
17 asking to do that.

18 MR. SOLANDER: Okay. That would be our objection,
19 but okay.

20 THE HEARING OFFICER: Ms. Schmid, do you have a
21 response?

22 MS. SCHMID: I believe that perhaps a break or an
23 adjournment of the proceedings would be helpful, and we
24 could discuss amongst ourselves what we may think is an
25 appropriate process. And then perhaps we could go back on

1 the record and see if that's acceptable to you. So if we
2 could perhaps take a just a five-minute recess or so.

3 THE HEARING OFFICER: Sure. Why don't we make
4 it--why don't we come back at quarter after. And just for
5 clarification, it's ultimately the Commission's decision.

6 MS. SCHMID: Yes.

7 THE HEARING OFFICER: Okay.

8 MS. SCHMID: Yes. Okay.

9 THE HEARING OFFICER: Again, thank you, everyone
10 for your time and all of the testimony that's been given
11 today. We'll be in adjournment for approximately ten
12 minutes.

13 MR. SOLANDER: Thank you.

14 (Recess taken, 3:03-3:18 p.m.)

15 THE HEARING OFFICER: Back on the record, please.

16 My questions--I have a few questions, and I'd like
17 to ask Ms. Coughlin.

18 EXAMINATION (CONTINUED)

19 BY THE HEARING OFFICER:

20 Q Ms. Coughlin, I'd like to remind you you're still
21 under oath and wish to thank you for your continued
22 testimony in this case.

23 During your testimony earlier, you referred
24 to--that at some point these contracts that may be going out
25 to the debt collectors would be going out through RFP. And

1 is there any reason why those RFPs couldn't specify that
2 they would need to have a particular percentage or a fee
3 designated so that it could be clear up front what the
4 Company would be charging, assuming that the new regime that
5 you're suggesting would be permitted by the Commission?

6 A I guess I'm misunderstanding what you mean, the
7 fee up front that the Company would be charging, because--

8 Q I'm sorry. If I said "Company," I misspoke. I
9 meant the debt collection agency.

10 So if you were--if you were requesting RFPs for
11 contracts from debt collection agencies, is there any reason
12 why those RFPs could not state up front what the debt
13 collection agencies would be willing to work for in terms of
14 the percent that they'd be willing to charge, similar to
15 what they do for you right now?

16 A The RFP process would indicate what the statutory
17 obligations are within the state. We would ensure that it
18 met Utah law, Wyoming law, etc. But beyond that, we don't
19 necessarily--and I'm going to have to look to see--make sure
20 I'm stating this--procurement negotiates that so that they
21 get the best deal for the Company if it's a Company fee.
22 Where this is not a Company fee, we're talking about what
23 the agency is going to charge the customer.

24 So from the perspective of what we can provide,
25 we're limited to say you have to be within the law of the

1 state, but it's a fee set by the agency and not by the
2 Company.

3 Q Right. And I understand that. But in requesting
4 that information, would it not be possible for you to
5 request that the credit agency define what they intend to
6 charge the customer so that you know up front and so that
7 potentially your request that's pending may be more
8 specific?

9 A Yeah, I--yeah, it's, again, part of the
10 procurement process. And I mean, it--I don't know the
11 answer to the question.

12 Q Do you work with procurement?

13 A I do not do the contracts with procurement for
14 something like this, no.

15 MR. SOLANDER: Judge Reif, if I can interject just
16 regarding the percentage, it has come to my attention that
17 the percent charged by the agencies, the negotiated number
18 that they currently charge the Company in the process now,
19 are confidential. And I spoke with the court reporter and
20 asked that that number--if that could be redacted from the
21 transcript, if that would be acceptable to the Commission.
22 There were a couple of percentages that were referenced
23 earlier when you were examining Ms. Coughlin, and we didn't
24 realize at the time they should have been confidential.
25 They were filed in the docket as confidential.

1 THE HEARING OFFICER: So the information is in the
2 docket that--the percentages that were stated?

3 MR. SOLANDER: Correct. And we'd just ask that
4 they be redacted from the transcript--

5 THE HEARING OFFICER: Okay.

6 MR. SOLANDER: --if it's posted online.

7 THE HEARING OFFICER: Inasmuch as they are part of
8 the record--and I do think that that will be helpful for the
9 Commission to know--I think that's acceptable. Assuming
10 there's no objection. Thank you, Mr. Solander.

11 Mr. Solander, do you have a witness here who could
12 address the procurement question?

13 MR. SOLANDER: I don't believe that I do.

14 BY THE HEARING OFFICER:

15 Q Ms. Coughlin, I believe in your earlier testimony
16 you made reference to once legal action is initiated, a
17 customer who has gone into default may or may not be able to
18 come back to the Company and pay their outstanding amount
19 due. Could you clarify this for me, please?

20 A If it--are you referring to if a collection agency
21 has taken legal action?

22 Q Well, I'm assuming that that's what you meant.
23 Unless you, as a Company, take legal action.

24 A No, it would be the collection agency would take
25 legal action.

1 Q Okay. Okay.

2 A In the collection of the debt, if the collection
3 agency so chooses to go down that route, they could take
4 collection--legal action to collect the debt, to get a
5 judgment for it. And at that time, the customer--former
6 customer of ours--I don't know what you call them with the
7 collection agency--would be responsible to pay the court
8 cost, attorneys' fees, those type of fees.

9 If the customer were to come back to the Company
10 and wanted to reestablish service, the customer could
11 reestablish service for the amount of the debt that the
12 Company was owed. The collection--the customer would still
13 be responsible to the collection agency for the legal fees
14 and those type of fees. Is that--

15 Q Would they be required to pay those legal fees and
16 costs before reestablishing service?

17 A No, they are not. The only thing that would be
18 required to reestablish service would be the payment of the
19 debt to the Company. That is separate from the issue of the
20 other fees, expenses that they would have to pay the
21 collection agency.

22 Q Okay. With the proposed change that your
23 application addresses, is the Company in any way selling its
24 debt to these debt companies?

25 A No, we are not.

1 And I believe I have a clarification here from
2 your prior question. I've just been corrected. If it--if
3 it is in legal action, we do not recover and establish--we
4 do not recover the debt. That is done by the collection
5 agency if it's in legal action. If it's not in legal
6 action, they can reestablish service by paying the debt to
7 the Company.

8 Q Okay. So Customer A defaults, moves away, service
9 is terminated, and the Company pursues them, and then it
10 goes to debt collection. Debt collection pursues it all the
11 way to a judgment. Customer comes back to Utah, says,
12 "PacifiCorp, I want to be your customer again." You refuse
13 service?

14 A We do not refuse service in that case. If they've
15 taken it all the way through the course of the legal action,
16 we do not refuse service. But at that time, then, the
17 deposit requirements would kick in for the--the potential--
18 or the applicant.

19 Q And would the deposit be to cover in the event
20 they default again or is it to cover the judgment that
21 already exists?

22 A No, that's--that's in the event they default
23 again.

24 Q And what would that amount be?

25 A Average of two months' bill. Average--I'm sorry.

1 I--

2 Q How do you know what the average of two months'
3 bills would be if the customer reestablishes service?

4 A The history at the site.

5 Q Even if they're at a different site?

6 A Right at the site.

7 Q At the site. Okay.

8 A Yeah, the address--address that they're applying
9 for service.

10 THE HEARING OFFICER: Okay. Okay. Are there any
11 follow-up questions based on the questions I raised with
12 Ms. Coughlin?

13 Okay. Ms. Schmid, thank you for your patience.

14 MS. SCHMID: Thank you.

15 We propose that a five-page brief, excluding
16 service list, be submitted to the Commission on 7/15,
17 addressing the issue--and if--and people may want to try and
18 craft the issue statement a little better: Does the
19 Commission have jurisdiction to set a collection percentage
20 for a former Rocky Mountain Power customer after a
21 delinquent account has been turned over to collections, or
22 does Utah Code Annotated 12-1-1, et seq., preclude the
23 Commission from doing so?

24 THE HEARING OFFICER: Mr. Solander, do you have a
25 position on this?

1 MR. SOLANDER: Could the court reporter read it
2 back really slowly? But I think generally I agree. I just
3 want to make sure that I have it written down exactly
4 correctly.

5 (The following was read:

6 "We propose that a five-page brief, excluding
7 service list, be submitted to the Commission on 7/15,
8 addressing the issue--and people may want to try and craft
9 the issue statement a little better: Does the Commission
10 have jurisdiction to set a collection percentage for a
11 former Rocky Mountain Power customer after a delinquent
12 account has been turned over to collections, or does Utah
13 Code Annotated 12-1-1, et seq., preclude the Commission from
14 doing so?")

15 THE HEARING OFFICER: Thank you, Scott.

16 MR. SOLANDER: That's acceptable to Rocky Mountain
17 Power.

18 THE HEARING OFFICER: Ms. Murray?

19 MS. MURRAY: Yes, that's acceptable. Thank you.

20 MS. SCHMID: If I may, I'd also like to note that
21 the Office does not have counsel at this time, and I would
22 not be--the Division would not be adverse if the Office
23 needs to seek an extension on the due date due to counsel
24 inaccessibility.

25 THE HEARING OFFICER: Okay. Thank you.

1 I'm wondering if--if the parties are missing the
2 issue here, which is that Rocky--excuse me--PacifiCorp,
3 their tariff addresses notice to current customers who may
4 become in default in the future. And inasmuch as that's the
5 case, I don't think there's any question whatsoever about
6 jurisdiction, and that the Commission has every right to
7 evaluate this application. That's the very reason that it
8 was brought before us. That's the very reason why we're
9 hearing it. And--so I--I'm not sure that the request to
10 brief the issue is entirely well taken. But if the parties
11 feel that it is pertinent and would be helpful to the
12 Commission in making a determination in this, and also with
13 the understanding that Ms. Murray may need additional time,
14 given counsel constraints, I certainly don't see any harm in
15 allowing it.

16 I meant to ask this earlier, and it just--it's
17 something that the Commission may wish to know, Mr. Solander
18 and Ms. Coughlin: Inasmuch as you're requesting what you're
19 requesting but yet you have no discussions, not even
20 preliminary discussions, with companies about this issue, it
21 seems like in order to make this tariff work, you would need
22 to have things ready to go, and the Commission may find it
23 helpful. But as I understand the testimony, there haven't
24 been any discussions yet with the companies that you may be
25 discussing this with, so--

1 MR. SOLANDER: Are you asking us to file a
2 contracts for approval with the Commission?

3 THE HEARING OFFICER: No, I'm not asking that.
4 But when--I asked earlier if there was any discussion under
5 way or do you already have contracts in place, so that we
6 have a better understanding of what the companies were
7 anticipating as far as--

8 MR. SOLANDER: We do have this process in place in
9 Wyoming, so we have some experience to base an expected path
10 going forward on.

11 THE HEARING OFFICER: But the testimony has been
12 that you don't have anything established here and that
13 there's no--that there's nothing to assure what--what the
14 companies may be charging or wishing to charge, and whether
15 that would be within the range of reasonableness that you've
16 proposed in your--in your tariff. So if there's something
17 else that you wish to add, please do so; otherwise, I think
18 that what Ms. Schmid has requested is reasonable. And
19 should Ms. Murray or the Office need additional time, that's
20 certainly understandable.

21 And we can adjourn with the understanding that
22 briefs will be filed no later than July 15th and they should
23 be no more than five pages and they should address the issue
24 that's been read into the record. And if you believe that
25 this issue is pertinent and relevant and would be helpful to

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the Commission, you're welcome to do so.

So are there any questions?

Okay. We'll be adjourned. Thank you very much
for your time today.

(Proceedings adjourned at 3:36 p.m.)

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CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, SCOTT M. KNIGHT, a Registered Professional Reporter and Notary Public in and for the State of Utah, residing at South Jordan, Utah;

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

Scott M. Knight, RPR
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