



State of Utah
Department of Commerce
Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

Brenda Salter, Technical Consultant

Date: April 1, 2015

Re: **Rocky Mountain Power's Petition for Limited Waiver of R746-200-7(G)(1),
Notice of Proposed Termination of Service**

Docket No. 15-035-22

RECOMMENDATION (APPROVE WITH CONDITION)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve with condition Rocky Mountain Power's (Company) petition for limited waiver of R746-200-7(G)(1), Notice of Proposed Termination of Service, for customers who have elected to receive electronic communications and billings from the Company.

ISSUE

On February 25, 2015, the Company filed with the Commission a petition for a limited waiver of R746-200-7(G)(1), that requires a ten-day Notice of Termination be sent either in person or by first-class mail. On February 25, 2015, the Commission issued an Action Request for the Division to review the filing and make recommendations by March 27, 2015. On March 2, 2015, the Commission issued a Notice of Filing and Comment Period for interested parties to file comments on the application by April 1, 2015 with reply comments due on April 16, 2015. This memo is in response to the Commission's Action Request.

DISCUSSION

Commission rule requires two notices be sent to customers prior to termination of service, the first notice ten calendar days prior to termination of service and the second notice 48 hours prior to disconnect. Currently, the Company delivers the ten-day notice by first-class mail. The Company also provides a five-day notice sent US Mail and a telephone call. The company's request for waiver only addresses the ten-day notice. The five-day notice, telephone call, and 48 hour notice, will not change.

The Company is proposing, for those customers who have elected to receive electronic communication and billing, to eliminate the first-class mailing of the ten-day notice and send the notice electronically. Currently, customers receiving electronic communication and billing who are delinquent on their account are sent both a ten-day notice by US Mail and an email. The Company estimates approximately one-third of its Utah customers receive electronic billing. The annual savings of not sending the ten-day notice by US Mail to these customers is approximately \$154,330.

The Company initiated paperless billing in 2001. When customers enroll, they agree to the terms and acknowledge that they will receive electronic bill notifications rather than paper bills through first-class mail. Customers receive an email each billing cycle that notifies them that their bill is ready for viewing online. They then login to the secure site to view their bill, and they may also choose to pay it online.

The Company began providing paperless past due notices to its Wyoming and Idaho customers in July 2013 and received a limited waiver of rules in June 2014 to begin paperless past due notices in Oregon. No consumer complaints have been filed with the state commissions regarding this practice.

The Company requests the Commission grant a waiver of R746-200-7(G)(1) requiring the ten-day disconnect notice to customers be delivered by first-class mail. The Commission is allowed to grant waivers of residential utility service rules through R746-200-1(F)(1):

Upon a showing that specified portions of these rules impose an undue hardship and provide limited benefit to its customers, a utility may petition the Commission for an exemption from specified portions of these rules.

The Company's filing outlines the benefit of providing paperless communication to its customers and is summarized in the Company's response to DPU DR No.2.1:

Currently, the Company is required to provide paper bills to customers who have specifically chosen to receive notification electronically. Customers who choose paperless communications are more likely to disregard mail delivered by U.S. Postal Service. The waiver would allow Rocky Mountain Power to deliver the notice as requested, in a quicker fashion and in a way the customer can access it in multiple different ways and locations, not just one single mailing address. The undue hardships imposed on customers are: (1) sending paper notifications makes it less likely that the customer will be provided actual notice; and (2) the unnecessary costs, which are ultimately borne by customers, that the Company is required to incur to send the paper notice. As described in the Application, sending electronic notification is more efficient, less costly for all ratepayers and accomplishes the objective of notifying the customer in the format they have elected to use.

The Division has reviewed the filing and is generally in favor of the Company's proposal to eliminate mailing past due notices to customers who prefer to receive their communication electronically. The Division is proposing the following recommendations to the Company's filing.

1. The Company's filing is a request for a limited waiver of R746-200-7(G)(1), waiving the requirement to send ten-day termination notices by first-class mail to those customers who have elected to receive electronic billing. While the Division acknowledges that the request is limited, the Division asserts any waiver should not be granted on a permanent or indefinite basis. Therefore, the Division recommends the Commission modify through normal procedures R746-200-7(G)(1) to include the option of a paperless ten-day termination notice. Alternatively, the Division recommends the limited waiver expire two years from the Commission Order in this docket.

2. When enrolling, the customer provides a valid email address and agrees to the terms of paperless billing, acknowledging they will receive electronic bill notifications rather than paper bills through US Mail. Through an informal request, the division was provided a copy of the paperless billing terms. The current terms include a sentence stating past due notifications may also be sent electronically. The explanation prior to the terms includes the following:

For customers in Idaho and Wyoming, initial past due notifications also will be sent electronically.

The Division recommends the Company modify this sentence to include Utah.

3. The Division also recommends the Company review its website for references to ten-day disconnection notices sent through US Mail. In our review, the Division noted that the Rocky Mountain Power website “Consumer Rights for Residents” with the heading “Disconnection notices” states the following:

The 10-day time period is figured from the date the notice is postmarked.

The Company’s waiver request will eliminate postmarks on ten-day termination notices sent electronically.

4. The Company reviewed information regarding past due notices, final notices and disconnections for Wyoming, Idaho and Oregon for both paperless and paper billing customers. The review showed that while a much higher percentage of paperless billing customers received past due notices than do paper bill customers, it also showed that a smaller percentage of paperless customers are actually disconnected. The Division would like to confirm that this holds true in Utah. Therefore, the Division recommends the Commission require quarterly reports comparing the termination rate of those customers who have elected to receive electronic communication and those who have not. The report should also include any consumer complaints received because of this change. In

the absence of further Commission direction, the division recommends that this reporting requirement terminate two years after the Commission's order in this docket.

CONCLUSION

The Division has reviewed the Company's request for limited waiver of the ten-day notice of termination of services for those customers electing to receive electronic communication and recommends the Commission approve the filing with the following recommendations:

- The Commission should approve the limited waiver allowing the Company to provide an electronic ten-day notice of termination to those customers who have elected to receive electronic communication and eliminate the ten-day US Mail termination notice.
- Rule R746-200-7(G)(1) should be reviewed by the Commission to determine if the rule should be modified to allow for electronic notification.
- The waiver should expire two years from the date of the Commission's order in this docket unless R746-200-7(G)(1) has been modified.
- The Company will review its website and make any necessary corrections to account for the change in past due notices transmitted electronically.
- The Company will report quarterly to the Commission, with copies to the Division and Office of Consumer Services, on any changes to the termination rate of those customers who have elected to receive electronic communication. Also, the Company will include in the report any customer complaints received because of this change.

CC Jeff Larsen, Rocky Mountain Power
Bob Lively, Rocky Mountain Power
Michele Beck, Office of Consumer Services
Service List