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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission

From: Utah Office of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Date: April 1, 2015

Subject: In the Matter of 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

Background

On February 25, 2015, Rocky Mountain Power (Company) filed with the Utah Public Service Commission (Commission) a petition for limited waiver of R746-200-7(G)(1) (Rule). That section of the Rule reads:

“G. Notice of Proposed Termination of Service –

1. At least 10 calendar days before a proposed termination of residential utility service, a public utility shall give written notice of disconnection for nonpayment to the account holder. The 10-day time period is computed from the date the bill is postmarked. The notice shall be given by *first class mail or delivery to the premises* and shall contain a summary of the following information: ...” [emphasis added]

Discussion

The Company seeks a limited waiver of the Rule as it applies to the method of delivery of the notice only to customers who have elected to receive paperless billing. The requested waiver would eliminate the requirement to provide notice of proposed termination of service by US Mail and instead allow the Company to provide notice to paperless billing customers through electronic means.

Current Notification Process

As identified above Commission Rule 746-200-7(G)(1) requires the Company to provide residential customers with two notices of pending disconnection prior to actual disconnection.

One notice must be provided at least 10 calendar days prior to disconnect¹ followed by a second notice at least 48 hours² prior to disconnect.

In keeping with the Rule the Company currently provides both the 10 day notice and a 48 hour notice in the manner required by Commission rules. However, in the case of paperless billing customers the Company sends an electronic notice in addition to the first mailed notice. Further, for all customers the Company provides a five-day notice sent by US Mail, outbound telephone calls, and physically delivers a door hanger notice to the customer's service address.

Company Proposed Changes

As identified above the Company proposes to change the method of delivery of the first or ten-day notice only for customers who have self-selected to receive paperless billing. In response to OCS data request 1.2 the Company explained how and when notices would be provided to paperless billing customers:

“...Rocky Mountain Power will deliver notification to paperless customers in the form of a 10-day email notification, a five-day U.S. Postal Service mailed disconnection notice, a reminder email three days following the issuance of the five-day notice, an outbound phone call and a 48-hour door hanger delivered to the site.”³

Experience in Other States

The Company has been providing paperless past due notices in Wyoming and Idaho since 2013. Pacific Power began using the same method in June 2014 after receiving a limited waiver of the rules. The Company states that it has not had any consumer complaint filed with the Idaho, Wyoming or Oregon state commissions concerning this practice. Additionally, a review of information regarding past due notices, final notices and disconnections in those states shows that while past due notices have increased a smaller percentage of paperless billing customers have actually been disconnected for nonpayment than paper billing customers.

Requirements for Waiver of Rule

Commission Rules include a provision for utilities to request a waiver of residential utility service rules. Rule 746-200-1(F)(2) reads:

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.

¹ The Rule requires the first or 10 day notice to be given to the customer by first class mail or delivery to the premises.

² R746-200-7-(G)(2) – At least 48 hours before termination of service is schedule, the utility shall make good faith efforts to notify the account holder or an adult member of the household, by mail, by telephone or by a personal visit to the residence.

³ “Customers who do not elect to have paperless communications will continue to receive 10-day U.S. Postal Service mailed notice, a five-day U.S. Postal Service mailed notice, an outbound phone call and a 48-hour door hanger delivered to the site.” (OCS data request 1.2)

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In its filing the Company explains that “allowing the Company to deliver 10-day notices by electronic delivery to customers preferring electronic communications without sending a paper notice through the US Mail will be more efficient, less costly and accomplish the objective of notifying customers of past due balances in a format elected by the customer. Electronic delivery provides for almost immediate delivery and readily highlights the urgency needed for the customer to take action.”

Limited Benefit Requirement

The Office of Consumer Services (Office) agrees that the requirement to deliver notices by US Mail is of limited value when paperless customers, having requested to receive bills and notices electronically, are receiving the first notification electronically. While the additional cost is currently minimal⁴ the Office believes the cost savings as well as recognizing customers’ expressed preferences adequately justify the provision regarding limited benefit to customers of receiving the 10-day notice by US Mail.

Impose an Undue Hardship Requirement

Making the case that requiring delivery of the 10-day notice by US Mail imposes an undue hardship is more difficult. Although as noted above the expected annual savings is minimal there is the potential for savings growth as more customers move to electronic billing. Further, if the experiences in other states are repeated in Utah there could be a smaller percentage of paperless billing customer that are actually disconnected for nonpayment as compared to paper billing customers. The Division of Public Utilities (Division) asked the Company to provide an explanation of the undue hardship currently placed on customers that would require a waiver. Following is the Company’s response to DPU data request 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 born 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 Office does not disagree with the Company’s assessment as provided in response to DPU 2.1, although arguably it could better be described as benefits of granting the waiver as opposed to removing undue hardships. The Office does agree that customers who have chosen to receive

⁴ The Company issued 296,788 past due notices to Utah paperless customers in 2014. The cost of sending out a paper past due notice to a customer costs approximately \$0.52 per notice. Electronic past due notices in Utah would achieve costs savings of approximately \$154,300 annually. There would be no incremental cost to send email notices to these customers.

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electronic notification may indeed be more likely to disregard US mail delivery notification of termination of service and therefore miss the first opportunity to pay the outstanding balance or make payment arrangements.

The Office believes that the Company is providing adequate notice to paperless billing customers even with the removal of the 10-day US mail notification and that the Company has demonstrated adequate benefits (or undue hardships) to allow the Commission to approve the application for limited waiver of the Rule with certain provisions. The Office asserts that if the limited waiver is granted the Company should be required: 1) to report complaints regarding elimination of the mailed notice; 2) provide a mailed notice to any paperless billing customer requesting that delivery method; and 3) notify the Office and the Division if it modifies its current notification methods or schedules as described in response to OCS data request 1.2

Recommendation

The Office recommends that the Commission grant the Company's request for limited waiver of Rule 746-200-7(G)(1) with the following conditions: The Company should be required to:

- 1) report complaints regarding the change in 10-day notification method;
- 2) provide the 10-day notice via US Mail to any paperless billing customer if requested;
- 3) notify the Office and the Division if the notification methods or schedules identified in response to OCS data request 1.2 are modified by the Company.

CC Jeff Larsen, Rocky Mountain Power
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