

Rocky Mountain Power
Docket No. 20-035-04
Witness: Melissa S. Nottingham

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

Direct Testimony of Melissa S. Nottingham

May 2020

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name, business address, and present position with PacifiCorp**
3 **d/b/a Rocky Mountain Power (the “Company”).**

4 A. My name is Melissa S. Nottingham and my business address is 825 NE Multnomah
5 Street, Suite 2000, Portland, Oregon 97232. I am currently employed as Manager,
6 Customer Advocacy and Tariff Policy. I am testifying on behalf of the Company.

7 **Q. Please describe your education and professional experience.**

8 A. I have a Bachelor of Arts in English from Arizona State University. I began working
9 for the Company in 1996, and worked in various positions with progressive
10 responsibility for the past 20 years. For the past 10 years, I have been the Manager of
11 Customer Advocacy and Tariff Policy in the Company’s Regulation department.

12 **Q. Please describe your current duties.**

13 A. My current duties include overseeing a team of regulatory analysts who respond to
14 consumer commission complaints, sponsoring tariff changes, ensuring compliance
15 with the Company’s tariff rules, and participating in general rate cases and other
16 regulatory proceedings for the Company’s six state service territory. In addition, I
17 oversee a team of business analysts responsible for the administration of the contracts
18 for new electrical load and the implementation and operation of the Company’s
19 customer guarantee program. As my team supports the Company’s tariff rules in each
20 state, we also support changes to Electric Service Schedule No. 300, Regulation
21 Charges ("Schedule 300"), which are the charges associated with the implementation
22 of the rules.

23 **Q. Have you appeared as a witness in other regulatory proceedings?**

24 A. Yes. I have testified in proceedings before the California Public Utilities Commission,
25 the Public Utility Commission of Oregon, the Washington Utilities and Transportation
26 Commission, and the Wyoming Public Service Commission.

27 **II. PURPOSE OF TESTIMONY**

28 **Q. What is the purpose of your testimony in this case?**

29 A. My testimony supports proposed updates to charges in Schedule 300 and a proposal for
30 customers to receive a credit for selecting paperless billing ("Paperless Bill Credit").
31 Additionally, I propose housekeeping changes to Schedule 300 regarding the
32 referenced regulations.

33 **Q. Why is the Company proposing these changes?**

34 A. The proposed changes reflect the Company's continued commitment to keep costs low
35 for our customers, update charges to align with current labor costs, and empower
36 customers to control their monthly bills.

37 **Q. Please provide a summary of your testimony and the proposed changes.**

38 A. My testimony supports the Company's proposed updates to several customer charges
39 in Schedule 300. The Company reviewed the costs associated with Schedule 300
40 charges and identified areas where costs have changed. A variety of factors, including
41 automation of returned checks and increased labor costs, have contributed to a change
42 in actual costs to perform work. Accordingly, the Company is proposing to align
43 customer charges to more accurately reflect current costs.

44 My testimony also supports the Company's proposal to implement a monthly
45 bill credit for customers who choose paperless billing. The proposed Paperless Bill

46 Credit will incentivize customers to either remain on or select this lower cost option
47 and pass the cost savings to those customers. The credit is reflected in proposed tariff
48 changes to Electric Service Regulation No. 8, Billings (“Regulation 8”) and Schedule
49 300, which are included in Mr. Robert M. Meredith’s Exhibit RMP____(RMM-14).

50 All of the proposed changes are a continuation of PacifiCorp’s ongoing
51 commitment to provide fair and reasonable charges by closely managing expenses
52 while still meeting customers’ increasing expectations.

53 III. SCHEDULE 300

54 **Q. Please describe the changes the Company is proposing to the Schedule 300**
55 **charges.**

56 A. Table 1 shows the regulation, a description of the charge, the current charge, and the
57 proposed charge.

58 **TABLE 1^{1,2}**

Reg	Description of Charge	Current	Proposed
8R.2	Returned Payment Charge	\$20	\$12
10R.9	Pole-Cut Disconnect/Reconnect Charges: Normal Business Hours	\$125	\$200
12R.11	Temp Service Charge - Single Phase	\$85	\$215
12R.11	Temp Service Charge - Three Phase	\$115	\$215

59 **Returned Payment Charge**

60 **Q. Please describe the Returned Payment Charge.**

61 A. If a customer presents a payment that is returned by the customer’s bank, the Company
62 incurs a cost to process the returned payment. Payments can be returned for a variety

¹ The Company’s Schedule 300 currently notes the Temporary Service charge comes from 12R.11. The reference should read 12R.16 and is corrected in housekeeping changes later in the testimony.

² The Company proposes to consolidate the single phase and three phase into one Temporary Service Charge, with the same amount.

63 of reasons, including, but not limited to, insufficient funds, incorrect account numbers,
64 or closed accounts.

65 **Q. What is the current Returned Payment Charge?**

66 A. The current Returned Payment Charge is \$20.

67 **Q. What is the proposed change to the Returned Payment Charge?**

68 A. The Company proposes to reduce the Returned Payment Charge from \$20 to \$12.

69 **Q. Why is the Company proposing this change?**

70 A. Banks are now able to electronically transfer money from one bank to another bank
71 with less human interaction. This automation of a portion of the return payment process
72 has led to reduced costs to the Company when a payment is returned. Each time the
73 Company's bank receives a returned item, the bank assesses a fee to the Company.
74 These fees account for the majority of the cost to the Company when a customer's
75 payment is not acknowledged as valid. The bank fee plus the Company's processing
76 costs can vary from \$11 to \$16 based on the bank presenting the returned payment, the
77 amount of the payment, and the number of times the payment is presented for payment.

78 While processing these payments has become more automated, labor costs are
79 not completely eliminated. Each returned item requires that a Company employee
80 update the account information and reverse the payment if the billing system has
81 already posted the payment to the account. The labor costs range from \$1 to \$6 per
82 transaction. The Company proposes \$12 as it closely represents the low-end of the
83 average costs of both the labor and the bank fees associated with these returned
84 payments. See Exhibit RMP__(MSN-1) for the calculation of the proposed charge.

85 **Pole Cut Disconnect/Reconnect Charge**

86 **Q. Please describe the Pole Cut Disconnect/Reconnect Charge.**

87 A. The charge applies to customers involuntarily disconnected for either non-payment of
88 bills, tampering with facilities, access issues to the meter, or other actions taken by the
89 customer requiring the electric service to be disconnected at the transformer as opposed
90 to disconnecting the electric service at the meter.

91 **Q. What is the current Pole Cut Disconnect/Reconnect Charge?**

92 A. The current charge is \$125 during normal business hours and \$250 all other times.

93 **Q. What is the proposed change to the Pole Cut Disconnect/Reconnect Charge?**

94 A. The Company is proposing to increase the charge to \$200 during normal business
95 hours.

96 **Q. Why is the Company proposing to raise the Pole Cut Disconnect/Reconnect
97 Charge?**

98 A. The work associated with a Pole Cut Disconnect/Reconnect must be conducted by
99 specialized employees, such as linemen, who are trained to work on the power lines.
100 The increased charge represents an increase in the loaded labor costs for a lineman to
101 complete the work. The rate for normal business hours is based on the availability of
102 employees. During routine business hours, linemen are readily available to perform the
103 work, resulting in lower labor costs. The after business hours rate is based on a
104 classification for union employees, which requires a two hour minimum call out for
105 work performed during after business hours. Accordingly, the after business hours rate
106 is based on the labor rate for two hours and represents the lowest possible costs to
107 perform after business hours work. The current charge for the after business hours pole

108 reconnect is currently \$250 and closely reflects the current costs; therefore the
109 Company is not proposing a change to the rate for after business hours at this time. The
110 increase in the normal business charge better aligns with updated labor costs to perform
111 the work.

112 **Temporary Service Charge**

113 **Q. Please describe the Temporary Service Charge.**

114 A. A Temporary Service Charge applies when a customer requests the energization of a
115 temporary pedestal for temporary electric service. Temporary pedestals are typically
116 needed for periods when a premise is under construction. The Temporary Service
117 Charge covers the labor cost to bring either a single-phase or three-phase service line
118 to the temporary pedestal and energize the service. Once the service is energized, the
119 requesting customer is billed for the energy used. After the structure is completed, the
120 temporary service is de-energized and the meter is relocated to the permanent meter
121 base.

122 **Q. What is the current Temporary Service Charge?**

123 A. The current charge is \$85 for single-phase service and \$115 for three-phase service.

124 **Q. What are the proposed changes to the Temporary Service Charge?**

125 A. The Company proposes to increase the charge to \$215 for all temporary service
126 installations and combine all phases into one charge. The \$215 charge is based on the
127 current loaded rate for one hour and 40 minutes of journeyman time, which is the
128 average time to install the temporary service for customers. Since the Company's labor
129 cost is the same whether the Company installs temporary single-phase or three-phase
130 service, there is not a cost-based reason to differentiate the two services.

131 **Q. Why is the Company proposing a change to the Temporary Service Charge?**

132 A. The Temporary Service Charge has not been updated regularly and does not reflect the
133 Company's current cost to provide this service. See Exhibit RMP____(MSN-1) for a
134 summary of the cost calculation.

135 **Paperless Bill Credit**

136 **Q. Please describe the Paperless Bill Credit.**

137 A. The Company proposes to add a credit to Schedule 300 and Regulation 8 to provide
138 customers a monthly credit if they participate in paperless billing.

139 **Q. What is the proposed amount of the Paperless Bill Credit?**

140 A. The proposed monthly credit is \$0.50.

141 **Q. Why is the Company proposing a monthly credit for paperless billing?**

142 A. The proposed Paperless Bill Credit is correlated to the savings and benefits of not
143 sending a paper bill to a customer when that customer voluntarily enrolls in paperless
144 billing. Electronic delivery of the customer's monthly bill eliminates the cost of the bill
145 paper, the envelope, printing and stuffing of the envelope, and the postage to mail the
146 bill. Eliminating these costs results in savings of approximately \$0.49 per metered
147 service. By passing this savings to the customer in a \$0.50 monthly credit, the Company
148 is encouraging customers to utilize a billing option that is both lower cost and more
149 environmentally friendly. All customers, whether they are currently participating in or
150 are new to paperless billing, are eligible to receive a credit as long as they are enrolled
151 in paperless billing. Please see Exhibit RMP____(MSN-1) for more detail on the

152 calculation of the credit and Mr. Meredith's Exhibit RMP__(RMM-14) for the
153 proposed tariff changes to Schedule 300 and Regulation 8.

154

155

IV. HOUSEKEEPING

156 **Q. What housekeeping changes are you proposing?**

157 A. I am proposing housekeeping changes to Sheet No. 300.1 and Sheet No. 300.3 in
158 Schedule 300 to correct inaccurate sheet references. Sheet No. 300.1 has been updated
159 to reflect the correct regulation reference for the Manual Meter Reading charge (7R.3).
160 Sheet No. 300.3 has been corrected to show the proper regulation references for the
161 Temporary Service Charge from 12R.11 to 12R.16 and the Contract Administration
162 Credit from 12R.16 to 12R.17. Please see Mr. Meredith's Exhibit RMP__(RMM-14).

163

V. CONCLUSION

164 **Q. Please summarize your testimony.**

165 A. The proposed changes to the Company's Schedule 300 represent both the ongoing
166 commitment by the Company to keep operational costs low for customers and align
167 customer charges with cost. The proposed Paperless Bill Credit creates an opportunity
168 for customers to manage costs and directly receive the benefits of their choices.

169 **Q. What is your recommendation regarding changes to Schedule 300, Regulation 8,
170 and the proposed Paperless Bill Credit?**

171 A. I recommend that the Commission approve the updated charges in Schedule 300, the
172 proposed Paperless Bill Credit in Regulation 8, and the identified housekeeping
173 changes.

174 **Q. Does this conclude your direct testimony?**

175 A. Yes.

Rocky Mountain Power
Exhibit RMP__(MSN-1)
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Exhibit Accompanying Direct Testimony of Melissa S. Nottingham

Calculations Supporting Proposed Charges and Credit

May 2020

Schedule 300 Fee Summary

Rule	Charge	Times Charged 1/1/19-12/31/19	Current Charge	Actual Cost	Proposed Charge	Comments
8R.2	Returned Payment Charge	27,164	\$20.00	\$11.25 to \$16.25	\$12	The fees charged by the company's banks when a payment is returned and the labor to process returned payments on customer accounts. The fees vary based on the bank and how many times the same payment is processed.
10R.9	Pole Cut Disconnect/Reconnect Charge: Normal Business Hours	19	\$125.00	\$266.26	\$200	Increase in labor costs. Proposed \$200 fee to reflect low volume of requests, incremental increase for less impact to customers. Cost to perform disconnect/reconnect at the pole after hours requires a call out but a pole connect during routine business hours utilizes active resources and does not require a minimum call out fee. Intent is to increase the charge to align with existing costs while not making the charge cost prohibitive to customers.
12R.11	Temp Service Charge - Single Phase	7,392	\$85.00	\$219.66	\$215	Increase in labor costs, calculated at 1.65 hours of the loaded labor cost for the type of employees performing the work.
12R.11	Temp Service Charge - Three Phase	10	\$115.00	\$219.66	\$215	Three phase temporary service is rarely used by our customers as the type of service lends itself to permanent installations. Reconnect removing this cost and merging the two temporary service charges into one.
NEW	Paperless Bill Credit	-	-	\$0.49	\$.50 Bill Credit	Each month, customers participating in paperless billing will receive a credit directly correlated to the savings and benefits of this option.

Customer Services Response
Test Period: Forecast test year ending December 31, 2021

Charge	Current Fee in Effect	Number of times fee assessed during the historic period	Employee classification completing work	Average time for employee to perform the work	Activity Rate	Cost	Cost*
Returned Payment Charge	\$20.00	27,164	Bank Charge	N/A	\$7 to \$10	\$5.00	\$10.00
			CCO	0.0041667	\$36.24	\$0.15	\$0.15
			Payment Support	0.08666667	\$55.56	\$4.82	\$4.82
			Customer Care	0.03333333	\$38.58	\$1.29	\$1.29
						\$11.25	\$16.25

*Bank fees vary depending on the bank and the submissions. Costs are a range.

T&D Operations Responses
Test Period: Forecast test year ending December 31, 2021

Charge	Current Fee in Effect	Number of times fee charged during historic period	Employee classification completing work	Activity Rate of Employee	Average time for employee performing the work	Average travel time for employee performing the work	Actual Cost
Pole Cut Disconnect/Reconnect Charge: Normal Business Hours	\$125.00	19	Journeyman	\$133.13	2 hours		\$266.26
Temporary Service Charge for Service Drop and Meter Only Single Phase	\$85.00	7392	Journeyman	\$133.13	1.65 hours		\$219.66
Temporary Service Charge for Service Drop and Meter Only Three-Phase	\$115.00	10	Journeyman	\$133.13	1.65 hours		\$219.66

Proposed Paperless Credit Calculation

Average Cost of One Sheet Paper Bill

Paper	\$0.0107
Envelope	\$0.0382
Printing and Mailing	\$0.0562
Postage	\$0.3910
Total Cost	\$0.4961

Proposed Paperless Credit