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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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December 17, 2014

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. GNR-U-14-01
Exemption from UCRR 311 – Idaho Power Company's Reply Comments

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Reply Comments.

Sincerely,



Lisa D. Nordstrom

LDN:kkt
Enclosures

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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT)	
PETITION OF AVISTA CORPORATION,)	CASE NO. GNR-U-14-01
IDAHO POWER COMPANY AND)	
ROCKY MOUNTAIN POWER COMPANY)	IDAHO POWER COMPANY'S
FOR AN EXEMPTION FROM UTILITY)	REPLY COMMENTS
CUSTOMER RELATIONS RULE 311(4))	
and (5).)	
_____)	

On September 30, 2014, Avista Corporation ("Avista"), Idaho Power Company ("Idaho Power" or "Company"), and PacifiCorp dba Rocky Mountain Power ("PacifiCorp" or "Rocky Mountain Power") (collectively referred to as the "Utilities" or "Petitioners") petitioned the Idaho Public Utilities Commission ("Commission") to issue an order on or before December 31, 2014, exempting the Utilities from the provisions of Utility Customer Relations Rule ("UCRR") 311 (4) and (5) effective March 1, 2015 ("Joint Petition"). In its Notice of Petition and Modified Procedure Order issued on October 23, 2014, the Commission established a procedural schedule to review the Joint Petition. Order No. 33157. Commission Staff ("Staff") held a public workshop on November 21,

2014, to provide customers with an overview of the Joint Petition, dispense information, and provide a forum for interested persons to ask questions of the Utilities. Staff and the Community Action Partnership Association of Idaho (“CAPAI”) subsequently filed comments on December 10, 2014.

Idaho Power appreciates Staff’s support for Commission approval of the requested exemption and Staff’s recognition that the requested change in collection practice will reduce upward rate pressure for all customers. Staff Comments at 13 and 4. In these Reply Comments, Idaho Power responds to Staff recommendations regarding how to best implement the change in utility practices as well as CAPAI’s suggestion that the Commission deny the Joint Petition. CAPAI Comments at 9.

I. WRITTEN CUSTOMER COMMUNICATIONS

Staff believes that if an exemption is granted, the Utilities should undertake an effective customer-communication campaign that would inform customers about available payment options, notify customers in advance that the Utilities will no longer accept payment at the door, and allow customers to consider which payment option best fits their needs. Staff Comments at 7. Idaho Power agrees with Staff that it is important to inform customers about changes to its collection practices and that Company representatives will no longer visit their location to attempt to collect payment on a past due balance or accept payments at the door to prevent disconnection.

To accomplish this in the most effective way, Idaho Power proposes to send a letter via direct U.S. Mail to its approximately 14,000 residential customers with remote connect/disconnect meters. The letter will highlight the fact that a Company representative will no longer be visiting the customer’s location to attempt to collect

payment on a past due balance or accepting payments at the door to avoid a disconnection. The letter will also point out that there are multiple other convenient ways to make payments and that it will be advantageous for the customer to utilize the payment option that best meets their needs. Customer feedback and questions will be encouraged by offering customers options to comment or ask questions by calling Idaho Power's customer service center, sending an email, or sending a letter via U.S. Mail. Idaho Power's contact information will be provided in the letter. Additionally, in this letter Idaho Power will inform customers of their rights under UCRR 307 to designate a third party who must be given notice as suggested by CAPAI. CAPAI Comments at 9-10.

For the Company's approximately 500 non-residential customers with remote connect/disconnect meters, Staff recommends that the Company make personal contact with these customers either in person or by phone to advise the customer of the change in collection practice and advise these customers about steps they should take to protect their employees and customers in the event of disconnection. Staff Comments at 9.

Idaho Power agrees that it is important to notify these customers about the change in collection practices. However, in order to provide the best possible service and ensure customer satisfaction, the Company recommends communicating this change to non-residential customers via direct mail letters in a manner similar to that proposed for residential customers. Because non-residential customers can and do have numerous stakeholders, some stakeholders may not be aware of the credit profile of the premises owner/utility customer. Stakeholders who are aware that a Company

representative is visiting an establishment to discuss changes in Idaho Power's collection practices may draw conclusions that the premises owner/utility customer will not appreciate. Similar to an in-person visit, a phone call would pose similar challenges of communicating the information to the appropriate person and only that person. Recognizing that this could be a sensitive situation for the customer, the Company recommends sending a letter to all affected non-residential customers rather than personally contacting them as Staff suggests. The Company believes that this approach yields the highest probability of promptly getting the information to the correct person in a confidential manner.

With regard to the suggestion on page 9 of Staff's Comments that the Company "advise customers to take any necessary steps to protect its customers and employees if disconnection is unavoidable," Idaho Power does not believe that it is appropriate for utilities to offer this type of advice. Disconnection for non-payment is no more or less of a potential safety concern than an unexpected, unplanned outage. Not only is the Company concerned that this may be perceived by non-residential customers as presumptuous and/or meddlesome, the utility may be unnecessarily exposed to lawsuits if such counsel is subsequently construed as having provided legal advice.

II. UCRR CUSTOMER NOTIFICATIONS

To more completely satisfy the customer notification requirements of UCRR 304.02, Staff recommends that Idaho Power increase the frequency of phone call attempts to no less than three calls made at different times of the day, with at least one made after 6 p.m. for all customers, not just those with remote connect/disconnect meters. Staff Comments at 8.

Idaho Power believes it is fully complying with UCRR 304.02's requirement to diligently attempt to contact the customer by placing a phone call at least 24-hours before the proposed termination of service. While the Company does not believe that it is necessary to increase the number of phone calls for customers at a service address where a remote connect/disconnect meter is installed as recommended by Staff, the Company agrees to increase the frequency of phone call attempts for this subset of customers as a way to compensate for no longer knocking on the door prior to service disconnection.

As stated on page 9 of the testimony of Tami White, all Idaho Power customers with remote connect/disconnect meters installed at their service location will have a special insert included in both the initial reminder notice (seven days prior to disconnect) and final disconnection notice (three days prior to disconnect) informing them that an Idaho Power representative will not be visiting their location to attempt to collect payment, accept payment at the door, or to disconnect service. The insert will also include information about how the customer can make payments, avoid service disconnection, and apply for energy assistance.

Idaho Power will also describe in these disconnect notices how customers may make a third-party designation under UCRR 307, which Idaho Power also does in its annual Idaho Residential Consumer Information brochure. Once a third party is designated, Idaho Power mails third-party notices at least seven calendar days before the proposed disconnection. To avoid confusing the majority of customers whose accounts are not past due or are taking service at a location where a remote connect/disconnect meter is not installed, Idaho Power believes it is appropriate to

include this information in the initial reminder and final disconnect notices rather than notifying all customers as suggested by CAPAI on page 9 of its Comments.

III. CUSTOMER SERVICE CENTER INTERACTION AND EMPLOYEE TRAINING

Staff recommends on pages 10 and 11 of its Comments that, prior to implementation, Idaho Power be directed to implement a customer-education campaign for customers with remote connect/disconnect meters like that proposed by Rocky Mountain Power and submit those plans to the Commission within 14 days after issuance of the Commission's order. Staff suggest that, at a minimum, each utility must:

- Provide field personnel and customer service representatives with additional training for handling customer questions and concerns;
- Prior to implementation and for at least one (1) year thereafter, do the following:
 - Provide information regarding the change in utility practices to customers who contact the Company about either a past due balance, a payment arrangement, where to make a payment, or a pending disconnection;
 - Include a message regarding the change in utility practices in customers' bills with past due account balances on the initial past due notice and the final disconnection notice; and
 - Inform customers of the change in utility practices when contacting a customer by phone prior to disconnection.

If the Commission approves the requested exemption, Idaho Power fully intends to provide education and training to field personnel and customer service representatives regarding the change in collection practices and how to handle customer questions and concerns. However, the Company is concerned that providing information regarding the change in collection practices each and every time a customer

with a remote connect/disconnect meter contacts the Company about their account, or whenever the Company contacts the customer about a pending disconnection, will be perceived as redundant, annoying, and perhaps even harassing. In addition, this discussion will add to the length of the phone call – increasing costs to the Company (and therefore all customers) and further exacerbating customer frustration.

Idaho Power believes a message regarding the change in collection practices on customer's bills with past due account balances is not necessary. The direct-mailed letter that will be sent to all customers with remote connect/disconnect meters installed at their service location, coupled with the special insert to be included in the initial reminder notice and the final disconnect notice for customers who have a remote connect/disconnect meter, adequately and appropriately inform customers that they have a remote connect/disconnect meter installed and that a Company representative will not visit their location or knock on the door prior to service disconnection.

In the event the Commission approves the requested exemption and directs Idaho Power to submit a detailed employee training and customer education plan, Idaho Power respectfully requests that these plans be submitted to the Commission within 30 days of the Commission order rather than the 14 days suggested by Staff to provide the Company with adequate time to develop and file its plans.

IV. BENEFITS TO CUSTOMERS

Throughout 2014, Idaho Power installed approximately 14,500 meters with automated electric service connect/disconnect functionality at selected service locations. Although this represents less than 3 percent of Idaho Power customers, due to multiple field visits each year, these locations account for approximately 40 percent of

total field visits for disconnections. Idaho Power estimates these one-time installations cost approximately \$1 million, but will result in a reduction in its operating expenses of approximately \$700,000, annually, through reductions in metering labor and transportation costs.

If the Company's request is approved, this annual cost savings is significant, straightforward and easily understood. Because the current field visit charge was established in 2004 and does not reflect the actual cost of performing this work, the difference in cost is borne by other customers. These cost savings will be realized for Idaho Power customers in the next general rate case where rates are updated. In the meantime, Idaho Power customers will realize the benefit of lower costs through the revenue sharing arrangement approved by the Commission in Order No. 33149 in Case No. IPC-E-14-14. In light of these financial benefits and those enumerated on page 6 of Staff's Comments, Idaho Power struggles to understand why CAPAI believes that an exemption from UCRR 311 (4) and (5) is of questionable benefit to Idaho Power customers. CAPAI Comments at 6.

Idaho Power is also perplexed by CAPAI's statement that "the Joint Petition is simply premature and should be considered only when facts justify it." CAPAI Comments at 9. Despite its initial support of the eight-year Avista pilot program that deployed approximately 645 remote connect/disconnect meter collars and by all indications is a success, CAPAI now appears to have had a significant change of heart. CAPAI previously filed comments on May 5, 2008, in Case No. AVU-E-07-09 in which it stated "AVISTA has adequately addressed its concerns and no longer opposes the Pilot Program." It further commended Avista for its willingness to engage in a constructive

dialogue and work cooperatively with concerned parties. Idaho Power representatives mirrored Avista's approach when they met with CAPAI's Executive Director on September 22, 2014, to explain Idaho Power's portion of the Joint Petition. Idaho Power received no indication that CAPAI objected to its proposal or that it had specific issues it wished Idaho Power to address prospectively.

V. LOW INCOME CUSTOMER CONCERNS

Idaho Power disagrees with characterizations and conclusions contained in CAPAI's assertion that "Idaho Power specifically targeted customers with higher field visit trips for the purpose of disconnection, and given that the reason for these field visits is most often non-payment, it is intuitive that the customers most likely affected by the Joint Petition will be low income." CAPAI Comments at 2.

First, Idaho Power does not "target customers." Idaho Power objectively identified locations where remote connect/disconnect meters could be best deployed to speed up reconnection and at the same time decrease costs borne by the resident and all customers. The remote connect/disconnect meters are location-specific and will not be relocated if the occupant moves to a different location. Idaho Power appreciates Staff's concurrence that it is reasonable to strategically place remote connect/disconnect meters at locations that meet the screening criteria. Staff Comments at 4.

Second, it is wrong to intuit that locations with these meters serve low income customers. CAPAI Comments at 2. Although Idaho Power does not track or maintain information related to customer income, the Company notes that only 8 percent of the 12,743 remote connect/disconnect meters installed as of November 4, 2014, are at

locations where the current customer of record received at least one Low Income Home Energy Assistance Program payment during the 2013-2014 heating season.

Idaho Power likewise disagrees with CAPAI's claim that the actions proposed in the Joint Petition are "discriminatory in nature" and "unlawful" under "Idaho Code 61-301 and 1315." CAPAI Comments at 2. With regard to Idaho Code § 61-301, CAPAI does not elaborate on which charge for electric service it believes is not "just and reasonable." The only charge Idaho Power proposes to modify is its reconnection charge, which Avista reduced from \$20 to \$12 and which Idaho Power proposes to reduce from \$20 to \$13 for reconnection of customers with remote connect/disconnect meters. Idaho Power's proposal to reduce the reconnection charge for those customers with a remote connect/disconnect meter is based on its actual cost to perform that function.

Idaho Code § 61-315 prohibits utilities from granting any preference or disadvantage to any corporation or person as to "rates, charges, service, facilities or in any other respect." Idaho Power's request for exemption from UCRR 311 (4) and (5) is an attempt to reduce costs paid by **all** its customers – those with the remote connect/disconnect meters and those without. For customers facing disconnection of service, a trade off exists between an expensive opportunity to pay at the door at the time of disconnection and faster reconnection with less expensive reconnection fees. However, Idaho Power does not believe that this amounts to a "preference" or a "disadvantage" under Idaho Code § 61-305. In the eight years Avista has operated its remote connect/disconnect pilot program, it has not received any complaints from customers believing they have been disadvantaged. The vast majority of customers

who pay their bill on time and reside continuously in the same location are indifferent to which type of meter is installed at their premises. Although the Commission has previously permitted a partial rollout of remote connect/disconnect meters and presumably did not believe it to be discriminatory, the Commission is empowered by Idaho Code § 61-315 “to determine any question of fact arising under this section.”

Idaho Power is sensitive to the needs of its more vulnerable customers. Idaho Power operates a Gatekeeper Program year-round through which Company employees connect customers with social service programs in the communities it serves. Idaho Power customer-facing employees are trained in the Gatekeeper Program in order to detect when customers identified as low income or senior citizens may be in need of assistance and to refer the situation to an appropriate assistance provider. Idaho Power customer service representatives also refer customers to statewide community information and referral services such as the Idaho Care Line and Oregon SafeNet. Customers living on a thin margin usually are connected with Community Action Partnership agencies, food banks, churches, senior centers, etc. These social service providers likewise have personnel who are trained to assist these customers.

VI. CUSTOMER PAYMENT OPTIONS

CAPAI claims that payment at the door is their only viable opportunity for some customers to pay their past due balance and avoid disconnection. CAPAI Comments at 5. Idaho Power does not believe that UCRR 311 (4) and (5) are intended to provide a regular payment option for customers, and less than 0.5 percent of all Idaho Power customers use it as such. Direct Testimony of Tami White at 8. Idaho Power believes and Staff agrees that there are many other payment options available to customers, each of which provides better assurance that service will not be disconnected. Staff

Comments at 7. Idaho Power has approximately 60 pay stations available at locations specifically chosen to provide convenience for customers. As described in the Joint Petition and the Direct Testimony of Tami White, customers have many payment options and many of those are offered with no fees.

CAPAI suggests that the Petitioners should provide written verification to the Commission that its pay stations will have the capability to transmit payment data to the utility instantaneously. CAPAI Comments at 10. Idaho Power provides authorized pay station services for its customers under a contract with Western Union. Under the terms of the contract, payment information is transmitted to the Company daily. Idaho Power is not aware of any service provider that can provide instantaneous transmittal of payment data as requested by CAPAI.

VII. REPORTING AND ADDITIONAL PROCEEDINGS

On page 9 of its Comments, CAPAI requests that the Petitioners be directed to file a monthly report with the Commission and all interested persons containing information about its low income customers. Idaho Power is willing to provide data similar to that requested by CAPAI on a monthly basis and proposes to do so for one year following implementation of the change in collection practices. Because the monthly report would contain interim non-quarterly financial and energy sales information that is not released monthly in a Securities and Exchange Commission filing or other means of broad public distribution, Idaho Power requests that CAPAI and other parties sign a nondisclosure agreement prior to receiving the report.

Despite the lack of customer complaints related to similar endeavors in Avista's eight-year pilot program and the four other states where PacifiCorp has ceased making in-person contact to attempt to collect on a past-due bill, CAPAI proposes that "one year

after suspension of Rule 311, a proceeding be initiated for the purpose of ascertaining the impact, both positive and negative, that the rule suspension has had on customers.” CAPAI Comments at 10. Rather than assume that customers will be negatively impacted by the proposed change in utility practices, Idaho Power believes it would be a better use of Commission and utility resources to initiate a future proceeding only if action is necessary to resolve unforeseen issues.

VIII. CONCLUSION

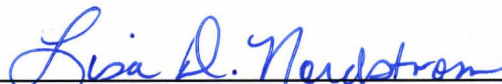
Idaho Power continues to look for opportunities like the proposed remote connect/disconnect meter project to reduce costs paid by all customers and increase customer satisfaction. In addition to decreasing Idaho Power’s annual operating expenses by approximately \$700,000, customers with remote connect/disconnect meters will enjoy faster and more predictable reconnection of service, and reduced reconnection fees.

In response to the concerns expressed and recommendations proposed by the Staff and CAPAI in their respective comments filed on December 10, 2014, Idaho Power commits to:

- Send a letter to residential and non-residential customers with a remote connect/disconnect meter providing information concerning the change in collection practices;
- Increase the frequency of notification attempts through outbound calling for customers who have a remote connect/disconnect meter and who are in the process of disconnection for non-payment;
- Provide monthly reporting for a one-year period containing low income customer data to be sent to parties that sign a nondisclosure agreement; and
- Submit a customer education and employee training plan within 30 days of receiving the Commission’s order granting the exemption, if the Commission so desires.

Because it will take additional time to program Idaho Power's systems, train employees, and communicate with customers, Idaho Power will not be able to achieve the March 1, 2015, effective date requested in the Joint Petition. Therefore, Idaho Power respectfully requests that the Commission issue an order by January 31, 2015, exempting the Company from provisions of UCRR 311(4) and (5) effective May 1, 2015, or the date Idaho Power can satisfy the commitments outlined above, whichever is later.

Respectfully submitted this 17th day of December 2014.



LISA D. NORDSTROM

Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 17th day of December 2014 I served a true and correct copy of the IDAHO POWER'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

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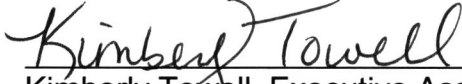
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