

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF AVISTA CORPORATION,)
IDAHO POWER COMPANY, AND) CASE NO. GNR-U-14-01
PACIFICORP DBA ROCKY MOUNTAIN)
POWER'S PETITION FOR AN EXEMPTION TO)
UTILITY CUSTOMER RELATIONS RULES) ORDER NO. 33229
311(4) AND (5).)**

On September 30, 2014, Avista Corporation, Idaho Power Company, and PacifiCorp dba Rocky Mountain Power (the Utilities) petitioned the Idaho Public Utilities Commission for an Order exempting them from Utility Customer Relations Rule (UCRR) 311.04 and .05 (IDAPA 31.21.01.311.04 and .05). In summary, the sections of UCRR 311 require the Utilities to try to meet customers at their homes or businesses before disconnecting their service for non-payment to: (1) give the customers a final chance to pay their bill and avoid disconnection; and (2) tell the customers how they can have service restored if they do not pay at that time and the Utilities disconnect them.

On October 23, 2014, the Commission provided notice of the Petition and invited interested persons to comment on it through December 10, 2014. The Commission also directed Staff to hold a public informational workshop. See Order No. 33157. The Staff held the workshop on November 21, 2014. Representatives of the Commission Staff, the Utilities, Community Action Partnership Association of Idaho (CAPAI), Snake River Alliance, United Water Idaho, and Intermountain Gas attended the workshop either in person or telephonically. In addition, Commission Staff, CAPAI, and a customer filed comments in the case, and Petitioner Idaho Power filed reply comments. No other comments or reply comments were received.

THE PETITION

The Utilities have petitioned the Commission for an exemption to UCRR 311.04 and .05. These Sections state:

311. TIMES WHEN SERVICE MAY BE TERMINATED – OPPORTUNITY TO AVOID TERMINATION OF SERVICE (Rule 311).

04. Opportunity to Prevent Termination of Service. Immediately preceding termination of service, the employee designated to terminate service shall identify himself or herself to the customer or other responsible adult

upon the premises and shall announce the purpose of the employee's presence. This employee shall have in his or her possession the past-due account record of the customer and shall request any available verification that the outstanding bills are satisfied or currently in dispute before this Commission. Upon presentation of evidence that outstanding bills are satisfied or currently in dispute before this Commission, service shall not be terminated. The employee shall be authorized to accept full payment, or, at the discretion of the utility, partial payment, and in such case shall not terminate service. Nothing in this rule prevents a utility from proceeding with termination of service if the customer or other responsible adult is not on the premises.

05. Notice of Procedure for Reconnecting Service. The utility employee designated to terminate service shall give to the customer or leave in a conspicuous location at the affected service address, a notice showing the time of and grounds for termination, steps to be taken to secure reconnection, and the telephone numbers of utility personnel or other authorized representatives who are available to authorize reconnection.

The Utilities' current disconnection notification practices are summarized below:

Current Disconnect Notifications	Avista	Idaho Power	Rocky Mountain
Initial (7-day) Past-Due Notice (UCRR 304.01)	X	X	X ¹
Optional Final (3-day) Past-Due Notice (UCRR 304.02)	X	X	X
48-hour door hanger			X
24-hour in-person or telephone notice (UCRR 304.02)	X	X	X ²
Knock & hanger at disconnection (UCRR 311.04 and .05)	X	X	X

The Utilities say that if the Commission grants the Petition and exempts them from UCRR 311.04 and .05, their disconnection notification practices will be as follows. Differences between each utility's current and proposed practices appear in bold text:

¹ Rocky Mountain's paperless billing customers receive a past-due notice by e-mail only. The company sends another e-mail reminder 48 hours before the disconnection date.

² If Rocky Mountain knows a customer has a life-threatening medical condition, it will make another on-site visit and telephone call before disconnection.

Proposed Disconnect Notifications	Avista	Idaho Power	Rocky Mountain
Monthly bill	X	X	X
Initial 7-day Past-Due Notice Letter	X	X	X ³
Final 3-day Past-Due Notice Letter	X	X	X
48-hour door hanger & phone call			X
24-hour in person/telephone notice	X	X	X ⁴
<i>At Time of Disconnection (if exempted from UCRR 311.04 and 05)</i>			
No knock or hanger (<i>remote disconnect</i>)	X	X⁵	N/A⁶
Knock & hanger (<i>manual disconnect</i>)	X	X	
Hanger only (<i>manual disconnect</i>)			X

In summary, the Utilities want the exemption so they can opt not to: (1) knock on customers' doors immediately before disconnecting service; and (2) accept payment at the door.

The Utilities note that UCRRs 3 and 9 allow them to seek a rule exemption when “unusual or unreasonable hardships result from the application of any of these rules.” *See* Petition at 5, citing UCRRs 3 and 9, IDAPA 31.21.01.003 and .009. The Utilities argue “good cause exists” for an exemption to UCRR 311.04 and .05 here because it would let them use advanced metering, communication, and electronic payment technologies to decrease operating costs and increase employee safety without sacrificing customer service. Further, the exemption would not harm customers because the Utilities would still notify customers several times before disconnecting them. *Id.*

³ *See* fn 1, above.

⁴ *See* fn 2, above.

⁵ Idaho Power will knock during the Winter Disconnection Moratorium. *See* fn 7, below.

⁶ Rocky Mountain lacks meters with remote disconnect capability.

The Utilities ask for the exemption to take effect after the Winter Disconnection Moratorium,⁷ with Avista and Rocky Mountain requesting a March 1, 2015 effective date and Idaho Power requesting a May 1, 2015 effective date.⁸

COMMENTS

Commission Staff, CAPAI, and a customer submitted comments on the Petition, and one Petitioner—Idaho Power—submitted a reply. The comments and Idaho Power’s reply are summarized below.

A. Commission Staff

Commission Staff supports exempting the Utilities from UCRR 311.04 and .05, under certain conditions. Staff’s summary of the proposed exemption, and the conditions upon which Staff proposes that the Commission grant the exemption, are explained below.

1. Summary of Proposed Exemption

Staff explains that UCRR 311.04 and .05 require the Utilities to: (1) knock on customers’ doors before disconnecting service; and (2) accept payment at the door. If someone is at the premises, the Utilities presently tell that person that disconnection will occur unless the customer immediately pays or requests a disconnection delay. The Utilities also tell the person how to restore service if it is disconnected. If no one is at the premises, the Utilities leave a written notice containing this information.

Staff notes that the three Utilities’ practices would differ under the exemption. Avista and Idaho Power would still follow UCRR 311.04 and .05 for customers with *manual* disconnect meters (“manual meters”). But they would no longer knock and accept on-site payment from customers with *remote* disconnect/connect meters (“remote meters”). On the other hand, Rocky Mountain Power—which only has manual meters—would no longer knock and accept payment from any customer but would leave an informational door hanger when disconnection occurs.

Staff says benefits of exempting Avista and Idaho Power from the rule and allowing them to remotely disconnect and connect customers include:

⁷ The Winter Disconnection Moratorium generally precludes utilities from terminating service in December through February for residential customers who declare that they cannot fully pay for utility service and whose household includes children, elderly, or infirm persons. *See* UCRR 306.

⁸ Idaho Power initially asked for a March 1, 2015 effective date, but then changed the requested effective date to May 1, 2015, when it filed its reply comments. *See* Idaho Power Company’s Reply Comments at 14.

- Decreases opportunity for on-site conflicts between customers and utility;
- Increases field employee safety by reducing the risk of physical harm or robbery;
- Increases certainty on when disconnection and reconnection will occur;
- Encourages customers to communicate with the utility call center to make payment arrangements, make the utility aware of a medical emergency, etc.;
- Reduces utilities' operating costs associated with field disconnection visits and thus reduces upward pressure on rates for all customers; and
- Allows for quicker reconnection of service after the customer pays or makes payment arrangements.⁹

Benefits of exempting Rocky Mountain Power from the rule and allowing it to stop knocking and accepting payment before disconnection include:

- Decreasing the opportunity for on-site conflicts between customers and utility;
- Increasing field employee safety; and
- Encouraging customers to communicate with the utility call center to make payment arrangements before disconnection, and to alert the utility to medical conditions that could harm the customer if disconnection occurs.

Staff notes that few customers pay at the door to avoid disconnection, with only 20% of Avista and Idaho Power customers and 14% of Rocky Mountain Power customers paying at the door during a disconnection visit in 2013. Staff also notes that the Utilities presently assess these customers a field visit charge, making payment at the door the customers' most expensive option to avoid disconnection.¹⁰ Thus, besides the benefits mentioned above, Staff believes that exempting the Utilities from having to accept on-site payment would likely prompt customers to use other, less-expensive means to avoid disconnection.

⁹ Avista reports that service typically was restored in less than 15 minutes.

¹⁰ Avista assesses a field visit charge of \$16 and both Idaho Power and Rocky Mountain Power charge \$20. The charge is assessed if the customer pays to avoid disconnection during a utility's disconnection visit.

2. Staff's Proposed Conditions for Granting the Exemption

While Staff agrees that the Commission should exempt the Utilities from UCRR 311.04 and .05, Staff believes that the exemption should be conditioned upon the Utilities taking the following actions.

a. *Diligently Attempt to Call Customers Before Disconnecting Them.* UCRR 304.02 requires utilities to “diligently attempt to contact the customer” either by phone or in person at least 24 hours before the scheduled disconnection “to advise the customer of the proposed action and steps to take to avoid or delay termination.” While the rule does not define “diligently,” Staff cites Webster’s Ninth New Collegiate Dictionary as defining “diligent” as “characterized by steady, earnest and energetic application and effort.” Staff says that diligently attempting to telephone customers will become increasingly important if the Commission exempts the Utilities from the knock-at-the-door rule. But in Staff’s view, Avista, which tries to call customers up to seven times before disconnection, is the only utility that “diligently” attempts to contact the customer as required by UCRR 304.02. Staff thus recommended the Commission direct Idaho Power (which calls once) and Rocky Mountain (which also calls once unless a known medical condition exists, in which case two calls are made) to “diligently” attempt to notify the customers of impending disconnection by increasing the number of attempted calls to three or more, with at least one call occurring after 6:00 p.m.

In reply, Idaho Power says its single call to customers sufficiently complies with UCRR 304.02. Idaho Power agrees, however, to attempt more calls *for customers who have remote meters*. Idaho Power Reply at 4.

Commission Findings: UCRR 304.02 requires utilities to “diligently attempt to contact the customer” by phone or in person at least 24 hours before disconnection. The rule does not define “diligently.” We find it is reasonable and in the public interest to define “diligently” as suggested by Staff and Webster’s dictionary; i.e., as being “characterized by steady, earnest and energetic application and effort.” We decline, however, to specify the exact number of calls a utility must make under UCRR 304.02 before disconnecting a customer. In this regard, we applaud Avista’s diligence in attempting to call customers multiple times. We remind Idaho Power and Rocky Mountain Power that they, too, must “diligently attempt to contact the customer” by placing more than one call to the customer. Further, we expect the Utilities to place those calls at times that are reasonably likely to reach the customer. For

example, a utility should not just call a customer during the workday, but should call at different times to increase the utility's chances of actually speaking to the customer when he or she is home, and not just to a voice mail service on the customer's phone. Lastly, we find that UCRR 304.02 requires the Utilities to try to call "the customer affected"—i.e., the customer that the Utility intends to disconnect—and not just customers with remote meters as suggested by Idaho Power. The rule plainly requires utilities to try to contact all affected customers regardless of meter type.

b. *Educate Customers and Employees About the New Practices.* The Utilities plan to educate customers and employees about the changes in company practices. Staff prefers Rocky Mountain's proposed education campaign to those of Idaho Power and Avista. Rocky Mountain proposes to include a message¹¹ on bills with past-due account balances, and on the initial past-due reminder notices and final disconnection notices. Further, a 3x5 card in English and Spanish stating that Rocky Mountain no longer accepts payment at the door will be stapled to a door hanger at the premises 48 hours before the disconnection date. On the day of disconnection, any customer answering a door knock will be verbally told of the change and handed a 3x5 card. If customer contact is not made on the day of disconnection, a second card will be stapled to a door hanger and left at the residence.¹² Call Center representatives will inform customers of the new process when contacted by customers who have a past-due balance that are asking about payment arrangements or where to pay. Field metering specialists will undergo additional training to handle customer questions and concerns.¹³ See Staff Comments at 9-10.

After field metering specialists stop knocking on doors to verbally communicate with customers, Rocky Mountain Power will continue to inform customers of the change. After implementation, communication will continue through the use of a message on bills with past-due account balances, on the initial past-due reminder and final disconnection notices, 3x5 cards,

¹¹ The message reads: "Rocky Mountain Power employees no longer accept payments at your home or business for safety reasons. Several payment options are available. Learn more at rockymountainpower.net/pay or call 1-888-221-7070."

¹² In the fall of 2015, when the door hanger is due for an annual review and reprinting, Rocky Mountain will update it with the message that is contained on the 3x5 card. The 3x5 card inventory will be used until depleted.

¹³ Rocky Mountain will hold a special training session to inform the field metering specialists of the change, why the change is being made, and their role in the campaign. Metering managers will periodically accompany specialists to ensure customers are being informed of the change and to evaluate how receptive customers are to the change.

door hangers, and customer interaction with customer service representatives and field metering specialists. *Id.* at 10.

Staff believes that training call center and field personnel about the reason for the change and the resulting benefits will help ensure a smooth transition. Additionally, educating customers with past-due balances who initiate contact with the utility before it implements the change will help reduce confusion and the number of inquiries. *Id.*

Staff thus recommended the Commission direct Avista and Idaho Power to implement a customer education campaign like Rocky Mountain's proposed campaign, or that at least includes the following minimum requirements:

1. Before implementing the change in utility practices, provide field personnel and customer service representatives with additional training for handling customer questions and concerns; and
2. Before implementing the change and for at least one (1) year thereafter:
 - a. Inform customers of the change when they contact the utility about a past-due balance, a payment arrangement, where to make a payment, or a pending disconnection;
 - b. Include a message about the change in the bills of customers with past-due account balances, and on the initial past-due notice and final disconnection notice; and
 - c. Inform customers of the change when contacting them by phone before disconnection.

Id. at 10-11. Staff also recommended Idaho Power and Avista personally contact or call their affected *non-residential* (i.e., small business) customers to advise them of the policy changes and to tell them to "take any necessary steps to protect [their] customers and employees if disconnection is unavoidable." *See* Staff Comments at 8-9. Lastly, Staff recommended the Commission direct Avista and Idaho Power to submit their revised education plans to the Commission within 14 days after the Commission's Order issues. *Id.* at 10.

In reply, Idaho Power agrees it is important to: (1) educate and train field personnel and customer service representatives (*see* Staff minimum requirement No. 1, above); and (2) include a message about the change on the initial past-due notice and final disconnection notice

to the customer (*see* Staff minimum requirement No. 2.b., above). But Idaho Power disagrees with Staff's remaining suggestions.

Idaho Power disagrees with Staff's minimum requirements 2.a and b to the extent they suggest that the company tell customers about the changes whenever they call the company about their account, or whenever the company calls the customer about pending disconnection. The Company believes repeatedly telling customers about the new practices would be redundant, annoying, and add to the length of the call and its associated costs.

Idaho Power also disagrees with the part of Staff's minimum requirement No. 2.b. that calls for the Utilities to tell customers about the changes whenever the Utilities send bills with past-due account balances. The Company says it will adequately inform affected customers about the changes by sending them a letter that highlights the remaining ways they can pay their bills and encourages them to provide feedback and questions. Idaho Power Reply at 2-3, 6.¹⁴ The Company also plans to include a message in the initial past-due notice and final disconnection notice, as suggested by Staff. Idaho Power Reply at 6-7.

Idaho Power disagrees, too, with Staff's suggestion that the Utilities contact affected *non-residential* customers in person or by telephone to tell them about the changes and to "take any necessary steps to protect [their] customers and employees if disconnection is unavoidable." Staff Comments at 9. Idaho Power explains that its informational letter will more effectively communicate the changes than in-person or phone contact because non-residential customers often have many stakeholders who may not be the appropriate person to contact. Idaho Power Reply at 3. Further, Idaho Power says it is inappropriate for the company to advise businesses "to take any necessary steps to protect [their] customers and employees if disconnection is unavoidable." *Id.* at 4.

Lastly, Idaho Power says that if the Commission approves the exemption and directs the Company to provide a detailed training and education plan as recommended by Staff, then the Commission should allow the company 30 days to develop and file the plan rather than 14 days as recommended by Staff. *Id.*

Commission Findings: It will be important for the Utilities to educate their personnel and customers about the changes that will occur under the exemption. The Commission finds

¹⁴ Idaho Power agrees that its letter would also inform customers of their UCRR 307 right to have a utility contact a third-party designated by the customer before the Utility disconnects the customer's service, as suggested by CAPAI. *See* Section B.2.b., p. 18 below.

that the Utilities' educational efforts must be reasonably calculated to notify affected customers about the changes before they occur. The Utilities may achieve this goal through a plan that either: (1) is like Rocky Mountain Power's plan; (2) contains Staff's suggested minimum requirements; or (3) notifies customers of the changes both through: (a) a letter before the changes take effect (as suggested by Idaho Power); and (b) the initial past-due notice and final disconnection notice (i.e., as suggested in Staff's minimum requirement No. 2.b, but with no duty to insert a similar message in the bills of customers with past-due account balances). We also encourage the Utilities to notify customers by highlighting the changes on the Utilities' websites.

While it is reasonable and in the public interest for the Utilities to provide notice as described above, we find it unnecessary for a utility to personally contact or call an affected non-residential customer about the impending change if the utility has already informed that customer about the change through a letter. We also decline to require the Utilities' letters and notices to tell affected businesses to take steps to protect their customers and employees.

Lastly, we find it reasonable to direct Idaho Power and Avista to submit a revised plan, consistent with the above findings, within 30 days of the service date of this order.

c. Consistently Apply No-Knock Policy. Staff recommended the Utilities consistently apply their no-knock policies throughout the year. Rocky Mountain already proposes to do this, and would not knock on a customer's door regardless of when disconnection is to occur. Idaho Power and Avista, on the other hand, would not knock outside the Winter Disconnection Moratorium. But during the Moratorium: (1) Avista would knock for customers who lack remote disconnect/connect capability; and (2) Idaho Power would knock for all customers regardless of meter type. Staff fears that Idaho Power and Avista may confuse customers by applying different knocking policies at different times of the year. Staff explains, for example, that if Idaho Power continues to knock during the Moratorium even though a customer has a remote connect/disconnect meter, customers may be confused and may become frustrated when the company stops knocking after the Moratorium ends. *See* Staff Comments at 11-12.

Commission Findings: We decline to direct the Utilities to apply their no-knock policies as suggested by Staff. We believe the Utilities should have the discretion to exercise reasonable business judgment in deciding whether to knock or not knock during the Moratorium.

d. *Reduce Reconnection Charges.* With the exemption, Idaho Power and Avista will be able to remotely disconnect and connect customers and will thus save costs. Idaho Power and Avista thus propose reducing their reconnection charges for customers with remote disconnect/connect meters. Idaho Power would reduce its charge to \$13, while Avista would use the same reduced charges it used in its pilot program; i.e., \$12 charge for requests made during business hours, and \$24 for requests made after business hours or during weekends or holidays.

In its comments, Staff notes that Avista and Idaho Power did not provide detailed cost justifications for their proposed reduction in reconnection charges. Staff nevertheless recommended the Commission approve the reduced charges with the exception of Avista's proposed \$24 charge to reconnect customers after hours or on holidays or weekends; with respect to that charge, Staff instead recommended Avista apply a \$12 charge regardless of when the request is made. Staff believes the proposed charges will provide cost savings to affected customers while being high enough to encourage customers to avoid disconnection. After the new procedures have been implemented and the cost of remote reconnection is better known, Staff would re-examine the appropriateness of the reconnection charges. *See Staff Comments at 12.*

Commission Findings: The Commission finds it reasonable and in the public interest for Idaho Power and Avista to reduce their reconnection charges as proposed, with Avista further reducing its proposed, \$24 charge for reconnections outside normal business hours to \$12 as suggested by Staff. We believe these reduced charges will benefit customers and reflect, at least to some extent, the Utilities' lower cost to reconnect without having to dispatch field personnel. We expect Staff to work with the utilities to reassess the appropriateness of these charges after the Utilities have had time to gather further data on the costs saved through the use of remote meters.

e. *Implement Commission-Approved Changes on May 1, 2015.* Avista and Rocky Mountain Power ask the Commission to approve the exemption effective March 1, 2015, to coincide with the end of the Winter Disconnection Moratorium. Staff prefers a May 1, 2015 effective date. Staff says that customers who seek Moratorium protection have a heightened risk of being disconnected at the end of the Moratorium period. Further, even customers who do not seek Moratorium protection may have difficulty paying high winter bills. Staff thus recommended the Utilities implement the approved changes on May 1, 2015, instead of on

March 1, 2015, to allow the Utilities extra time to educate employees and customers about the policy change. *See* Staff Comments at 13.

In its reply, Idaho Power concurs that a May 1, 2015 effective date should be used. Idaho Power Reply at 14.

Commission Findings: To ensure that the Utilities can adequately educate their customers and personnel about the changes that will occur once the exemption takes effect, we find it reasonable and in the public interest for the exemption to take effect on May 1, 2015, instead of at the end of the Winter Moratorium Period.

B. CAPAI

CAPAI argues that the Commission should deny the Petition because: (1) the Utilities have failed to carry their burden of proof under UCRR 9; and (2) the Utilities' proposal unlawfully discriminates against low-income customers. Alternatively, CAPAI argues that the Commission should conditionally approve the Petition with: (1) safeguards for vulnerable, low-income customers; and (2) a commitment to reassess the exemption's impact in one year. CAPAI's arguments and Idaho Power's reply to each are summarized below.

1. Arguments for Denying Petition

CAPAI asks the Commission to deny the Petition for the following reasons.

a. *The Utilities have Failed to Carry Their Burden of Proof Under UCRR 9.* CAPAI asserts that the Utilities have failed to carry their burden of proof under UCRR 9. Under UCRR 9, utilities may obtain an exemption to UCRR 311.04 and .05 if they can prove that "unusual or unreasonable hardships exist from the application of" those rules. CAPAI argues that the Utilities have failed to carry this burden. Specifically, while the Utilities claim "good cause" exists for an exemption because an exemption may "reduce operating costs and increase the safety of utility employees, benefiting customers without sacrificing customer service," the Utilities have produced no evidence of "unusual or unreasonable hardships" arising from UCRR 311.04 and .05.

CAPAI argues that the Utilities' "employee safety concern" stems from "threatening encounters" and a "tragic incident years ago in Mississippi," but that the Utilities have no evidence of "actual incidents of . . . harm" to their employees.

CAPAI also argues that besides "the few remote disconnect metered customers [of Avista and Idaho Power], there will be no cost savings resulting from the [exemption]" that

might justify exempting the Utilities from the final knock rule and increasing the risk to older, impaired, or “unbanked or underbanked” poor customers who must pay their bills in cash. CAPAI says the final knock rule increases the likelihood that utility employees will identify situations where disconnecting service could harm these vulnerable customers, and that suspending “the final door knock rule will terminate this last safeguard.” *See* CAPAI Comments at 2-5, and 8.

For these reasons, CAPAI maintains the Utilities’ exemption request will be premature until enough customers have remote disconnect/connect meters because the benefits of suspending the final knock rule do not outweigh the risk the exemption would pose to vulnerable customers. *See id.* at 9.

In reply, Idaho Power notes that in 2014, it installed remote disconnect/connect meters for the 3% of its customers who, due to multiple field visits per year, had accounted for about 40% of Idaho Power’s total field visits for disconnections. Idaho Power estimates that, if the exemption is granted, the one-time, \$1 million cost to install these remote disconnect/connect meters will reduce the Company’s operating expenses by decreasing the Company’s metering labor and transportation costs by about \$700,000 per year. The Company says its customers will realize these savings through revenue sharing under Commission Order No. 33149, and through updated rates after its next general rate case. Idaho Power Reply at 7-8. Idaho Power argues that these benefits, and those identified by Staff (*see* pp. 4-5, above), belie CAPAI’s claim that the exemption would be of questionable benefit to Idaho Power’s customers. *Id.* at 8. Idaho Power also “is perplexed by CAPAI’s statement” that the Petition is premature in light of CAPAI’s initial support for Avista’s successful eight-year pilot program that deployed 645 remote connect/disconnect meter collars. *Id.*

Commission Findings: In order to be exempted from UCRR 311.04 and .05, the Utilities must establish that “unusual or unreasonable hardships exist from the application of” those rules. *See* UCRR 9, IDAPA 31.21.01.009. While the Utilities do not specifically argue that “unusual or unreasonable hardships” exist, they do argue that “good cause” exists for an exemption to be granted under UCRR 9. We interpret the Utilities’ argument to mean that they believe unusual or unreasonable hardships do exist. As discussed below, we find that the Utilities (and their customers) face unusual or unreasonable hardships under, and should be exempted from, UCRR 311.04 and .05 because those sections: (1) heighten the safety risks to

utility employees; and (2) preclude the Utilities and their customers from realizing the benefits of modern metering technologies. We believe the Utilities and their customers will actually benefit from the exemption in numerous ways, so long as the Utilities adhere to their new practices as approved in this Order.

First, the Utilities have shown that the knock-and-accept payment rules pose an unreasonable safety risk for their field personnel. Rocky Mountain, for example, attests that in 2012 a Mississippi utility employee was killed while attempting to disconnect a customer, and that the number and severity of threats or incidents have increased nationally and in Rocky Mountain's and PacifiCorp's service territories from year-to-year. Rocky Mountain explains:

. . . PacifiCorp recorded thirteen physical incidents in 2012 and 2013. Of the thirteen physical incidents, one involved a customer spitting on an employee and then slamming the Company truck door on the employee's leg, one involved a pit bull attack, one involving a customer attempting to engage the employee in a fist fight, one was an unspecified physical attack on a meter reader, one involved a customer turning a hose on an employee driving a vehicle and then spitting on the employee and eight involved a customer brandishing their firearm. Four incidents in particular noted the customer pointed the firearm directly at the employee. Currently in Idaho, the Company has nine sites where aggressive customer behavior has been documented and three additional sites where police escort is required. These are sites where it is known we must use an abundance of caution. Unfortunately, unlawful and harmful behavior does not always come with a warning.

Rocky Mountain also expresses concern about a rule that requires its employees to accept on-site payment, and notes that its field employees have been robbed. Barbara Coughlin Direct, pp. 4-6. Avista similarly attests:

We continue to see an increase in the number of customers that pose a real threat to our employees. Safety is a concern for the meter readers and service people tasked with disconnecting power or acting as impromptu bill collectors. Aggressive dogs are often used to deter utility personnel from doing their jobs. Over the years, Avista servicemen have encountered situations where angry homeowners threaten to release their dogs to attack them. Others have threatened physical harm, sometimes with a gun in hand. Concern for safety is especially important when you consider these "bill collectors" are unarmed and can be carrying collections on their route. Due to the numerous safety concerns, two-person crews are typically used, as well as in some cases, a police escort.

Linda M. Gervais Direct, pp. 7-8. It is thus clear that the knock-and-accept-payment rules have posed actual safety risks for personnel.

Second, the Utilities have shown that the knock-and-accept payment requirement unreasonably precludes them (and their customers) from fully realizing the benefits of modern metering technologies. The rules, for example, force Avista and Idaho Power—and ultimately their customers—to unnecessarily incur labor and transportation costs that might otherwise be avoided through remote disconnection and reconnection. *See* Staff Comments at 6. For example, in 2014, Idaho Power installed about 14,500 meters that can remotely disconnect and reconnect customers at sites that had multiple visits to disconnect or reconnect the customer over 18 months. But because of the knock-and-accept payment rules, Idaho Power has not been able to use the remote disconnect function. Instead, the rules obligate Idaho Power to incur about \$700,000 a year in labor and transportation costs to dispatch employees to personally disconnect and reconnect service. If we were to exempt Idaho Power from these rules and allow it to remotely disconnect and reconnect non-paying customers, Idaho Power's operation and maintenance expenses would decrease by about \$700,000 per year. These avoided costs, in turn, will ultimately translate into savings that customers will realize through revenue-sharing mechanisms or new base rates. We find it is unreasonable to deprive the Utilities and their customers of these benefits.

We also find that the Utilities' customers will benefit from the exemption in other ways that highlight the unreasonable hardship that the rules currently impose. As an initial matter, we note that few customers have actually avoided disconnection by paying at the door. The final-knock rule thus appears to provide little benefit to customers overall, in terms of numbers. This may be, in part, because the Utilities require customers who pay at the door to also pay an added, field visit charge to avoid disconnection. Exempting the Utilities from the final-knock rule should enable more customers to avoid disconnection by paying their bills (with no added field visit charge) before the disconnection date. These customers will continue to receive multiple disconnection notices before disconnection occurs, and they will continue to have multiple ways to pay their bills, including through the mail, pay stations (stores or other businesses where customers can pay their power bills), drop boxes, on-line or by telephone. And, if a customer with a remote meter is nevertheless disconnected for non-payment, that customer will benefit from the exemption by enjoying faster and more predictable reconnection

of service, and reduced reconnection fees. Other benefits include those identified at pages 4-5 of this Order.

For these reasons, we find that requiring the Utilities to knock and accept payment at the door creates an undue or unreasonable hardship that warrants us exempting the Utilities from UCRR 311.04 and .05 under the conditions specified in this Order.

b. *The Utilities' Proposal Unlawfully Discriminates Against Low-Income Customers.* CAPAI argues that the Utilities' proposal unlawfully discriminates against low-income customers in violation of *Idaho Code* §§ 61-301 (utility's charges for products and services must be just and reasonable) and 61-315 (utility cannot unreasonably discriminate between localities or customers as to rates, charges, service, facilities, or other matters). In support of its argument, CAPAI notes that Idaho's poverty rate is at least 15.1%. CAPAI claims that Avista and Idaho Power target customers for remote meters based on whether those customers have had multiple prior disconnection visits. CAPAI argues that because most of those visits are due to non-payment, it "is intuitive that the customers most likely affected by [the Utilities' proposal] will be low income." CAPAI thus concludes the proposal is unreasonably discriminatory, and that any potential "employee safety" benefits and modest cost savings do not offset the proposal's risks to vulnerable, low-income customers. *Id.* at 2.

In reply, Idaho Power says it does not target customers but rather locations where remote meters would be best deployed to speed up reconnection while decreasing costs borne by the residents and all customers, and that the meters will not be relocated if the resident moves to a different location. Further, Idaho Power says CAPAI cannot properly "intuit that locations with these meters serve low income customers" when only 8% of the Company's 12,743 remote connect/disconnect meters are installed at locations where the current customer received a Low Income Home Energy Assistance Program (LIHEAP) payment in 2013-2014. Idaho Power also argues that its proposal does not violate: (a) *Idaho Code* § 61-301 (charges must be just and reasonable) because the only charge at issue—a reduced charge to reconnect customers who have remote disconnect/connect meters—is based on the company's actual cost to perform that function; or (b) *Idaho Code* § 61-315 (no unreasonable discrimination or preference) because Idaho Power's proposal would reduce costs for all customers regardless of meter type. Idaho Power argues its proposal that customers trade "an expensive opportunity to pay at the door at disconnection and faster reconnection with less expensive reconnection fees" does not propose a

prohibited “preference” or “disadvantage” under *Idaho Code* § 61-315. Idaho Power also notes that the Commission previously approved Avista’s partial rollout of remote connect/disconnect meters, and that in the eight years since that pilot was approved Avista has received no complaints from customers believing they have been disadvantaged by the use of remote connect/disconnect meters. Idaho Power Reply at 9-10.

Commission Findings: We find no evidence to suggest that the Utilities’ proposals will impose unreasonable charges or unreasonably discriminate against low-income customers in violation of *Idaho Code* § 61-301 and *Idaho Code* § 61-315. As Idaho Power notes, the proposals would not impose unjust or unreasonable charges but would instead reduce reconnection charges. Further, the proposals do not unreasonably discriminate against or disadvantage low-income customers. As Idaho Power notes, it installed 92% of its remote meters at locations where customers do not receive LIHEAP assistance. Further, Avista’s and Idaho Power’s proposals will decrease labor and transportation costs and ultimately reduce costs for all customers, including low-income customers, regardless of whether they have a remote meter or manual meter installed. In the end, we believe the proposals will benefit low-income customers (and other customers) by providing for faster reconnection, less expensive fees, and other benefits as identified in Section B.1.a, above.

2. Arguments for Conditional Approval

CAPAI next argues that if the Commission does not deny the Petition, then it should only approve the Petition upon conditions that safeguard vulnerable low-income customers. CAPAI proposes the following safeguards.

a. *File Monthly Report.* CAPAI proposes that each utility file a monthly report with the Commission and all interested persons, similar to the report that Rocky Mountain already submits for its low-income customers, that states: (1) number of payment agreements in place; (2) number of payment agreements with Moratorium declaration in past 12-month period; (3) agreements with arrears; (4) total arrears amount; (5) number of past-due notices; (6) number of final notice letters; (7) number of disconnections for non-payment; (8) number of same day reconnections; and (9) number of reconnections within one week. CAPAI Comments at 9.

In reply, Idaho Power says it is willing to provide the requested data each month for a year after the change in collection practices. Because the requested information contains interim non-quarterly financial and energy sales information that is not released monthly in a Security

and Exchange Commission filing or other means of broad public distribution, Idaho Power requests that CAPAI and other parties sign a non-disclosure agreement before receiving the report. Idaho Power Reply at 12.

Commission Findings: Because we are exempting the Utilities from the final-knock rule, we find it reasonable and in the public interest to monitor the exemption's effects on low-income persons by requiring the Utilities to file a monthly report containing the information enumerated above, with the first required report due on May 1, 2015. We encourage the Utilities to consult with Staff on the type of report form that might be filed. It could be similar to the report already filed by Rocky Mountain. We see no reason why the Utilities would need a confidentiality agreement in order to file such a report; Rocky Mountain apparently does not, and Idaho Power, which argues for the agreement, cites no specific authority that might suggest such an agreement is necessary. We encourage Idaho Power to confer with Rocky Mountain Power on how best to provide the required information.

b. *Communicate Third-Party Notification Rights.* CAPAI proposes that the Utilities tell customers about their third-party notification rights before the exemption takes effect. Specifically, before the exemption's effective date, the Utilities should notify *all* customers about the new, no-knock policy and advise them of their third-party notification rights under UCRR 307 (each utility shall provide a third-party notification program under which, at customer request, the utility will notify a third-party designated by the customer of the utility's intention to terminate service). Further, CAPAI proposes that the Commission require the Utilities to notify the third-party of impending disconnection at least one week before disconnection is set to occur. CAPAI Comments at 9-10.

In reply, Idaho Power proposes to mail a letter that advises *affected customers* of the policy changes, highlights the multiple remaining ways of making payment, and encourages customer feedback and questions. Idaho Power Reply at 2-3. The letter would also inform affected customers of their rights under UCRR 307, as suggested by CAPAI. Idaho Power Reply at 3. Idaho Power notes, in addition, that its initial reminder notice (seven days before disconnect) and final disconnection notice (three days before disconnect) will advise affected customers of their UCRR 307 rights. The Company's annual Idaho Residential Customer Information brochure also discusses UCRR 307. To avoid confusing the majority of customers whose accounts are not past-due or who take service at a location that lacks a remote

connect/disconnect meter, Idaho Power proposes to include the UCRR 307 information in its letter to affected customers instead of all customers, as suggested by CAPAI. Idaho Power Reply at 5-6.

Commission Findings: We find it reasonable and in the public interest to require the Utilities to notify affected customers, rather than all customers about the new, no-knock policy and their third-party notification rights under UCRR 307. We believe that notifying non-affected customers could potentially be confusing. Further, we find it reasonable to direct the Utilities to notify a customer's third-party designee of an impending disconnection at least one week before disconnection is to occur. We encourage the Utilities to find out who a customer's third-party designee is when the customer signs up for service.

c. *Verify Pay Station Capability.* CAPAI proposes that, before the exemption's effective date, each utility must verify to the Commission, in writing, that its pay stations will be able to instantaneously transmit customer payment data to the utility that will then instantaneously relay that data to appropriate company disconnect personnel to ensure that they do not inadvertently disconnect the customer. CAPAI Comments at 10.

In reply, Idaho Power notes that it has about 60 pay stations and that it provides pay station services under a contract with Western Union. Under the contract terms, payment information is transmitted to Idaho Power each day. Idaho Power says it is unaware of any service provider that can instantaneously transmit payment data, as requested by CAPAI. Idaho Power Reply at 12.

Commission Findings: It appears from Idaho Power's representation that there may not be pay station providers that instantaneously transmit payment data to the Utilities. However, we think CAPAI's suggestion is a good one, and that the Utilities should take precautions to ensure that they do not inadvertently disconnect a customer who has already paid their bill. In this regard, we find it is reasonable and in the public interest to direct the Utilities to investigate whether procedures or technologies exist that might enable them to instantaneously receive the customer's payment data, and to relay their findings to Staff.

d. *Assess the Exemption's Impact in One Year.* CAPAI proposes that the Commission initiate a proceeding in one-year to assess how exempting the Utilities from UCRR 311.04 and .05 has impacted customers. CAPAI proposes that the Commission require the Utilities to provide: (1) number of disconnections; (2) number of reconnections; (3) average time

between disconnection and reconnection; and (4) payment type used to reconnect utility service. CAPAI Comments at 10.

In reply, Idaho Power notes that there have been no complaints about discontinuing knocking and accepting payment at the door in the four other states where Rocky Mountain Power no longer makes in-person contact to attempt to collect a past-due bill. Idaho Power thus argues that the Commission should not order a new proceeding now but should instead initiate a future proceeding only if action is needed to resolve unforeseen issues. Idaho Power Reply at 12-13.

Commission Findings: We decline to order Staff or the Utilities to initiate another case in a year to assess the exemption's impact on customers. Earlier in this Order, we have directed the Utilities to provide monthly reports that will assist Staff in assessing how the exemption and proposals are affecting low-income customers. Further, it appears that changes like those proposed here have generated no complaints for Rocky Mountain in states where Rocky Mountain has already implemented them. *See* Barbara Coughlin Direct, pp. 8-9. We encourage the parties and Staff to try to work through concerns that might arise after the exemption takes effect. We find it reasonable to initiate a formal proceeding only if specific, otherwise irresolvable complaints arise.

e. *Ensure Deposits do not Change.* It is unclear to CAPAI if and how exempting the Utilities from UCRR 311.04 and .05 might affect the deposits that customers pay when connecting or reconnecting. CAPAI recommended the exemption not change customer deposits. CAPAI Comments at 10.

Commission Findings: The Utilities' Petition says nothing about customer deposits. Accordingly, nothing in this Order should be interpreted to change how customer deposits are treated.

C. Customer Comment

One customer, John Weber, submitted written comments. Mr. Weber explains that people who live paycheck to paycheck are good at budgeting for prepaid commodities such as food and gas, but are often challenged in budgeting for electricity because they are billed for the electricity after they use it. Mr. Weber suggests that the Utilities allow customers to prepay for kilowatt-hours of electricity. He explains that in the Caribbean, customers can buy kilowatt-hours that are then reflected in a balance shown on their smart meters at home. Mr. Weber notes

that this system worked well and prompted the customer to more closely monitor energy use by reading their smart meter. Then, if a customer's balances were to run low, the customer either could choose to conserve energy so as not to exceed the balance, or to buy more kilowatt-hours and add them to the balance. As a result, the need for on-site disconnection visits would decrease, and both utilities and customers would achieve cost savings.

In its comments, Staff notes that none of the regulated electric utilities in Idaho have a prepaid metering system in place such as that described by Mr. Weber. But customers can prepay for service, pay at intervals besides monthly intervals, or set up a level payment plan in which a utility estimates the customer's yearly energy costs and then spreads the payments evenly throughout the year. Further, Avista and Idaho Power customers may access their usage information on-line.

Commission Findings: The Commission appreciates Mr. Weber's time in submitting this thoughtful comment. At this point, it appears that the Utilities may lack the equipment or technology to allow for the prepayment of kilowatt-hours. We encourage the Utilities to explore the options suggested by Mr. Weber and whether they can use their smart meters to further enhance their customers' experience, and to share their findings with Staff.

ULTIMATE FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Utilities are electrical corporations. The Commission has jurisdiction and authority over them and the issues in this case under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.* Based on our review of the record and the discussion above, we find it is fair, just, reasonable, and in the public interest to grant the Utilities' Joint Petition by exempting them from the requirements of UCRR 311.04 and .05, and approving their proposed practices under that exemption, under the conditions set forth above. We thank the parties for conducting the informational workshop to explain their proposals and air their concerns before submitting comments.

ORDER

IT IS HEREBY ORDERED that, effective May 1, 2015, the Utilities shall be exempted from the requirements of UCRR 311.04 and .05, and their proposed practices under that exemption are approved under the conditions set forth above.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* §§ 61-626 and 62-619.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th day of February 2015.



PAUL KJELLANDER, PRESIDENT

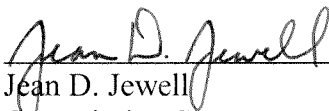


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:GNR-U-14-01_kk3