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Attorney for the Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
AVISTA CORPORATION FOR AUTHORITY ) CASE NO. AVU-E-07-9  
TO IMPLEMENT A PILOT PROGRAM FOR )  
REMOTE DISCONNECTS AND RECONNECTS ) COMMENTS OF THE  
 ) COMMISSION STAFF  
 )  
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The Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Donovan E. Walker, Deputy Attorney General, in response to the Notice of Application and Notice of Modified Procedure, issued on September 19, 2007, Order No. 30437, submits the following comments.

**BACKGROUND**

On August 31, 2007, Avista Corporation filed an Application seeking approval to implement a one-year pilot program for remote disconnects and reconnects. The Company also requested a limited waiver of Utility Customer Relations Rules 311.03 and 311.04 (IDAPA 31.21.01.311.03 and 311.04).

Avista proposes to implement a one-year pilot program for the evaluation of remote disconnects and reconnects. The Company proposes to install approximately 250 remote disconnect collars that would utilize Power Line Carrier (PLC) as the communication protocol in rural areas and approximately 350 wireless meter devices for use in urban areas. The devices

would allow for the remote enabling and disabling of electric service from Avista's office. According to the Application customers selected for the pilot would include customers with 200 amp services that either have had multiple disconnects, are located in rural areas, or otherwise occupy premises where the Avista employee may be "at risk" for manually performing disconnects and/or reconnects.

The Company states in its Application that the anticipated benefits of remote disconnect and reconnect capability include: (1) reducing operating and maintenance expenses related to multiple disconnections and reconnections for urban and rural accounts; (2) productivity gains of employees by eliminating multiple trips to customer homes for collections; (3) enhancing employee safety; (4) quicker response time to reconnect service leading to increased customer satisfaction; and (5) recognizing a reduction in bill defaults and write-offs by encouraging prompt consumer payment over time. Avista proposes to report on the following at the conclusion of the one-year pilot program: (1) number of disconnect devices installed; (2) reason for installation; (3) utilization of the disconnect devices after installation; and (4) costs together with realized savings.

## **STAFF ANALYSIS AND COMMENTS**

Staff supports Avista's proposed pilot program with certain conditions as more fully discussed below. The Commission has encouraged utilities to implement "smart meter" technology. As with any new technology, evaluation and adjustments are necessary. This pilot provides the opportunity to determine the costs and benefits of remote connection and disconnection, test the equipment, and perhaps more importantly, allow all interested parties to evaluate the impact of such a program on customers.

### **Customer Selection Criteria for Inclusion in Pilot Program**

It is Staff's understanding that participants have not been pre-selected for the pilot. Participants will be selected over time on a case-by-case basis. If the Commission approves the pilot, customers scheduled for disconnection will be screened to determine if they meet the pilot's selection criteria: multiple disconnects, location in a rural area, or the customer occupies a premise where an Avista employee may be at risk. The Company anticipates that participants will be primarily residential, but the pilot could include any customer with 200-amp service. Customers who frequently are disconnected for non-payment will be the most likely to be selected for the pilot.

The Company's definition of "multiple disconnects" is that service has been disconnected two or more times in the past three years. Staff believes it would be more appropriate to focus on disconnections within the most recent 12-month period. A customer that meets that particular requirement could live in either a rural or an urban area. The Company is more likely to realize significant cost savings and other benefits if there is a history of multiple visits to a customer's premise over a relatively short period of time (1 year). Staff recommends that only those customers who are actually disconnected at the time of a visit to the customer's premises be eligible for selection under the pilot program. Staff believes that excluding past premise visits that did not result in actual disconnection of service from the selection criteria will narrow the focus of the pilot to those customers with an established history of disconnections and simplify evaluation of the pilot program.

The Company defined "rural area" as typically those areas outside the city limits of Lewiston, Moscow and Coeur d'Alene, Idaho, the three cities with the largest populations in Avista's Idaho service territory. Staff believes this definition is overly broad, and that greater efficiencies and cost-savings would be realized if the Company focused on customers in remote locations, as opposed to simply outside the city limits of major population areas. Staff's understanding is that customer location will be a secondary factor used in the selection process. The Company will first determine whether there has been multiple disconnects and then consider location.

Avista provided several examples of situations that may put an employee at risk: customers have threatened harm to either an Avista employee or Avista property, locations where there is danger from animals, e.g., a dog tied to a meter, or access to the customer's location is difficult. If a customer is scheduled for disconnection and Avista determines that the employee who will be dispatched to visit the premises will be "at risk," the Company may select this customer for the pilot even if he or she may not have been disconnected multiple times in the past. Staff agrees that this would be an appropriate criterion for selection.

### **Customer Notification**

Currently, the first disconnection notice is sent to the customer at least seven calendar days before the proposed date of disconnection (Rule 304.01, Utility Customer Relations Rules (UCRR)). A final (second) notice is sent at least three days before the proposed date of disconnection. A call must be made to the customer at least 24 hours before actual disconnection

(Rule 304.02, UCRR). All the notices must provide information on steps the customer may take to avoid disconnection. Under the pilot, the Company intends to continue providing these written and oral notices.

The day service is disconnected, the utility is required to knock on the door to give the customer a final opportunity to pay the amount required to prevent disconnection (Rule 311.03, UCRR). If no one is at the premises at that time, the employee must leave a notice advising the customer that service has been disconnected and what steps must be taken to get service reconnected (Rule 311.04, UCRR).

Under the pilot, the Company will not be visiting the premise to disconnect service after the initial visit to install the necessary equipment. Since no employee will be dispatched to disconnect service, the Company will not be able to provide the customer one final opportunity to avoid disconnection by paying the bill or leave the usual post-disconnection notice. Some customers routinely avoid disconnection of service by paying the Company employee when he or she visits the customers' premises. The Company has advised Staff that most premises visits (85%) actually result in disconnection of service. Customers who are selected for the pilot will not be afforded that final opportunity to pay, literally at the last minute. As discussed previously in these comments, Staff recommends that customers selected for the pilot have a history of actual disconnection. Therefore, it is less likely that selected customers will have come to rely on the option of avoiding disconnection by paying during a premise visit.

The Company must be granted a waiver of Rule 311.03 and .04 (final visit and opportunity to pay) if the pilot is approved. Staff supports granting of the waiver for those customers selected for the pilot program.

Currently, the notice left at the customer's premises following disconnection contains information on what actions are necessary to get service restored and how to contact Avista. The Company has drafted a special notice that will be given to customers or left at the premises when the remote connect/disconnect equipment is initially installed. The notice will advise the customer that the device has been installed and explain how that will change the disconnection and reconnection procedure from that point forward. The notice also requests updated customer contact information so that the Company can call the customer immediately prior to disconnection. It is Company policy to update customer contact information anytime a Company representative speaks to a customer. The notice provided to the customer includes information on action the customer needs to take after the Company restores service, i.e., push the reset button on

the meter. The customer will be given the same information when the customer contacts the Company to request reconnection. Staff supports this special notice, but believes the text of the draft/special notice could be rewritten to provide greater assistance to program participants. Staff recommends that the Company work with Staff in preparing this special notice for customers selected for the pilot program. In particular, Staff believes the notice should encourage customers to contact the Company if there are any questions or concerns or if there are reasons why the customer would not be able to reset the meter.

### **Remote Disconnection Devices**

The equipment the Company selected for the pilot program has a manual reset button, primarily for safety reasons. For example, if something was left cooking on a stove or a space heater was on at the time service was disconnected, cooking or heating would resume as soon as service was restored. If service was restored remotely without the customer having to reset the meter device, there would be a potential risk of damage to appliances or even fire. The Company indicated that it could override the reset function and restore service remotely without the customer's participation if necessary, as might be the case if the customer is physically unable to access the meter or push the reset button.

The two devices to be used by the Company are a relatively new technology. The Company will be tracking the failure rate during the pilot. Should a remote device fail at any point during a disconnect or reconnect, the Company will follow its normal process for an employee visit to the location to either disconnect or reconnect service.

The remote devices do not have an indicator light to allow a customer to know that's the reason for power being off. There are other situations that could result in a power outage such as a general power outage, a blown fuse or a tripped circuit breaker. A customer selected for the pilot will receive the normal disconnection notices and a call prior to a remote disconnection. As previously mentioned, the Company will provide a special additional notice when the equipment is installed. If a customer is unsure as to whether a service interruption is due to remote disconnection or a power outage, the customer will need to contact the Company.

Currently, there is information on all the notices provided to customers giving them information on steps that can be taken to prevent disconnection as well as contact information for both the Company and the Commission. For those customers selected for the pilot, the Company

will provide contact information in a more permanent fashion, e.g., by placing a sticker on either the customer's circuit panel or the meter base.

### **Program Evaluation**

The evaluation effort identified by the Company in its Application focuses on the hardware used in the pilot program and a financial cost/benefit analysis. The Company does not mention any effort to evaluate the impact upon customers and customer payment behavior. Avista has expressed a willingness to work with Staff and other interested parties to develop an evaluation plan designed to make meaningful analysis of customer impacts possible.

### **Other Issues**

An advantage of the pilot program is the ability of the Company to restore service within minutes, 7 days a week, 24 hours a day, once the customer has satisfied all the conditions required to restore service. Normally, it can take up to several hours to restore service, taking into account scheduling and drive time to the customer's premise. Customers who request reconnection outside of Avista's normal business hours (8 a.m. to 7 p.m. weekdays and 8 a.m. to 4 p.m. on weekends and holidays) must wait until the following day to be reconnected. For these customers, remote reconnection will be a major benefit, since service will be restored much more quickly.

The Company did not propose to reduce or waive reconnection fees for those customers selected to participate in the pilot. Although Staff believes it would be appropriate to consider changing the fees or fee structure in the event a permanent program is proposed in the future, Staff does not recommend any changes at this time.

Remotely disconnected customers have the same payment options as all other customers: payment by mail, the Internet using a third party vendor, by phone with either a debit or credit card, or a direct debit to their checking account. Customers may also make payment at one of 30 pay stations in the Company's Idaho service territory.

The Company estimates the cost of the pilot to be \$104,000. Staff notes that Avista is already in the process of installing metering equipment under its Advanced Meter Reading (AMR) program to enable the Company to read meters remotely. The same technology used to read meters remotely can be used to connect and disconnect service remotely. Therefore, the Company anticipates that it will not necessarily incur additional equipment cost for every customer selected for the pilot. To the extent that is true, it will reduce the overall cost of the pilot program.

## RECOMMENDATIONS

Staff recommends that the Commission approve the proposed pilot and grant a limited waiver of Rules 311.03 and 311.04 with respect to customers selected for the pilot under the following conditions:

- (1) The Company modify its selection criteria to define "multiple disconnections" as two or more disconnections within the past twelve months and change its location focus to customers whose premises are in remote areas;
- (2) Direct the Company to work with Staff on preparing its special notice for customers selected for participation in the pilot program; and
- (3) Direct the Company to work with Staff and other interested parties to prepare a plan for evaluation that includes the pilot's impact on customers and customer behavior as well as the technological and financial aspects of the program.

Respectfully submitted this *25<sup>th</sup>* day of October 2007.



Donovan E. Walker  
Deputy Attorney General

Technical Staff: Wayne Hart  
Nancy Hylton

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 25<sup>TH</sup> DAY OF OCTOBER 2007, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. AVU-E-07-09, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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