

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: JULY 2, 2008

SUBJECT: AVISTA'S REVISED APPLICATION TO IMPLEMENT A PILOT PROGRAM FOR REMOTE DISCONNECTS AND RECONNECTS; CASE NO. AVU-E-07-09

BACKGROUND

On August 31, 2007, Avista Corporation ("Avista" or "Company") filed an Application seeking approval to implement a one-year pilot program for the remote disconnection and reconnection of customers to its system. Avista also requested a limited waiver of Utility Customer Relations Rule 311.03 and 311.04 (IDAPA 31.21.01.03 and .04) related to the final customer notification prior to disconnection. The Company requested that its Application be processed through Modified Procedure. IDAPA 31.01.01.201-.204.

On September 19, 2007, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing a deadline for the submission of comments and/or protests. Commission Staff filed comments supporting the Company's Application. AARP Idaho filed comments opposing the Company's Application. Likewise, the Community Action Partnership Association of Idaho ("CAPAI") filed comments opposing approval of the Company's Application as well as the Commission's use of Modified Procedure. Additionally, CAPAI requested that the Commission convene a technical hearing and order a workshop regarding the Company's proposal.

On December 4, 2007, the Commission deferred judgment on the Company's Application and ordered workshops to further refine and develop details of the pilot program.

See Order No. 30471. Thereafter, the parties communicated via e-mail and telephone and addressed the following issues identified by the Commission:

- 1) The criteria for selecting customers for inclusion in the pilot program;
- 2) The distinction(s) between urban and rural customers and any links with the Company's AMR distribution;
- 3) The notice, any special notice, and any customer education for those selected for participation;
- 4) The plan for evaluation of the pilot, including both technological and customer impacts;
- 5) Capital costs, cost recovery, reconnection fees, cost savings; and
- 6) The public interest issues pertaining to the elimination of a final, in-person home visit and opportunity to "pay at the door" prior to disconnection.

See Order No. 30471 at p. 8.

Public workshops were originally scheduled for February 5 and 6, 2008, in Lewiston and Coeur d'Alene, but were cancelled to allow the parties more time for discussion. On March 27, 2008, a public workshop was held at the Commission's office in Boise during which the parties reached a tentative agreement on most issues. Representatives from Avista, Commission Staff, CAPAI and AARP attended the workshop. At the conclusion of the workshop, participants agreed to continue working informally on the issues of customer notification and identification of the data to be collected during the course of the pilot.

On April 28, 2008, Avista submitted its Revised Application pursuant to Order No. 30471. The Revised Application purports to incorporate certain changes to the pilot program agreed to during the March 2008 public workshop as well as subsequent correspondence between the parties.

This matter is now fully submitted for the Commission's consideration under its rules for Modified Procedure. IDAPA 31.01.01.201-.204.

COMPANY'S REVISED APPLICATION

The Company proposes to install approximately 600 remote disconnect collars which would utilize Power Line Carrier (PLC) as the communication protocol. The devices would allow for the remote enabling and disabling of electric service from Avista's office. According

to the Company's Revised Application, customers selected for the pilot would include customers with 200 amp services that meet at least one of the following criteria:

- Premises where employee safety is a concern, i.e., customers who have threatened to harm Avista employees or property, premises where there is a danger from animals, or premises that have an obstructed access to the meter;
- Customers who have previously had two field collection visits or disconnection in the preceding 12 months; and
- Excluded will be CARES customers, customers subject to the moratorium, who are on a winter payment plan; who have provided medical certificates, or who have made satisfactory payment arrangements.

Revised Application at p. 3.

The Company states 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.

The Revised Application proposes the assessment of a reconnection fee of \$12 during normal business hours and \$24 if reconnection is performed after hours. This represents a 50% decrease in the reconnection fee proposed by Avista in its original Application. The Company notes that the reasonable capital costs and avoided costs of this pilot program will be spread across all rate classes in its next general rate case.

Avista affirmed its commitment to continue to comply with the Commission's Utility Customer Relations Rules in the performance of disconnect/reconnect services for all of its customers. However, the Company requests a waiver of IDAPA 31.21.01.311.03 and 311.04 during the term of the pilot program for those accounts included in the pilot program.¹

The Company states that it will "make an attempt to personally contact the customer and leave a special notice (if personal contact is made) or on the premises (if customer is not

¹ The aforementioned customer relations rules have been renumbered in the interim between the filing of Avista's Revised Application and this memorandum. Rules 311.03 and 311.04 are now numbered 311.04 and 311.05. See *infra* Staff Comments at p. 7.

home).” *Id.* at p. 5. Avista assures the Commission that it will continue to follow what it refers to as its current notification process, but again requests that an employee not be required to visit the premises prior to remote disconnection. *See id.* at p. 6. The Company included an example of the “special notice” to be left with the customer, or on the premises if no customer is home, in its filing. *See Revised Application, Attachment B.*

Avista states that it has worked with interested parties in this case to identify the data to be included in the Company’s report at the conclusion of the pilot program. Avista states that it will collect and evaluate the following data for the duration of the pilot program:

For Program Participants

The total number of customers selected for the pilot by rate schedule, the reason for selection, and the month of installation of disconnection device;

The total number of disconnect devices installed by type (TWACS or Nighthawk) and by month;

The total number of remote disconnections by month, rate schedule, and reason for disconnection (e.g., non-payment of bill or failure to pay deposit);

The total number of customers by rate schedule who were remotely disconnected during the pilot period:

- a. Never
- b. Once
- c. Twice
- d. Three or more times.

The total numbers of customers who were remotely disconnected and received a LIHEAP benefit one or more times during the pilot period;

The total number of instances by rate schedule where a customer was not reconnected within 24 hours following a remote disconnection;

By device type, the total number of instances where the disconnection device failed to:

- a. Disconnect a customer following remote activation
- b. Reconnect a customer following remote activation

By rate schedule, the minimum, maximum and average length of time from remote disconnection to remote reconnection;

By rate schedule, in instances where the customer was disconnected for non-payment, the minimum, maximum and average length of time from when the customer paid or made satisfactory arrangements and remote reconnection;

The total number and nature of inquiries, complaints, or comments (negative or positive) received from customers who had a disconnection device installed;

Detailed analysis of costs, cost savings, and non-monetary benefits of pilot program; and

Any evidence that installation of the disconnection device influenced customer behavior (positive or negative).

For non-participants

The average number of customers by rate schedule during pilot period;

The total number of disconnections by month, rate schedule, and reason for disconnection (e.g., non-payment of bill or failure to pay deposit);

The total number of customers by rate schedule who were disconnected during the pilot period:

- a. Once
- b. Twice
- c. Three or more times

The total numbers of customers who were disconnected and received a LIHEAP benefit one or more times during the pilot period;

The total number of instances by rate schedule where a customer was not reconnected within 24 hours following disconnection;

By rate schedule, the minimum, maximum and average length of time from disconnection to reconnection; and

By rate schedule, in instances where the customer was disconnected for non-payment, the minimum, maximum and average length of time from when the customer paid or made satisfactory arrangements and reconnection.

Revised Application at pp. 7-8.

AARP IDAHO COMMENTS

AARP is a non-profit membership organization for people aged 50 and over. AARP has more than 184,000 members in Idaho. AARP submitted comments in opposition to Avista's original Application.

AARP actively participated in the workshops and other informal discussions with Avista, CAPAI and Staff. AARP considers the Revised Application to be a "considerable improvement over the original Application in terms of design and evaluation." AARP Comments at p. 2. AARP believes that Avista's decision "to tighten the criteria for qualification for the pilot and to exempt the most vulnerable customers (i.e. CARES enrollees) from the pilot" is significant. *Id.*

AARP states that "although [they] are substantially in agreement with the Revised Application, AARP would like to emphasize that our willingness to work with Avista to improve the terms of the pilot should not be viewed as an endorsement of remote disconnection of service." *Id.* AARP then went on to reiterate its concerns pertaining to customers who, when faced with higher than normal utility bills, "often forego necessities such as food and medication in order to pay bills." *Id.* AARP believes that "with remote disconnection, such payment will not be available and therefore more households could lose service under the pilot than currently do."

Comments on Revised Application

AARP seeks clarification of the customer selection criteria on page 3 of the Application to ensure the language of the Application accurately reflects the agreement of the parties. In addition, AARP urges the Commission to adopt the additional evaluation criteria submitted to Avista and Staff on April 14, 2008.

A. Pilot Participants

AARP claims that the criteria Avista utilizes to select customers for participation in the pilot program was one of the key areas of concern for AARP in the original Application. AARP's understanding is that customers selected for the pilot would be comprised of the following groups: (1) where safety is an issue; or (2) customers with two or more field collection

visits or two or more disconnections in the previous 12 months.² AARP understands that Avista has agreed to exclude CARES customers.

B. Evaluation of the Customer Impact

AARP suggests that the Commission order Avista to keep records of the following measurement and evaluation criteria so that the Commission can more accurately define the costs of the program and determine whether the pilot program should be continued or abandoned:

- 1) More detailed tracking of LIHEAP customers.
- 2) Track CARES and age of customer.
- 3) The number of customers who are identified through the pilot program as eligible participants for the CARES program and removed from the pilot.
- 4) The age of Avista's customers who rely on the field collection visit to pay their bills. *See id.* at p. 5.
- 5) The age of pilot program participants "if it becomes known in the course of the customer's contact with the company." *Id.*
- 6) The relative "costs of software, personnel and specific changes in customer behavior." *Id.*

AARP expressed "the concern . . . that the current language [in Avista's Revised Application] is far too broad and will not ensure that necessary information is available for the [Commission's] evaluation." *Id.* AARP Idaho requests that the Commission "adopt the clarifications and revised measurement and evaluation language proposed by AARP in its consideration of Avista's Revised Application." *Id.*

CAPAI COMMENTS

CAPAI is a recognized Community Action Agency assisting over 100,000 low-income and disadvantaged persons annually within the State of Idaho. As mentioned above, CAPAI originally opposed Avista's pilot program for remote disconnections and reconnections. However, following the workshop and informal discussions with the Company, CAPAI is

² AARP mentions that while the Company's Revised Application utilizes the singular "disconnection" instead of the plural "disconnections" it believes this to be a typographical error. AARP states that the parties' agreement was for two field collection visits or two disconnections within a 12-month period and assumes that the Company "does not intend that customers with one disconnection during the previous 12 months would be included in the pilot." *Id.*

satisfied that Avista has adequately addressed its concerns and “no longer opposes the pilot program.” CAPAI Comments at p. 2.

STAFF COMMENTS

Staff generally supports Avista’s Revised Application for a limited waiver of the appropriate Utility Customer Relations Rules (UCRR). Staff notes that effective April 2, 2008, the UCRR was revised and the sections in Rule 311 renumbered. The specific citations in both the Company’s original and Revised Applications (Rules 311.03 and 311.04) are no longer correct. The relevant rules are now numbered Rule 311.04 – Opportunity to Prevent Termination of Service and 311.05 – Notice of Procedure for Reconnecting Service. Staff recommends that a limited waiver be granted for Rules 311.04 and 311.05 (IDAPA 31.21.01.311.04 and 311.05).

Although Staff generally supports the Company’s Revised Application, there are a few elements that are either unclear or lacking in detail. Staff proposes a more specific program duration and clarification of when collars (the remote disconnection/reconnection devices) will be installed and which customers will be excluded from the pilot.

Avista’s Revised Application states that customers selected for the pilot must meet at least one of three criteria. *See* Revised Application at p. 3. The second criterion states that customers with at least two field collection visits or disconnections in the preceding 12 months are eligible for selection. *Id.* Staff recommends that this criterion include additional language specifying that collars will be installed on the *third* field collection visit within the preceding 12-month period. (Emphasis added).

The Revised Application also proposes a pilot duration of 18 months from the time the last collar is installed. *See* Revised Application at p. 3. Staff supports the extended pilot period, but recommends a more definitive time period of 18 months from the date of a Commission Order approving the pilot program.

Staff’s comments addressed additional issues that were either previously mentioned in Staff’s original comments filed in this case or discussed during the public workshop.

In summary, Staff recommends that the Commission approve Avista’s Revised Application for a pilot program for the remote disconnection and reconnection of customers to its system. Staff also recommends that the Commission grant a limited waiver of UCR Rules 311.04 and 311.05, and that the Company be ordered to implement the following conditions to its pilot program:

- 1) The pilot program's duration be fixed at eighteen (18) months from the effective date of a Commission Order approving the pilot program;
- 2) The collar allowing remote disconnection and reconnection of service be installed at an eligible customer's premises in the event of a third field collection visit or disconnection during the preceding twelve (12) month period;
- 3) That CARES customers be automatically excluded from selection for participation in the pilot program;
- 4) That Commission rules governing when and under what conditions a customer's service can be disconnected continue to apply to all customers selected for the pilot program; and
- 5) That the Company be directed to work with Staff to revise the "door hanger" envelope used when leaving a Notice of Disconnection at a customer's service location to include a description of the pilot program.

COMMISSION DECISION

Does the Commission wish to approve Avista's Revised Application for authorization to implement a pilot program for remote disconnection and reconnection of customers to its system? Does the Commission wish to grant a limited waiver of UCR Rules 311.04 and 311.05?



Neil Price
Deputy Attorney General

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