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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE)
APPLICATION OF ROCKY)
MOUNTAIN POWER FOR APPROVAL)
OF CHANGES TO ITS ELECTRIC)
SERVICE SCHEDULES)**

CASE NO. PAC-E-07-05

**Rebuttal Testimony
of Carole A. Rockney**

ROCKY MOUNTAIN POWER

CASE NO. PAC-E-07-05

October 2007

1 **Q. Please state your name, business address and present position with the**
2 **Company (also referred to as Rocky Mountain Power).**

3 A. My name is Carole A. Rockney. My business address is 825 N.E. Multnomah
4 Street, Suite 800, Portland, Oregon, 97232. My present position is Director,
5 Customer & Regulatory Liaison, in the Customer Services Department.

6 **Q. Are you the same Carole A. Rockney that previously submitted testimony in**
7 **this proceeding?**

8 A. Yes.

9 **Purpose of Rebuttal Testimony**

10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of my rebuttal testimony is to respond to the testimony of Ms. Teri
12 Ottens and Mr. John Howat representing the Community Action Partnership
13 Association of Idaho (CAPAI) and to respond to the testimony of Mr. Daniel
14 Klein and Mr. Bryan Lanspery representing the Idaho Public Utilities
15 Commission Staff (Staff). In addition, I am proposing minor changes to my direct
16 testimony and Exhibits Nos. 38 and 39, which were originally provided with my
17 direct testimony.

18 **Rebuttal to Ms. Ottens**

19 **Q. Do you agree with page 2 of Ms. Ottens' testimony where she states that low**
20 **income customers are an important part of the Company's customer base?**

21 A. Yes. Rocky Mountain Power demonstrates our commitment to low income
22 customers by contributing funds to the Lend A Hand program that provides
23 energy assistance payments through donated funds, and through our low income

1 weatherization program, which has been in place since the early 1990's. Funding
2 for both programs was increased in 2007 as part of Rocky Mountain Power's
3 commitment in the MidAmerican Energy Holdings Company (MEHC)
4 transaction to provide additional benefits and as a result of a negotiated agreement
5 with CAPAI in 2006. In the first year of the MEHC commitment (July 1, 2006-
6 June 30, 2007), Rocky Mountain Power contributed over \$29,000 to South
7 Eastern Idaho Community Action Agency and Eastern Idaho Community Action
8 Partnership for the Lend A Hand program with total contributions to the program
9 of \$40,000. This is an increase of 65 percent over total Lend A Hand donations
10 compared to 2005. Additionally, in April 2007, Rocky Mountain Power's rebate
11 on weatherization measures increased from covering 50 percent of approved
12 energy efficiency measures to 75 percent. The additional funds are intended to
13 increase the number of homes weatherized.

14 **Q. Do you have any additional comments regarding the direct testimony of Ms.**
15 **Ottens?**

16 **A.** Yes. On page 3 of her testimony Ms. Ottens expresses concerns regarding
17 "proposed increases in fees" and the impact on low income customers. With
18 regard to the fee associated with collection agencies, customers who received
19 energy assistance payments represent only 4.8 percent of the total dollars that
20 were assigned to collection agencies during 2006. Consequently, the majority of
21 low income customers are currently subsidizing collection agency fees. To the
22 extent that collection fees are paid by inactive customers, this helps reduce the
23 Company's overall costs for all active customers of Rocky Mountain Power,

1 including low income customers.

2 In addition, collection fees are not assessed to any former customers who
3 reapply for service with Rocky Mountain Power unless legal action is involved.
4 (Where legal action is required, the inactive customer could reapply for service
5 but their past due arrears would remain with the collection agency for collection,
6 along with the associated fees.)

7 With regard to reconnection charges, customers receiving energy
8 assistance represent only about eight percent of those customers who are assessed
9 a reconnection charge. The majority of low income customers pay their electric
10 bill in a timely manner and would not be “most likely” to be disconnected due to
11 nonpayment as indicated on page 4 of Ms. Ottens’ testimony.

12 **Q. Do you agree with Ms. Ottens’ testimony regarding the costs relating to the**
13 **disconnection of a customer for non payment not matching information**
14 **provided in the “Low Income Arrearage Study” submitted to the**
15 **Commission in March 2007 (page 30)?**

16 A. No. The information Ms. Ottens references in the “Low Income Arrearage
17 Study” relates to the cost of the visit to the site during normal working hours for
18 the purpose of collecting past due arrears or disconnecting service for non
19 payment – not to the cost of reconnection.

20 **Q. Do you agree with Ms. Ottens’ testimony on page 3, line 23 that Idaho ranks**
21 **number four in the nation with the highest energy burden?**

22 A. No. According to the 2007 Fisher, Sheehan & Colton Public Finance and General
23 Economics report, Belmont, Massachusetts, Definitions and Explanations, “The

1 state with the rank of #1 has the lowest average home energy burden for
2 households with income below 50 percent of the Federal Poverty Level while the
3 state with the rank of #51 has the highest average home energy burden.” Idaho
4 ranks number four in the nation with the *lowest* energy burden, not the *highest*
5 energy burden as indicated by Ms. Ottens. This ranking seems intuitive given the
6 low cost of energy in Idaho compared to the rest of the country.

7 **Rebuttal to Mr. John Howat**

8 **Q. Do you agree with the direct testimony of Mr. Howat regarding the proposed**
9 **changes to Regulation 10 relating to the cost for collection agency fees on**
10 **closed accounts in Idaho?**

11 A. No. Mr. Howat expresses concern that Rocky Mountain Power’s proposal will
12 have a disproportionate adverse impact on low income customers. His concern is
13 not supported by facts. First, Mr. Howat incorrectly assumes that accounts are
14 closed only for non-payment. It should be noted that accounts are often closed
15 because the customer has moved. Furthermore, collection agency fees are only
16 assessed on closed accounts with past due arrears. An inactive customer with a
17 closed account that had been assigned to a collection agency could reapply for
18 service with Rocky Mountain Power, pay their past due arrears and any applicable
19 deposits, and no collection agency fee would be assessed, unless legal action had
20 been taken.

21 Second, as previously stated, contrary to Mr. Howat’s assertion, low
22 income customers are not “more likely to have their accounts referred to a
23 collection agency” (page 5, lines 15-16). Customers who have received energy

1 assistance payments represent only a small percentage of the total dollars assigned
2 to collection agencies. The majority of low income customers are currently
3 subsidizing the cost of collection agency fees assessed on closed accounts in their
4 rates.

5 Based on the above information, Mr. Howat's statement on pages 5 and 6
6 of his testimony that "The prospective collection charges would increase the
7 likelihood that low income households would suffer protracted loss of necessary
8 service and decrease the general security of these households" is incorrect and
9 unsupported. Active customers, including low income customers, of Rocky
10 Mountain Power are currently subsidizing the cost of collection agency fees that
11 are associated with closed accounts and Rocky Mountain Power is simply
12 attempting to address this inequity in this request. In addition, an inactive
13 customer could reapply for service and no collection agency fees would be
14 assessed.

15 **Q. Do you agree with Mr. Howat's statement that there are no controls in place**
16 **regarding the amount of collection agency fees that may be assessed on closed**
17 **accounts?**

18 **A.** No. Rocky Mountain Power has agreements in place with each collection agency
19 to cap fees that may be assessed on closed accounts. The cap is 20 percent. For
20 any closed account that requires legal action, the cap on fees is 30 percent. Only
21 approximately five percent of collection activity requires legal action, so for the
22 majority of closed accounts, the fee is capped at 20 percent. In addition, as a
23 regulated public utility, Rocky Mountain Power cannot recover its costs unless

1 they are prudently managed, giving the Company a strong incentive to monitor
2 the reasonableness of overall collection costs and policies.

3 **Q. Do you agree with Mr. Howat's comment on page 5 of his testimony that**
4 **customers paying fees associated with collecting unpaid debt is a movement**
5 **away from traditional ratemaking and reflects a "blame the victim"**
6 **approach?**

7 A. No. The proposed change is not a movement away from traditional ratemaking,
8 nor is it a "blame the victim" approach. A guiding principal of traditional
9 ratemaking is that individuals who cause a cost to be incurred should pay for the
10 cost and that fees should be fair and equitable. My proposal is intended to do just
11 that. Proposing that collection agency fees be paid directly to the collection
12 agency by inactive accounts with past due arrears better reflects cost causation
13 and eliminates the subsidization of this service by all active customers of Rocky
14 Mountain Power.

15 **Q. Do you have any comments regarding Mr. Howat's recommendation to**
16 **implement an "Affordable Energy Bargain" in Idaho?**

17 A. While expanding assistance programs for low income customers in Idaho appears
18 to be a legislative matter, Rocky Mountain Power would be willing to discuss
19 with other parties more comprehensive payment assistance and efficiency
20 programs as suggested by Mr. Howat.

1 **Rebuttal to Mr. Daniel Klein – Reconnection of Service Fees**

2 **Q. Do you agree with the conclusions that Mr. Klein reached with regard to**
3 **reconnection of service fees?**

4 A. No. With regard to reconnection fees, on page 3 of his testimony one of the
5 reasons Mr. Klein gives for his lack of support for the Company's proposal to
6 better reflect the cost of reconnection is the Commission's rejection of imposing a
7 charge for actual "disconnection of service" in Case No. U-1008-289, O.N.
8 21939, p.1.

9 **Q. Is Rocky Mountain Power proposing that a separate fee be assessed for**
10 **disconnection of service in Idaho?**

11 A. No. However, this does not mean that the cost of reconnecting service should
12 ignore the fact that a visit to disconnect service was part of the reconnection
13 cycle. Rocky Mountain Power believes it is appropriate to consider the full cost
14 of reconnecting service, which is approximately \$47 during normal office hours
15 and approximately \$150 after normal office hours.

16 **Q. Do you agree that Rocky Mountain Power's proposed reconnection charges**
17 **are the highest in Idaho?**

18 A. No. According to Mr. Klein's Exhibit No. 114, Idaho Power charges up to \$40
19 for certain rate schedules for reconnection during normal office hours and up to
20 \$100 after normal office hours for certain rate schedules. Additionally, Atlanta
21 Power Company, Idaho Power, and Intermountain Gas Company all assess
22 service connection charges during normal working hours where currently Rocky
23 Mountain Power does not assess a fee for this service. Setting the issue aside of

1 what other utilities' fees may be, each utility's unique cost structure and unique
2 service territory needs to be considered when determining the appropriate fee
3 structure for that utility.

4 **Q. Do you agree with page 5 of Mr. Klein's testimony that "after hours**
5 **reconnection costs are driven up unnecessarily" because 34 percent of all**
6 **after hours reconnections are performed by journeymen linemen and only 12**
7 **percent of all reconnects during normal office hours are done by linemen?**

8 A. No. Only journeymen linemen are qualified to perform pole work or work on
9 three phase service. In addition, journeymen linemen are called out after hours if
10 collectors are not available. There are six collectors in Idaho and 47 linemen
11 available for after hours work. This is the appropriate staffing level for the typical
12 work week where collectors perform the majority of reconnections during normal
13 office hours. It is logical that collectors will not be as "available" after normal
14 office hours to the extent that journeymen linemen are "available" due to the fact
15 that there are six collectors to call upon after hours compared to 47 linemen.
16 Thus, journeymen linemen will be dispatched after hours more frequently than
17 they would be during normal office hours.

18 **Q. Do you agree with Mr. Klein's criticism on page 5 of his testimony regarding**
19 **the Company's labor contracts and how these contracts may impact after**
20 **hours costs?**

21 A. No. A two-hour minimum call out provision is common in the industry and is
22 very reasonable. Twenty-five minutes for an average visit is a conservative
23 estimate of the time required for a reconnection visit. In some areas of Idaho

1 there is a lineman who is "on call" during the evening hours and this employee
2 takes home with him a Company truck and the necessary materials to perform
3 work after office hours. In other areas, however, there is no "on call" lineman to
4 perform this work after hours and the time required to reconnect service after
5 hours could easily take two hours since the employee would need to drive to the
6 field office, get any necessary equipment or vehicles, perform a safety check, and
7 then proceed to the customer's location and complete the work. After the
8 reconnection is complete, the employee would need to reverse these activities.

9 **Connection of Service Fees for After Hours**

10 **Q. In addition to your earlier testimony on reconnection of service fees, do you**
11 **have any other points on Mr. Klein's testimony on connection of service fees**
12 **for after hours?**

13 **A.** Yes. Mr. Klein states that while Oregon and California's after hours connection
14 fees are higher at \$175 compared to the \$100 being proposed in Idaho, these fees
15 are not comparable because they are assessed on weekends or holidays in Oregon
16 and California. There is comparability between the Oregon and California fee of
17 \$175 for weekends and holidays and the proposed fee of \$100 in Idaho for
18 weekends and holidays. In addition, in Oregon, the weekday fee for this work is
19 \$75 but this service is only available for one hour during weekdays between 5:00
20 p.m. and 6:00 p.m. Finally, customers in Utah who may require after hours
21 connection would be assessed \$100 after 5:00 p.m. on weekdays and all day on
22 weekends and holidays, which is directly comparable to the \$100 after hours
23 service connection fee proposed in Idaho.

1 **Q. Are there any other points you would like to make with regard to Mr. Klein's**
2 **testimony on connection of service fees for after hours?**

3 A. Yes. The Company takes exception to Mr. Klein's characterization of its
4 response to IPUC Production Data Request 43 regarding why the Company does
5 not charge customers for connections performed during regular office hours. On
6 Page 8 of Mr. Klein's testimony, he states that "The Company considers
7 connection during business hours to be a cost of doing business to be recovered
8 through rates instead of a fee directly charged to individual customers." To the
9 contrary, in response to data request 43, the Company stated that assessing a fee
10 for this service is not something Rocky Mountain Power has explored in Idaho,
11 but that such a charge was in effect in Utah. Furthermore, Rocky Mountain
12 Power has not ruled out the possibility of proposing a service connection fee in
13 Idaho during normal office hours. As noted in Mr. Klein's Exhibit No. 114, this
14 is a practice currently followed by Atlanta Power Company, Idaho Power, and
15 Intermountain Gas Company.

16 **Changing Availability of After Hours Reconnection**

17 **Q. Do you agree with Mr. Klein's testimony that the Company's proposed**
18 **change to the availability of after hours reconnection during weekdays**
19 **should not be reduced to between 4:00 p.m. and 6:00 p.m. instead of the**
20 **current 4:00 p.m. to 7:00 p.m.?**

21 A. No. With only 12 customers during 2006 requesting an after hours reconnection
22 between 6:00 p.m. and 7:00 p.m., Rocky Mountain Power does not believe it is
23 cost effective to provide this service for such a small number of customers. This

1 is especially true given that the existing fee for this service is significantly below
2 the cost of providing the service. The Company would be agreeable to keeping
3 the hours the same if the fee for this service could be increased to better reflect the
4 cost of providing the service.

5 **Collection Agency Fees**

6 **Q. On page 11 of his testimony, did Mr. Klein accurately portray how the**
7 **collection agencies used by Rocky Mountain Power operate?**

8 A. No. Accounts that remain unpaid after a closing bill is rendered are sent to a
9 collection agency for collection. At that time the agency notifies the former
10 customer that the past due arrears have been turned over to them for collection
11 and that if the debt is paid within 21 days, no collection fees are assessed. If the
12 debt is not paid within 21 days, but collected by the collection agency say, within
13 60 days, under the current system, Rocky Mountain Power's active customers
14 would end up paying the fees for this closed account. Rocky Mountain Power is
15 proposing that the individual with the closed account with past due arrears pay the
16 collection agency fees, which, as Mr. Klein indicates in his testimony, is the
17 typical way that collection agencies work.

18 **Q. Do you agree with Mr. Klein's statement that because the amount paid by**
19 **Rocky Mountain Power for collection agency fees on closed accounts in**
20 **Idaho is not "excessive" the Company's proposal regarding collection agency**
21 **fees should be rejected?**

22 A. No. As stated above, this is a matter of equity and assigning costs to the
23 individuals who cause the cost. It is appropriate to propose that active customers

1 of Rocky Mountain Power not continue to subsidize the collection agency fees
2 associated with closed accounts.

3 **Rebuttal to Mr. Brian Lanspery**

4 **Q. Do you any comments with regard to Mr. Lanspery's testimony in response**
5 **to the Company's proposed changes to line extension?**

6 A. Yes. The Company only intended to characterize the four proposed clarifying
7 changes as "housekeeping" changes. To eliminate any confusion over what the
8 Company considers "housekeeping" changes and what it does not, my direct
9 testimony should be changed to remove the word "housekeeping" from page 7,
10 line 13.

11 **Q. Would the Company be agreeable to filing line extension changes as a**
12 **separate stand-alone filing as proposed by Mr. Lanspery?**

13 A. Yes. The Company is willing to make a separate filing to address line extension
14 changes. This filing would include the changes proposed in this case and any
15 other line extension issues that may arise in the interim. Should the Commission
16 decide not to address the Company's request in this proceeding, the Company
17 could make such a filing after an order is issued in this docket.

18 **Other Changes to Direct Testimony**

19 **Q. Are there any other changes you would like to make to your direct**
20 **testimony?**

21 A. Yes. As indicated in my response to IPUC Production Data Request 64, I would
22 like to change the cost of the after hours service connection shown on Page 4, line
23 5, of my testimony from \$200 to \$127. In addition, I would like to change the

1 cost of the after hours reconnection shown on Page 7, line 8, of my testimony
2 from \$220 to \$150 and change the wording on lines 4 and 5 to indicate that
3 “Work that is done after normal office hours is performed by both collectors and
4 journeymen linemen.” In some of the states served by the Company, only
5 journeymen linemen can perform work after hours, but in Idaho this work may be
6 performed by collectors resulting in a cost savings for Idaho customers. I have
7 also revised Exhibit Nos. 38 and 39 and these updated exhibits are provided with
8 my rebuttal testimony as Exhibit Nos. 55 and 56.

9 **Q. Do these changes affect the proposed increase to the after hours service**
10 **connection or reconnection fee?**

11 A. No. The cost of providing these services at \$127 and approximately \$150,
12 respectively, is still significantly above the Company’s proposed increase in these
13 fees to \$100.

14 **Q. Does this conclude your rebuttal testimony?**

15 A. Yes.

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Case No. PAC-E-07-05

Exhibit No. 55

Witness: Carole A. Rockney

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Rebuttal Testimony of Carole A. Rockney

Revised Exhibit 38

October 2007

REVISED - Analysis for after hour connect activity costs

Idaho

After hour connect visit cost analysis

(Single Phase)

Journeyman lineman hourly activity rate

Collector hourly activity rate

Work completed 34% by journeyman lineman and 66% by collector

	<u>SAP Activity Rate</u>
see note a)	\$99.68
see note a)	\$45.22
	\$63.74

(see notes a, b, and c) after hours connect cost	Hours	Actual Costs
	2	\$127.47

Note:

- a) Labor cost based on collector and journeyman lineman activity rate
- b) Callouts between 6:00-6:30 p.m. incur meal costs which are not included.
- c) Minimum two hour callout applies after hours per labor agreement

Journeyman Lineman 2007 SAP Activity Rate

Idaho journeyman labor costs - \$99.68

Collector 2007 SAP Activity Rate

Idaho collector labor costs - \$45.22

Activity rate to increase 3% per year for the next three years per labor agreement

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Case No. PAC-E-07-05
Exhibit No. 56
IDAHO PUBLIC UTILITIES COMMISSION
Witness: Carole A. Rockney

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Rebuttal Testimony of Carole A. Rockney

Revised Exhibit 39

October 2007

**REVISED - Analysis for Disconnect/Reconnect Activity Costs
Idaho**

Disconnect/Reconnect Visit Cost Analysis

Journeyman lineman hourly activity rate	<u>SAP Activity Rate</u>
Collector hourly activity rate	see note a) \$99.68
Normal Office Hours	see note a) \$45.22
Work completed 12% by journeyman lineman and 88% by collector	\$51.76
After Normal Office Hours	\$63.74
Work completed 34% by journeyman lineman and 66% by collector	

(see notes a, b, c, and d)	Hours	Actual Costs
field service collection/disconnect visit (fsc/d)	0.42	\$21.74
reconnection (includes fsc/d visit)	0.84	\$43.47
after hours connect cost	2	\$127.47
after hours reconnection (includes fsc/d visit)	2.42	\$149.21

Note:

- a) Labor cost based on collector and journeyman lineman activity rate
- b) Callouts between 6:00-6:30 p.m. incur meal costs which are not included
- c) Average of 10 miles per visit and average of 25 minutes per visit during normal working hours.
- d) Minimum two hour callout applies after hours per labor agreement

Journeyman Lineman 2007 SAP Activity Rate

Idaho journeyman labor costs - \$99.68

Collector 2007 SAP Activity Rate

Idaho collector labor costs - \$45.22

Activity rate to increase 3% per year for the next three years per labor agreement