

WASHINGTON



UTILITIES AND TRANSPORTATION  
COMMISSION

# Investigation Report

## Avista Corporation

U-101169

Rayne Pearson  
Compliance Investigations  
December 2010

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## **PURPOSE, SCOPE, AND AUTHORITY**

### **Purpose**

The purpose of this investigation is to determine whether Avista Corporation (Avista) is in compliance with Washington state laws and Washington Utilities and Transportation Commission (commission) rules generally, and Washington Administrative Code 480-100-123(3), Refusal of Service, specifically.

### **Scope**

The scope of the investigation includes Avista's general business practices as reflected in the commission's consumer complaints received during the months of June through December 2009, as well as data provided by Avista.

### **Authority**

Staff undertakes this investigation pursuant to the authority granted by the Revised Code of Washington (RCW) 80.01.040, which directs the commission to regulate gas and electric companies in the public interest. In addition, RCW 80.04.070 grants the commission authority to conduct such an investigation.

### **Staff**

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## EXECUTIVE SUMMARY

Staff initiated an industry-wide review of electric and gas companies' business practices, with a focus on application of the prior obligation rule.

Staff reviewed the accounts of 166 Avista customers disconnected for nonpayment between October 15 and 31, 2009. Staff also reviewed commission records of 101 complaints filed against Avista by consumers between June and December 2009.

The investigation into Avista's overall business practices established that the company is in violation of commission rules, as follows:

- WACs 480-90-113 and 480-100-113, Residential Service Deposit Requirements
- WAC 480-100-123(3), Refusal of Service
- WAC 480-100-128(6), Disconnection of Service – Company Directed
- WACs 480-90-178 and 480-100-178, Billing Requirements

### **Recommendation**

Staff recommends penalties as follows:

- For one violation of WAC 480-90-113 in one consumer complaint, staff recommends a penalty of \$100 for each violation.
- For one violation of WAC 480-100-113 in one consumer complaint, staff recommends a penalty of \$100 for each violation.
- For one violation of WAC 480-100-123(3) in one consumer complaint, staff recommends a penalty of \$100.
- For 572 violations of WAC 480-100-123(3) in 20 of the accounts reviewed, staff recommends a penalty of \$100 for each violation.
- For eight violations of WAC 480-100-128(6) in four consumer complaints, staff recommends a penalty of \$100 for each violation.
- For 34 violations of WAC 480-90-178 in two consumer complaints, staff recommends a penalty of \$100 for each violation.
- For four violations of WAC 480-100-178 in one consumer complaint, staff recommends a penalty of \$100 for each violation.

Staff recommends a penalty of \$100 for each of the 621 violations cited in this report, for a total penalty of \$62,100.

Staff will conduct a follow-up investigation.

## BACKGROUND

Staff decided to conduct an industry-wide review of electric and gas companies' general business practices, with a focus on application of the prior obligation rule. Staff investigated Avista's business practices as part of this industry-wide review.

Staff conducted a review of Avista's overall business practices for the period of June through December 2009. Staff also obtained data from the company for 803 accounts that were disconnected for nonpayment between October 15 and 31, 2009, and randomly selected 166 of those accounts to review in detail.

### Technical Assistance

In April 2009, the commission's assistant director for consumer protection sent a letter to all regulated energy companies regarding application of the prior obligation rule. The letter stated that "at the time of disconnection, the customer has two options for restoring service." Those options are as follows:

1. The customer must either pay the full amount owing shown on the disconnection notice, plus any reconnection fee, if the company is unwilling to bill that fee; or,
2. If the customer is unable to pay the full amount for which he or she was disconnected, the company must advise the customer of his or her right to instead pay a new deposit, plus reconnection fee, if the company is unwilling to bill that fee. If the customer is unable to pay the full deposit amount the company must offer deposit arrangements in accordance with WAC 480-90-113(4) for gas companies and WAC 480-100-113(4) for electric companies if no more than half to be paid at the time of restoral, and the other half spread equally over the next two months. The company may spread the arrangements over more months, but not less.

The letter also explained that if the customer chooses the second option, and the disconnection amount is not paid at the time service is restored, that amount "immediately becomes prior obligation." As explained in the letter, the company is allowed to make payment arrangements on the prior obligation amount "to keep it from going to outside collections," however, that amount "must still be considered prior obligation."

## PRIOR OBLIGATION INVESTIGATION

### Consumer Complaints

A review of consumer complaints filed between June and December 2009 found one complaint in which Avista misapplied the rule of prior obligation.

WACs 480-90-123(2) and 480-100-123(3) provide as follows:

*A [gas or electric] utility may not refuse to provide new or additional service to a residential applicant or residential customer who has a prior obligation. A prior obligation is the dollar amount, excluding deposit amounts owed, the utility has billed to the customer and for which the utility has not received payment at the time the service has been disconnected for nonpayment. The utility must provide service once the customer or applicant has paid all appropriate deposit and reconnection fees. This subsection does not apply to customers that have been disconnected for failure to honor the terms of a winter low-income payment program.*

Staff found one violation of WAC 480-100-123(3) in one commission-referred consumer complaint, as follows.<sup>1</sup>

#### **Complaint 107660**

In this complaint, the customer was disconnected for nonpayment on October 14, 2009. That same day, the customer made a payment of \$140 to cover the disconnection amount of \$116 and the reconnection fee of \$16. Rather than applying the remaining \$8 to the current charges, Avista applied the entire payment toward the newly requested deposit of \$172, leaving a \$32 balance owing. The disconnection amount was transferred to prior obligation. Staff cited one violation of WAC 480-100-123(3) for processing the account as prior obligation and attempting to collect a deposit when the customer specifically intended to pay the past due amount and rectify her account.

#### **Recommendation**

Staff recommends a penalty of \$100 for one violation of WAC 480-100-123(3), for a total penalty of \$100.

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<sup>1</sup> Complaint 107660 is attached as Appendix A.

## Data Requests

On March 8, 2010, the commission sent Avista a data request requiring the following documents and information<sup>2</sup>:

Please list, by month, the number of completed disconnections for nonpayment for services in 2009. The data should list, for each month, the total number of customers who had electric service disconnected for nonpayment, and the total number of customers who had gas service disconnected for nonpayment.

On March 16, 2010, Avista responded to the data request with the following table, listing disconnections of residential service for nonpayment in 2009 by month:

| <b>2009 Disconnects Due to Non-Payment</b> |                      |                 |                         |               |
|--|----------------------|-----------------|-------------------------|---------------|
|  | <b>Electric Only</b> | <b>Gas Only</b> | <b>Electric and Gas</b> | <b>Total</b>  |
| Jan  | 1,112                | 51              | 78                      | 1,241         |
| Feb  | 1,175                | 153             | 14                      | 1,342         |
| Mar  | 1,681                | 195             | 12                      | 1,888         |
| Apr  | 1,931                | 269             | 7                       | 2,207         |
| May  | 1,737                | 185             | 7                       | 1,929         |
| Jun  | 2,049                | 238             | 9                       | 2,296         |
| Jul  | 1,661                | 223             | 11                      | 1,895         |
| Aug  | 1,418                | 116             | 7                       | 1,541         |
| Sep  | 1,364                | 169             | 9                       | 1,542         |
| Oct  | 1,481                | 148             | 12                      | 1,641         |
| Nov  | 1,149                | 116             | 24                      | 1,289         |
| Dec  | 921                  | 106             | 14                      | 1,041         |
| <b>Total</b>                               | <b>17,679</b>        | <b>1,969</b>    | <b>204</b>              | <b>19,852</b> |

Based on the information provided, staff sent a follow-up data request on March 24, 2010, requiring the following documents and information<sup>3</sup>:

1. A list of all residential customers (electric and natural gas) in Washington state who were disconnected for nonpayment during the two-week period of October 15 through 31, 2009.

<sup>2</sup> A copy of the first data request is attached as Appendix B.

<sup>3</sup> A copy of the follow-up data request is attached as Appendix C.

2. For each customer listed, provide a document or worksheet that shows the complete statement of debit and credit activity for the period of August 1 through December 31, 2009. This includes late fees, current charges, pledges, payments, reconnect fees, disconnect fees, etc. and the balances owing after each application. Please separate the account histories by product (gas or electric), and by account number or address, if different. An example of the preferred spreadsheet format is enclosed, and will also be sent electronically.

Avista responded to the follow-up data request on April 12, 2010. Based on the information provided, staff requested additional account detail for 166 of the 809 accounts identified by Avista as disconnected for nonpayment within the specified timeframe.

Staff found 572 violations of WAC 480-100-123(3) in 20 of the 166 accounts (12 percent) that were reviewed in detail, as follows.<sup>4</sup>

### **Improper Application of Pledge Monies**

A company may not refuse new or additional service because a customer has a prior obligation. A company must treat the prior obligation as bad debt, and may not require a customer to pay a prior obligation to prevent a subsequent service disconnection.

By applying pledge payments first to a customer's prior obligation, staff finds that Avista is requiring payment of the prior obligation debt before current charges can be paid. When payments are applied first to a prior obligation, the obligation is not truly "prior."

Staff finds that Avista is not simply taking "left over" pledge money and applying it to a prior obligation balance once current charges are paid in full; the company is applying pledge money to the prior obligation *first*, often leaving current charges still owing, once again placing the customer in threat of disconnection. The rule was intended to prevent this very outcome.

According to Community Action Council, the organization that administers LIHEAP energy assistance funds in Lewis, Mason, and Thurston Counties, the intent of pledge monies is "to be applied to a new deposit, reconnect fee and then credited to new balances accrued in order to maintain [a customer's] heat through the heating season. It is not the intent that the monies be applied to any prior obligation balance."

The Multi-Service Center, the organization that administers LIHEAP energy assistance funds in areas of King County outside the Seattle city limits, believes that the customer should decide how they want the pledge payment applied and whether they want the disconnection amount to be characterized as prior obligation, retaining "some measure of decision making over the situation."

Spokane Neighborhood Action Programs (SNAP) is the agency that contracts with Avista to administer LIHEAP funds in the greater Spokane area. Paragraph 4.4 of the SNAP Home Heating Vendor Agreement addresses distribution of LIHEAP payments:

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<sup>4</sup> Redacted copies of each of the account spreadsheets are attached as Appendix D.



4.4.1 Lump sum LIHEAP payments made to Avista on behalf of the Agency on behalf of an Eligible Customer shall be:

(i) Applied against Customer's current or past due bill to eliminate the amount owed by the Customer; and/or

(ii) Apportioned over several billing periods for any Customer on Comfort Level Billing ... and/or

(iii) Applied to a Customer's deposit when a deposit is required from the customer.

SNAP defines "past due" as "late," which is any amount billed that poses a threat of disconnection if it is not paid prior to the disconnection date. Nowhere in the agreement does SNAP authorize Avista to apply pledge monies to prior obligation debt.

For each of the accounts below, Avista applied pledge monies to prior obligation debts— some of which were incurred more than six months prior to the pledge payment—before applying the money to current and past due charges, or any deposit amount owing. This method of application undermined the intent of the pledge monies and increased the likelihood of a subsequent disconnection for nonpayment.

#### **Customer A**

Customer A was disconnected for nonpayment on October 27, 2009, and \$168.89 was transferred to prior obligation. On December 17, Customer A received a \$580 pledge, which was applied first to the prior obligation amount, then to current charges and the remaining balance on the deposit, leaving a credit of \$101.29 as of December 31. Had the pledge been applied correctly rather than to the prior obligation amount, Customer A would have had a credit of \$270.18. Between December 17 and December 31, Avista was in violation of commission rules for 15 days.

#### **Customer B**

Customer B carried a prior obligation balance of at least \$500 on August 1, 2009. On October 29, Customer B was disconnected for nonpayment, and another \$463.86 was transferred to prior obligation. On December 16, Customer B received a pledge for \$915, which was applied to both prior obligation amounts, leaving a balance owing of \$116.32. Had the pledge been applied correctly rather than to the prior obligation amount, Customer B would have had a credit of \$478.18. Between December 16 and December 31, Avista was in violation of commission rules for 16 days.

#### **Customer C**

Customer C carried a prior obligation balance of at least \$500 on August 12, 2009. On October 23, Customer C was disconnected for nonpayment, and another \$130.44 was transferred to prior obligation. When the customer was reconnected on October 24, Avista requested a deposit of \$260. On December 1, Customer C received a pledge for \$408, which was applied to the prior obligation amount rather than the deposit. Accordingly, Customer C received a past due notice

on December 7 for the full amount of the deposit. Between December 1 and December 31, Avista was in violation of commission rules for 32 days.

#### **Customer D**

Customer D was disconnected for nonpayment on October 30, 2009. That same day, \$330.09 was transferred to prior obligation. Avista requested a deposit of \$314. Customer D made a payment of \$207.37 toward the deposit, leaving a balance on the deposit of \$106.63. On November 18, Customer D received a past due notice for the remaining balance on the deposit, and on November 25, a final notice for the remaining balance on the deposit. When Customer D made a payment of \$106.63 on December 9 for the remaining balance on the deposit, Avista misapplied the payment to current usage charges, leaving the deposit amount in arrears and the account in threat of disconnection. On December 14, Customer D received a pledge for \$660, which was applied first to the \$330.09 prior obligation, then to current charges and the remaining balance on the deposit, leaving a zero balance. Had the pledge been applied correctly rather than to the prior obligation amount, Customer D would have had a credit of \$330.09. Between December 14 and December 31, Avista was in violation of commission rules for 18 days.

#### **Customer E**

Customer E was disconnected for nonpayment on October 22, 2009, and \$173.08 was transferred to prior obligation. On December 28, Customer E received a pledge for \$597, which was applied first to the \$173.08 prior obligation amount then to current charges, leaving a credit of \$198.36 on December 31. Had the pledge been applied correctly rather than to the prior obligation amount, Customer E would have had a credit of \$371.44. Between December 28 and December 31, Avista was in violation of commission rules for 4 days.

#### **Customer F**

Customer F was disconnected for nonpayment on October 15, 2009, and \$196.92 was transferred to prior obligation. On October 15, Customer F made a payment of \$92, which was applied to the prior obligation amount rather than current charges. On December 11, Customer F received a pledge for \$203, which was applied first to the prior obligation amount then to current charges, leaving a credit of \$6.08. Had the pledge been applied correctly rather than to the prior obligation, Customer F would have had a credit of \$98.84. Between December 11 and December 31, Avista was in violation of commission rules for 21 days.

#### **Customer G**

Customer G was disconnected for nonpayment on October 27, 2009, and \$316.91 was transferred to prior obligation. Customer G had been previously disconnected on August 6, 2009, and \$98.96 was transferred to prior obligation; before that date, a prior obligation of at least \$280 existed on Customer G's account. On December 8, Customer G received a pledge of \$377, all of which was applied to the prior obligation amount; none of the payment was applied to Customer G's current charges of \$380.93. On December 16, just eight days after receiving a pledge, Customer G received a final notice for \$153. On December 28, a field order for disconnection was issued on Customer G's account. Had the pledge been applied correctly to the deposit and current charges rather than the prior obligation amount, Customer G's account would have been current on December 28, rather than in the process of being disconnected. Between December 8 and December 31, Avista was in violation of commission rules for 24 days.

### **Customer H**

Customer H carried a prior obligation balance of at least \$1,200 on August 7, 2009. When Customer H was disconnected for nonpayment on October 26, the amount of the prior obligation increased to \$1,491.92. Customer H received a pledge for \$274.85 on November 2, and another for \$654 on December 14, totaling \$928.85. All of the pledge monies were applied toward the prior obligation accrued prior to August 7, leaving Customer H with a balance of \$667.51 on December 31. All of Customer H's current charges were left unpaid. Had the pledge been applied correctly rather than to the prior obligation amount, Customer H would have had a credit of \$279.79. Between November 2 and December 31, Avista was in violation of commission rules for 60 days.

### **Customer I**

Customer I carried a prior obligation balance of at least \$300 on August 6, 2009. On October 19, Customer I was disconnected for nonpayment, and an additional \$201.31 was transferred to prior obligation. On December 17, Customer I received a pledge for \$713, which was applied first to the prior obligation amount then partially to Customer I's current charges, leaving an account balance of \$126.44 and a deposit of \$304 still owing. Had the pledge been applied correctly rather than to the prior obligation amount, Customer I would have had a credit of \$141.78, with the deposit fully satisfied. Between December 17 and December 31, Avista was in violation of commission rules for 15 days.

### **Customer J**

Customer J was disconnected for nonpayment on October 15, 2009, and \$209.41 was transferred to prior obligation. On November 9, Customer J received a pledge for \$960, which was applied first to the prior obligation, then to current charges and the balance remaining on the customer's deposit, leaving a credit of \$250.77. Had the pledge been applied correctly rather than to the prior obligation amount, Customer J would have had a credit of \$460.18. Between November 9 and December 31, Avista was in violation of commission rules for 53 days.

### **Customer K**

Customer K was disconnected for nonpayment on October 28, 2009, and \$533.60 was transferred to prior obligation. On November 5, Customer K received a pledge for \$200, and on November 24, another pledge for \$655, for a total of \$855. The pledge monies were applied first to the prior obligation, then to current charges. The \$150.87 that remained was applied to the \$320 deposit, leaving \$169.13 owing on the deposit. On December 31, Customer K had a balance owing of \$171.27. Had the pledge monies been applied correctly rather than to the prior obligation amount, Customer K would have had a credit of \$364.47, with the deposit fully satisfied. Between November 5 and December 31, Avista was in violation of commission rules for 57 days.

### **Customer L**

Customer L was disconnected for nonpayment on October 30, 2009, and \$201.21 was transferred to prior obligation. On December 1, Customer L received a \$300 pledge, which was applied first to the prior obligation, then to current charges, leaving a balance owing of \$176.23 on December 31, and an additional \$83 owing on the deposit. Had the pledge been applied correctly rather than to the prior obligation amount, Customer L would have had a credit of \$79.87, with the deposit

fully satisfied. Between December 1 and December 31, Avista was in violation of commission rules for 31 days.

#### **Customer M**

Customer M was disconnected for nonpayment on October 15, 2009, and \$418.72 was transferred to prior obligation. On December 14, Customer M received a pledge for \$294, which was applied to the prior obligation, leaving a balance owing of \$235.65 on December 31, with an additional \$90 owing on the deposit. Had the pledge been applied correctly rather than to the prior obligation amount, Customer M would have had a credit of \$93.07, with the deposit fully satisfied. Between December 14 and December 31, Avista was in violation of commission rules for 18 days.

#### **Customer N**

Customer N was disconnected for nonpayment on October 30, 2009, and \$387.78 was transferred to prior obligation. That same day, Avista requested a \$164 deposit. On November 24, Customer N received a pledge for \$289, which was applied to the prior obligation. On December 18, Customer N received a final notice for the \$164 deposit, which was still outstanding despite receipt of pledge monies to the account. Had the pledge been applied correctly rather than to the prior obligation amount, Customer N would have had a credit of \$52.20, with the deposit fully satisfied. Instead, Customer N was threatened with disconnection for an amount that should have been a prior obligation. Between December 18 and December 31, Avista was in violation of commission rules for 14 days.

#### **Customer O**

Customer O was disconnected for nonpayment on October 30, 2009, and \$293.90 was transferred to prior obligation. On December 14, Customer O received a pledge for \$603, which was applied first to the prior obligation, then to current charges and the remaining balance on the deposit, leaving a balance of \$70.75. Had the pledge been applied correctly rather than to the prior obligation amount, Customer O would have had a credit of \$378.96. Between December 14 and December 31, Avista was in violation of commission rules for 18 days.

#### **Customer P**

Customer P was disconnected for nonpayment on October 27, 2009, and \$291.98 was transferred to prior obligation. On December 8, Customer P received a pledge for \$891, which was applied first to the prior obligation, then to current charges and the remaining balance on the deposit, leaving a credit of \$183.61 on December 31. Had the pledge been applied correctly rather than to the prior obligation amount, Customer P would have had a credit of \$475.59. Between December 8 and December 31, Avista was in violation of commission rules for 24 days.

#### **Customer Q**

Customer Q was disconnected for nonpayment on October 27, 2009, and \$64.65 was transferred to prior obligation. On December 14, Customer Q received a pledge for \$633, which was applied first to the prior obligation, then to current charges and the remaining balance on the deposit, leaving a credit of \$303.76. Had the pledge been applied correctly rather than to the prior obligation amount, Customer Q would have had a credit of \$368.41. Between December 14 and December 31, Avista was in violation of commission rules for 18 days.

**Customer R**

Customer R carried a prior obligation balance of at least \$680 on August 4, 2009. On November 25, Customer R made a payment of \$170.26, and on December 11, Customer R received a pledge for \$547. Both the payment and pledge were applied first to the prior obligation, then to current charges. On December 31, Customer R still owed \$174 on the remaining balance of the deposit. Had the pledge been applied correctly rather than to the prior obligation amount, Customer R would have had a credit of \$91.87, with the deposit fully satisfied. Between December 11 and December 31, Avista was in violation of commission rules for 21 days.

**Customer S**

Customer S carried a prior obligation balance of at least \$750 on August 3, 2009. Customer S was disconnected for nonpayment on October 30, and an additional \$60.12 was transferred to prior obligation. Customer R received a pledge for \$472.97 on November 2, and another on November 24 for \$769, for a total of \$1,241.97. The pledge monies were applied first to the prior obligation then to current charges, leaving a credit of \$364.50 on December 31. Had the pledge monies been applied correctly rather than to the prior obligation amount, Customer S would have had a credit of \$1,065.73. Between November 2 and December 31, Avista was in violation of commission rules for 60 days.

**Customer T**

Customer T was disconnected on October 22, 2009, and \$247.73 was transferred to prior obligation. Customer T made a payment of \$218 on November 9 that was applied to the prior obligation rather than the current charges, leaving a balance owing of \$138.80. On December 11, Customer T received a final notice for \$138.80. On December 14, Customer T received a pledge for \$898, leaving a credit of \$582.59 as of December 31. Had the customer's payment and subsequent pledge been applied correctly rather than to the prior obligation amount, Customer T would have had a credit of \$830.32. Instead, Avista misapplied payments on two occasions, constituting two separate violations. Between November 7 and December 31, Avista was in violation of commission rules for 53 days.

**Recommendation**

Staff recommends penalties of \$100 for each of the 572 violations of WAC 480-100-123(3) found in the accounts reviewed, for a total penalty of \$57,200.

## BUSINESS PRACTICES INVESTIGATION

Staff's review of 101 consumer complaints filed between June and December of 2009 revealed 75 violations of six commission rules in nine of the complaints. Violations of five of these rules are addressed in this investigation, as follows.<sup>5</sup>

### **WACs 480-90-113 and 480-100-113 Residential Services Deposit Requirements**

WACs 480-90-113 and 480-100-113 provide, in part:

- (2) Deposit criteria for residential applicants. A utility may collect a deposit from an applicant for residential service only if:*
- (a) The applicant has met any of the conditions described in subsection (1) of this section as a prior customer of the utility or as a customer of another electric utility;*
  - (b) The applicant is not able to demonstrate continuous employment during the prior twelve consecutive months and neither is currently employed nor has a regular source of income;*
  - (c) The applicant does not own or is not purchasing the premises to be served;*
  - (d) There is a prior customer living at the residence who owes a past-due bill to the utility at that address; or*
  - (e) The applicant has an unpaid, overdue balance owing to any electric or gas utility for residential service.*
- (3) Deposit amount. Deposits required for a customer or location must not exceed:*
- (a) Two-twelfths of the estimated annual billings for utilities billing monthly ...*

Staff found one violation of WAC 480-90-113 and one violation of WAC 480-100-113 in two consumer complaints, as follows.<sup>6</sup>

#### **Complaint 107116**

In this complaint, Avista requested a \$310 deposit; two-twelfths of the customer's estimated annual billing equaled \$288.74. Staff cited one violation of 480-90-113(3)(a).

#### **Complaint 107660**

In this complaint, the customer paid the entire past due balance in order to restore service

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<sup>5</sup> One violation of WAC 480-100-173 was cited in one complaint with no significant finding.

<sup>6</sup> Copies of the complaints are attached as Appendix E.

following a disconnection for nonpayment. Despite the customer's desire to restore her account and bring it current, Avista treated the disconnection amount as a prior obligation and attempted to collect a deposit from the customer. Because no unpaid balance was owed, staff cited one violation of WAC 480-100-113(2)(e) for attempting to collect a deposit on that basis.

### **WAC 480-100-128 Disconnection of Service**

WAC 480-100-128 provides, in part:

*(3) Utility-directed with notice. After properly notifying the customer, as explained in subsection (6) of this section, the utility may discontinue service*

*(6) Disconnection notification requirements. The utility must notify customers before disconnecting their service, except as described in subsection (2) of this section. Notification consists of the following requirements:*

*(a) The utility must serve a written disconnection notice to the customer either by mail or by personal delivery to the customer's address with notice attached to the primary door. If the disconnection notice is for nonpayment during the winter months, the utility must advise the customer of the payment plan described in WAC 480-100-138, Payment arrangements, and WAC 480-100-143, Winter low-income payment program. Each disconnection notice must include:*

*(i) A disconnection date that is not less than eight business days after the date of personal delivery or mailing, if mailed from inside the states of Washington, Oregon, or Idaho, or a disconnection date that is not less than eleven business days, if mailed from outside the states of Washington, Oregon, and Idaho.*

*(ii) All relevant information about the disconnection action including the cause for disconnection; the amount owed for regulated electric service and, if applicable, regulated natural gas service; and how to avoid disconnection;*

...

*(c) If the utility has not disconnected service within ten business days of the disconnection date stated in (a)(i) of this subsection, the disconnection notice will be considered void unless the customer and the utility have agreed to a payment arrangement. Upon a void notice, the utility must provide a new disconnection notice to the customer as described in (a) of this subsection;*

*(d) In addition to the notice required by (a) of this subsection, a second notice must be provided by one of the three options listed below:*

*(i) Delivered notice. The utility must deliver a second notice to the service premises and attach it to the customer's primary door. The notice must state a scheduled disconnection date that is not earlier than 5:00 p.m. of the second business day after the date of delivery;*

*(ii) Mailed notice. The utility must mail a second notice which must include a scheduled disconnection date that is not earlier than 5:00 p.m. of the third business day after the date of mailing, if mailed from within the states of Washington, Oregon, or Idaho; or the sixth business day, if mailed from outside the states of Washington, Oregon, and Idaho; or*

*(iii) Telephone notice. The utility must attempt at least two times to contact the customer during regular business hours. A log or record of the calls must be kept for a minimum of ninety calendar days showing the telephone number called, the time of the call, and details of the results of each attempted call. If the utility is unable to reach the customer by telephone, a written notice must be mailed to the customer providing a disconnection date not earlier than 5:00 p.m. of the third business day after the date of mailing, if mailed from within the states of Washington, Oregon, or Idaho, or the sixth business day, if mailed from outside the states of Washington, Oregon, and Idaho, or written notice must be personally delivered providing a disconnection date of not earlier than 5:00 p.m. of the second business day following the date of delivery.*

Staff found eight violations of WAC 480-100-128(6) in four consumer complaints, as follows.<sup>7</sup>

#### **Complaint 107116**

In this complaint, the customer's bill, dated February 10, displayed a due date of February 25, which failed to account for the Presidents Day holiday in violation of WAC 480-128(6)(a)(i). The company sent a second notice based on the incorrect first notice in violation of WAC 480-100-128(6)(a)(ii). On February 25, the company called the customer and attempted to collect the past due amount based on the incorrect first notice in violation of WAC 480-100-128(6)(a)(ii). Staff cited one violation of WAC 480-128(6)(a)(i) and one violation of WAC 480-128(6)(a)(ii).

#### **Complaint 107473**

In this complaint, the customer was disconnected for nonpayment on September 17, 2009, because the customer failed to make a payment on August 31, the scheduled disconnection date. Under WAC 480-100-128(6)(c), if the utility has not disconnected service within 10 business days of the disconnection date, the disconnection notice will be considered void. Accounting for the Labor Day holiday, Avista had until September 15 to disconnect the customer for nonpayment. Staff cited one violation of WAC 480-100-128(6)(c) for improperly disconnecting the customer.

#### **Complaint 107681**

WAC 480-100-128(6)(d)(ii) requires the utility to mail a second notice with a disconnection date no earlier than six business days from the date of mailing. In this complaint, a second notice was mailed on October 6, 2009, with a disconnection date of October 13. Staff cited one violation of 480-100-128(6)(d)(ii).

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<sup>7</sup> Copies of the complaints are attached as Appendix F.



### **Complaint 107831**

In this complaint, Avista mailed a past due notice on October 28, 2009, for an amount that was due November 12, 2009. The due date failed to account for the Veteran's Day holiday in violation of WAC 480-100-128(6)(a)(i). The final notice, which also displayed the incorrect due date, violated WAC 480-100-128(6)(a)(ii). Because the notices violated the notice requirements, the subsequent disconnection violated WAC 480-100-128(3). Staff cited one violation of WAC 480-100-128(6)(a)(i), one violation of WAC 480-100-128(6)(a)(ii), and one violation of WAC 480-100-128(3).

### **WACs 480-90-178(1) and 480-100-178(1) Billing Requirements**

WAC 480-100-178(1) provides, in part:

*(1) Customer bills must:*

...

*(e) Show the current and previous meter readings, the current read date, and the total amount of kilowatt hours used;*

*(f) Show the amount of kilowatt hours used for each billing rate, the applicable billing rates per kilowatt hour, the basic charge or minimum bill ...*

Staff found 34 violations of WAC 480-90-178(1) in two consumer complaints, and four violations of WAC 480-100-178(1) in one consumer complaint, as follows.<sup>8</sup>

### **Complaint 107021**

In this complaint, the customer received a retroactive bill for the months of February 2008 through January 2009 for a stopped meter. Staff cited 12 violations of WAC 480-90-178(1)(e) and 12 violations of WAC 480-90-178(1)(f) for failing to provide accurate billing statements during the 12 month period.

### **Complaint 107111**

In this complaint, the customer received a retroactive bill for the months of January through May 2009 for a stopped meter. Staff cited five violations of WAC 480-90-178(1)(e) and five violations of WAC 480-90-178(1)(f) for failing to provide accurate billing statements during the five month period.

### **Complaint 107869**

In this complaint, Avista erroneously sent both past due and final notices for amounts that were prior obligation. On November 17, the customer received a \$150 pledge, which was mistakenly applied to the prior obligation. Staff cited two violations of WAC 480-100-178(1)(e) and two violations of WAC 480-100-178(1)(f) for sending two notices that contained incorrect information.

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<sup>8</sup> Copies of the complaints are attached as Appendix G.

**Recommendation**

Staff recommends penalties of \$100 for one violation of WAC 480-90-113, one violation of WAC 480-00-113, each of the eight violations of WAC 480-100-128(6), and each of the 38 violations of 480-100-178(1), for a total penalty of \$4,800.

## SUMMARY OF RECOMMENDATIONS

Staff recommends a total potential penalty of \$62,100 for the following violations:

- For one violation of WAC 480-90-113 in one consumer complaint, staff recommends a penalty of \$100 for each violation.
- For one violation of WAC 480-100-113 in one consumer complaint, staff recommends a penalty of \$100 for each violation.
- For one violation of WAC 480-100-123(3) in one consumer complaint, staff recommends a penalty of \$100.
- For 572 violations of WAC 480-100-123(3) in 20 of the accounts reviewed, staff recommends a penalty of \$100 for each violation.
- For eight violations of WAC 480-100-128(6) in four consumer complaints, staff recommends a penalty of \$100 for each violation.
- Four 34 violations of WAC 480-90-178(1) in two consumer complaints, staff recommends a penalty of \$100 for each violation.
- For four violations of WAC 480-100-178(1) in one consumer complaint, staff recommends a penalty of \$100 for each violation.