

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the
Commission's Own Motion to Consider Revising
Energy Utility Tariff Rules Related to Deposits
and Adjusting Bills as They Affect Small
Business Customers.

Rulemaking 10-05-005
(Filed May 6, 2010)

**REPLY COMMENTS OF PACIFICORP (U-901-E) ON SMALL BUSINESS
PROGRAM STAFF REPORT REGARDING THE WORKSHOP ON
BACKBILLING & DEPOSITS**

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Attorney for PacifiCorp

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I. INTRODUCTION

Pursuant to the Administrative Law Judge's Ruling Providing Opportunity for Comments on Staff Report issued July 28, 2010, PacifiCorp d.b.a. Pacific Power (PacifiCorp or Company) submits reply comments on the Small Business Program Staff Report on the July 6, 2010 workshop (Workshop) held in this proceeding. The California Public Utilities Commission (Commission) Business and Community Outreach Staff (Staff) issued a report (Report) summarizing the Workshop and written comments filed in this proceeding, and provided recommendations to the Commission for the outcome of this proceeding. Interested parties submitted opening comments on August 6, 2010.

II. DISCUSSION

PacifiCorp is a multi-jurisdictional utility providing electric retail service to customers in California, Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp serves approximately 46,500 customers in Del Norte, Modoc, Shasta, and Siskiyou

counties in northern California. The Company's California service territory represents less than two percent of PacifiCorp's total retail electricity load.

On August 6, 2010, PacifiCorp filed opening comments on the Report. After reviewing other parties' comments, PacifiCorp offers several additional observations.

A. Definition of small business/micro business

As stated in PacifiCorp's comments filed August 6, 2010, the Company does not oppose the idea of certain small business customers being subject to the same deposit and back-billing requirements as residential customers, but is concerned with the proposal to define such small business customers using the California Government Code Section 14837. Several parties advocate for the use of the definition of micro business contained in the Government Code. Some suggest customers could self-certify or utilities could rely on the Department of General Services (DGS) database. The use of such a definition will be administratively burdensome even if customers are allowed to self-certify. Reviewing the DGS database requires a manual step in the review process, which creates additional expense. Self-certifications also require manual work, as a verification process will need to be implemented. For those reasons, PacifiCorp's reiterates its preference to utilize its rate code as its sole identifier of a microbusiness for application of backbilling and deposits.

A fundamental difference between residential and small business customer exists that justifies certain differences in deposit assessment practices. When residential customers end service at one account, they typically establish service at a new address. Any balance remaining on the prior account will be transferred to the new account so that the utility has the opportunity to collect the amount. When business customers end

service at one account, it is typically because the business ceases to exist. In these instances, the utility typically does not get the opportunity to collect any balance remaining on the prior account. There is a greater risk of no recovery.

The Utility Reform Network (TURN) suggests that utilities eliminate deposit collection for customers re-establishing credit for late or non-payment, or following disconnections.¹ The Greenlining Institute makes a similar recommendation for disconnected customers.² PacifiCorp disagrees due to the risks associated with serving small customers.

B. Deposits

The Division of Ratepayer Advocates (DRA) asserts that reducing the amount of deposits will not increase gross uncollectibles.³ PacifiCorp disagrees with this assertion. The implementation of tariff or rule changes from this proceeding may lead to an increase in the amount of write-offs, as the amount of deposits allowed to be held to offset debt will decrease. DRA also states that with lower deposits, small businesses will have more financial resources available for paying bills.⁴ This is a supposition of a customer's budgeting priorities and not a firm basis for changing deposit requirements.

DRA further asserts that holding deposits increases interest expense, which is costly for utilities and ratepayers.⁵ PacifiCorp disagrees with DRA's analysis, as it only examines the potential affect to one account—interest expense. An analysis of the effect of reducing overall deposits held by utilities requires a review of all affected accounts. If

¹ Comments of The Utility Reform Network on the Small Business and Community Outreach Staff Report in Rulemaking 10-05-005, pp2-3.

² Opening Comments of the Greenlining Institute on the Small Business and Community Outreach Staff Report, pp. 5-6.

³ Opening Comments of the Division of Ratepayer Advocates on Small Business and Community Outreach Staff Report, p. 6.

⁴ Id.

⁵ Id, p. 7.

the Commission believes this is an issue, then parties should be afforded an opportunity to present evidence by some means other than through comments on a workshop report.

The Greenlining Institute suggests that utilities should disclose internal collection practices to allow for evaluation of utilities creative credit and payment policies.⁶ PacifiCorp's intention is to always follow the credit and payment rules as set by the Commission and to act in a consistent manner in its application of those rules and its internal policies so as not to treat one person or one entity unfairly. PacifiCorp does not share publicly its internal business policies.

Several parties propose a sunset date for any changes resulting from this rulemaking due to the rationale for initiating the rulemaking—to address the current economic conditions. PacifiCorp does not oppose such a sunset. In the alternative, the Commission could consider re-evaluating in a year or two any changes resulting from this rulemaking to consider whether they are still necessary.

C. Costs and Costs Recovery

As noted by PacifiCorp and other parties, additional costs are likely to be incurred in implementing the changes resulting from this rulemaking. A determination or understanding of how implementation costs will be treated for recovery purposes will be useful for implementing these changes.

DRA asserts that changes resulting from this proceeding should not increase costs to utilities. PacifiCorp disagrees with this assertion.⁷

⁶ The Greenlining Institute Opening Comments, p. 5.

⁷ DRA Opening Comments, p. 9.

D. Other

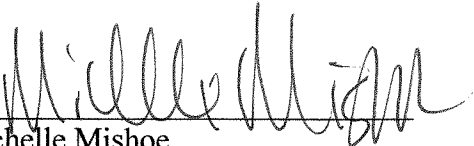
San Diego Gas & Electric Company, Southern California Gas Company, and Southern California Edison Company recommend that the Commission allow sufficient time, possibly six to eight weeks, for the utilities to implement changes arising from this proceeding.⁸ PacifiCorp supports this proposal if such changes do not require modifications to its customer service system. System changes could require a number of months to implement.

Additionally, the primary driver for this rulemaking is the currently existing economic conditions. As stated above, the Commission could consider re-evaluating in a year or two any changes resulting from this rulemaking to consider whether they are still necessary.

III. CONCLUSION

PacifiCorp appreciates the opportunity to provide reply comments on the Report.

Respectfully submitted this 17th day of August 2010 at San Francisco, California.

By 
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⁸ Opening Comments of San Diego Gas & Electric Company (U 902 E) and Southern California Gas Company (U 904 G) on the Small Business Program Staff Report: Workshop on Back-Billing & Deposits Rulemaking 10-05-005, p. 6); Southern California Edison Company's (U 338-E) Opening Comments on Small Business and Community Outreach Staff Report, pp. 6-7.

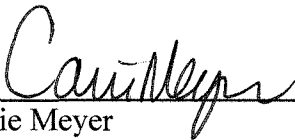
Certificate of Service

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have provided via electronic mail or US Mail if an E-mail address has not been provided, a true and correct copy of the **Reply Comments of PacifiCorp (U-901-E) on Small Business Program Staff Report regarding the Workshop on Backbilling & Deposits** to the following parties:

Service List R.10-05-005

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DATED: August 17, 2010, at Portland, Oregon



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