
In the Matter of the Investigation)
into the Reasonableness of the)
Rates and Charges of PacifiCorp,)
dba Utah Power and Light)
Company)

DOCKET NO. 97-035-01

ORDER ON REFUND

ISSUED: September 13, 1999

By The Commission:

PROCEDURAL HISTORY

On March 4, 1999, the Commission issued its Report and Order in this matter, ordering PacifiCorp to file tariff revisions reducing its Utah jurisdictional revenues as specified in the Order. The tariff revisions, which were to reflect a reduction in annual revenue requirement of \$85.36 million, were to be effective March 1, 1999. The Company filed its revised tariff on March 11, 1999.

On April 20, 1999, the Committee of Consumer Services ("Committee") filed a Request for Commission Action Regarding Customer Overcharges. In its request, the Committee stated that on March 11, 1999, the Company began sending bills correctly reflecting the March 1 implementation of the new tariff, but that customers billed March 1 through March 10 were incorrectly billed at the prior (and higher) tariff prices for their March usage. The Committee requested that the Commission take steps it deems appropriate to resolve the identified problem.

On April 27, 1999, the Commission issued a Notice of Hearing for May 24, 1999, to address the Committee's request, as well as matters upon which it had granted reconsideration by Order issued April 14, 1999. At the May 24, 1999 hearing, the Company, the Committee, and the Division of Public Utilities ("Division") presented testimony and argument regarding the Committee's request.

DISCUSSION

The Company does not dispute that the bills issued to customers from

March 1 through March 10 reflected the rates in effect prior to its newly issued tariff, which, pursuant to the Commission's Order, was effective March 1, 1999. Nor does any party blame the Company for this problem, since it is a function of the Commission's Order not having been issued prior to the ordered implementation date. Finally, there is no dispute that this is a problem which should be corrected.

The Company presented evidence that the estimated amount over-collected on the bills rendered March 1 through March 10 was \$409,275. This amount is not contested. At the hearing, the Company proposed that the amount overcollected be rolled into the \$750,000 "holdback" fund that has been established for a later distribution to all customers. The Committee and Division recommended that the amount be refunded to those customers that did not get their prorated rate reduction for usage from March 1 through March 10.

The Company testified that it would incur approximately \$30,000 in incremental costs to develop the programming necessary to implement the adjustment as proposed by the Division and Committee. Another issue raised by the Committee at the hearing was the level of late payment charges imposed during the first ten days of March. The Committee estimated that the Company collected approximately \$39,000 in excessive late payment charges due to the imposition of charges during that period at a rate of 1.5% rather than the 1% per month which was the rate adopted in

the Commission's Order. However, the Company also pointed out that other charges that were increased by the Commission's Order had not been charged at the higher rates during that ten-day period. Any adjustment to account for the late payment charge issue would need to be offset by the undercollection of those charges that should have been increased during the same period. The Division also testified that, in light of the Company's willingness not to challenge the legality of the retroactive implementation date, there should be no interest on the \$409,275 to be refunded to customers.

The Commission finds that the \$39,000 in excessive late payments is offset by the \$30,000 the Company will incur to make the additional refund and by the higher rates the company could have charged during the ten-day period. The Commission also finds that the amount of \$409,275 should be returned to customers still on the system that were billed from March 1 to March 10, 1999. The Company should make billing adjustments for each account that was overcharged for service between March 1 and March 10. The billing adjustments should be calculated proportionately based on the average percentage price reduction mandated for the applicable price schedule and prorated for the number of days the particular customer was overcharged. The billing adjustments should not include an interest component, and should be applied as a credit on affected customers' accounts. Such credits should be applied to customer accounts no later than 30 days after the issuance of this order.

The Commission finds that this method of making the refund provides a fair yet simple resolution of this issue and is consistent with positions ultimately advocated or acknowledged as acceptable at the hearing.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that the Company provide a refund of \$409,275 in the manner set forth in the discussion above.

DATED at Salt Lake City, Utah, this 13th day of September, 1999.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary