

Exhibit No. ___T (SW-1T)

Docket: U-110808

Witness: Sharon Wallace

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET U-110808

TESTIMONY OF

Sharon Wallace

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

May 3, 2012

TABLE OF CONTENTS

I. INTRODUCTION1

II. DISCUSSION2

1 I. INTRODUCTION

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Q. Please state your name and business address.

A. My name is Sharon Wallace. My business address is 1300 S. Evergreen Park Drive SW, P.O. Box 47250, Olympia, WA 98504.

Q. By whom are you employed and in what capacity?

A. I am employed by the Washington Utilities and Transportation Commission as the Assistant Director for Consumer Protection and Communications.

Q. How long have you been employed by the Commission?

A. Four years and six months.

Q. Would you please state your educational and professional background?

A. I have a liberal arts degree from The Evergreen State College, Olympia, WA, and am a Master's in Public Administration candidate at the University of Washington, Seattle. I have worked for the State of Washington for 10 years, having served as a Special Deputy to the Chief of the Washington State Patrol and on senior staff as Communications Director for Governor Gary Locke.

1 **II. DISCUSSION**

2

3 **Q. Please describe your role in the investigation related to Docket U-100182 and**
4 **your understanding of the violations contained in the 26 accounts identified in**
5 **the Investigation Report.**

6 A. In 2010, Commission Staff ("Staff") began an investigation into how each of the
7 regulated energy companies in Washington state were applying refusal of service
8 rules, WAC 480-90-123 and WAC 480-100-123. The Puget Sound Energy, Inc.
9 ("PSE" or "Company") investigation, and subsequent penalty assessment, may be
10 found in Docket U-100182.

11 Compliance Investigator Rayne Pearson is an employee in the Consumer
12 Protection and Communications section, which I supervise. I worked with Ms.
13 Pearson on the initiation of the investigation. I reviewed the investigation reports on
14 all five companies and forwarded recommendations for enforcement action on two of
15 the five companies to my supervisor, Mr. Steven King, Director of the Safety and
16 Consumer Protection Division.

17 The 26 accounts from U-100182 were randomly selected from a sample of
18 customer accounts the Company provided in response to a Commission data request.

19 The Commission alleged, and the Company admitted, several rule violations,
20 including: requiring customers to pay more money for reconnection than permitted
21 by Commission rules; refusing to reconnect service until the customer paid all or part
22 of the balanced owed; and improperly applying grant money from low-income
23 agencies to the outstanding debt rather than to the current account, preventing

1 customers from getting their service reconnected. Rayne Pearson discusses this
2 investigation and the rule violations in more detail in her testimony.

3
4 **Q. What was your understanding as to how the account errors would be remedied**
5 **as a result of the settlement agreement that was reached in December 2010 and**
6 **approved by the Commission in its Order 01 adopting the settlement agreement**
7 **and granting the joint motion?**

8 A. I had requested that the Company review the complete debit and credit history for
9 each customer account to determine the correct account treatment and application of
10 the prior obligation rule. I stated that this would mean reviewing the accounts for
11 fees, usage charges, pledges, customer payments, fees for disconnections and
12 reconnections, application of deposits, etc. If any adjustments needed to be made to
13 a customer's account, the Company was to contact each customer and explain what
14 changes had been made to their accounts and why.

15
16 **Q. What was your understanding of the requirement in Order 01 in Docket U-**
17 **100182 that PSE investigate these accounts "promptly?"**

18 A. My understanding was that the Company would investigate these accounts
19 immediately and that the results would subsequently be shared with Staff.

20
21 **Q. What representations did PSE make at the May 3, 2011, meeting with Staff**
22 **regarding the 26 accounts when the status of the first quarterly report was**
23 **discussed?**

1 A. On May 3, 2011, at a meeting at the Company's office in Tacoma, WA, Company
2 representatives Mr. Tom DeBoer and Mr. Randy Dieterle explained to me that the
3 investigations and corrections of the 26 accounts were complete and that the results
4 would be forwarded to Staff the next day. Ultimately, the account review results
5 were not provided to Staff until May 20, 2011, and it was clear by the dates of
6 activities entered in the Company-provided information, that some accounts had not
7 in fact been reviewed until on or after May 20, 2011.

8

9 **Q. Do you believe that PSE intentionally misled Staff to believe that the accounts**
10 **had been adjusted on or before May 20, 2011, as represented in the document**
11 **entitled "PSE 26 Account Review?"**

12 A. Yes.

13

14 **Q. When did PSE represent that the investigation into the 26 accounts was**
15 **complete, and how did Company representatives submit that information?**

16 A. The Company filed a four-page document on May 20, 2011, entitled "PSE 26
17 Account Review," in Docket U-100182. The cover letter stated that the filing is
18 "Puget Sound Energy, Inc.'s first quarterly report" as required by the settlement
19 agreement. The cover letter further states that the attached report details the
20 "corrective actions taken on the twenty-six accounts" listed in the settlement
21 agreement.

22

1 **Q. Was it your understanding that PSE was to investigate a “sample” of the 26**
2 **accounts in question, as PSE asserts?**

3 A. No. Order 01 adopting the Joint Motion required PSE to “promptly complete its
4 investigations into 26 specific accounts.” There was no discussion of investigating a
5 “sample.” The first time that I heard such an assertion was when I read the
6 Company’s response to this complaint.

7

8 **Q. Did you expect to be notified of the results of PSE’s investigation into the 26**
9 **specific accounts?**

10 A. Yes. Staff’s fundamental priority was to see that affected customers were made
11 whole. Staff specifically informed the Company that we were not asking the
12 Company to investigate and correct the larger universe of customers that were
13 potentially impacted; but rather the small percentage that the formal complaint was
14 based upon: the 26 accounts. Staff clearly stated that the Company must investigate
15 and correct these accounts and ensure that customers were made whole. The
16 Company agreed to do this as part of the settlement agreement, as ultimately adopted
17 by the Commission, and agreed to report back to Commission Staff on the results.

18

19 **Q. Is PSE’s characterization of Staff’s interpretation of PSE’s obligation “to**
20 **investigate” accurate?**

21 A. Yes. As I described earlier in my testimony, I personally provided direction to the
22 Company regarding what Staff would consider appropriate “investigation” and
23 “correction.”

1 **Q. How do you believe PSE came to the conclusion that this was Staff's**
2 **interpretation?**

3 A. As previously stated, I personally provided direction to the Company regarding what
4 Staff would consider appropriate "investigation" and "correction."

5

6 **Q. Does this conclude your testimony?**

7 A. Yes.