

**EXHIBIT NO. \_\_\_(APB-1T)  
DOCKET NO. U-110808  
WITNESS: AGNES P. BARARD**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. U-110808**

**PREFILED RESPONSE TESTIMONY (NONCONFIDENTIAL) OF  
AGNES P. BARARD  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**JUNE 1, 2012**

1 **PUGET SOUND ENERGY, INC.**

2 **PREFILED RESPONSE TESTIMONY (NONCONFIDENTIAL) OF**  
3 **AGNES P. BARARD**

4 **Q. Please state your name, business address, and position with Puget Sound**  
5 **Energy, Inc.**

6 A. My name is Agnes Barard. My business address is 19900 North Creek Parkway,  
7 Bothell, Washington 98011. I am the Director of Customer Care for Puget Sound  
8 Energy, Inc. ("PSE").

9 **Q. Have you prepared an exhibit describing your education, relevant**  
10 **employment experience, and other professional qualifications?**

11 A. Yes, I have. It is Exhibit No. \_\_\_(APB-2).

12 **Q. What are your duties as Director of Customer Care for PSE?**

13 A. As Director of Customer Care, my duties include overall operations of PSE's  
14 Customer Services and Revenue Management businesses. My duties are more  
15 fully described in Exhibit No. \_\_\_(APB-2).

16 **Q. What is the nature of your prefiled response testimony in this proceeding?**

17 A. My testimony responds to the testimonies of Steven King, Exh. No. \_\_\_(SVK-  
18 1T), Sharon Wallace, Exh. No. \_\_\_(SW-1T), and Rayne Pearson, Exh.  
19 No. \_\_\_(RP-1T), filed on behalf of WUTC Staff ("Staff") on May 3, 2012.

1 Specifically, my testimony addresses claims from Staff that PSE failed to  
2 promptly investigate the 26 accounts identified in Order 01 of Docket No. U-  
3 100182.

4 **Q. Please describe how PSE complied with Order 01 in Docket No. U-100182?**

5 A. The Joint Motion and Order 01 in Docket No. U-100182 ("Order 01") required  
6 PSE to (1) pay a penalty of \$104,300, (2) promptly complete an investigation into  
7 26 specific accounts, and (3) continue implementation of PSE's plan described in  
8 Appendix B of the Joint Motion. PSE paid the penalty on or about January 6,  
9 2011. As discussed in Mr. Archuleta's initial testimony, Exh. No. \_\_\_(GA-1T),  
10 PSE began to implement changes in the way it managed prior obligations even  
11 before the Commission issued Order 01, and PSE has continued to implement  
12 these changes. These process changes include 1) the establishment of a special  
13 disconnect queue, 2) development and implementation of additional training for  
14 PSE staff regarding the process changes and handling of prior obligations, and 3)  
15 establishment of internal self audits and quality assurance processes to ensure 100  
16 percent compliance with prior obligation rules and to ensure that agents were  
17 correctly passing calls to the disconnect specialists. This proceeding concerns  
18 PSE's second obligation: the requirement to promptly complete an investigation  
19 into the 26 accounts specified in the Joint Motion in U-100182.

20 **Q. Please describe how PSE planned to meet the requirement to "promptly**  
21 **investigate" the 26 accounts?**

1 A. Neither Order 01 nor the Joint Motion in Docket No. U-100182 describes the  
2 steps PSE was to take in its investigation, nor did it define the term "promptly".  
3 PSE believed that the purpose of PSE's investigation was to evaluate the  
4 customer accounts as though PSE had not committed the alleged violation as  
5 outlined in Staff's 2010 Investigation report and determine if there was any  
6 material impact to the customer's account had the alleged violation not been  
7 committed. Accordingly, PSE proceeded in this manner.

8 **Q. Was this Staff's understanding of PSE's obligation to investigate the**  
9 **accounts?**

10 A. I initially believed so, but I became aware that Staff's expectations differed from  
11 PSE's following a meeting between Staff and PSE in early May 2011. I  
12 understood, following that meeting, that Staff expected PSE to reprocess the 26  
13 accounts in CLX.

14 Staff witness Steven King testifies that PSE was obligated to review the account  
15 histories of the 26 accounts, go back and properly apply the Commission's refusal  
16 of service rules, and make needed adjustments, if any, to the balance of each  
17 account in order to make each affected customer whole. Staff witness Sharon  
18 Wallace understood PSE's investigation to mean that PSE would not only review  
19 the complete debit and credit history for each customer account, but, "If any  
20 adjustments needed to be made to a customer's account, the Company was to  
21 contact each customer and explain what changes had been made to their accounts

1 and why." Ms. Wallace also testifies that PSE was required to perform such  
2 investigation "immediately". See page 3, line 19 of Exhibit. No. \_\_\_(SW-1T).  
3 Staff witness Rayne Pearson's understanding of PSE's obligation to investigate is  
4 significantly more detailed than Mr. King's or Ms. Wallace's. In addition to Ms.  
5 Wallace's understanding that PSE was obligated to contact each customer and  
6 explain the outcome of the adjustment, Ms. Pearson believes that PSE was  
7 obligated to make corrections at the point in time when the original error  
8 occurred, then adjust the accounts forward. The information that PSE was to  
9 provide to each customer differed, depending on whether a pledge was involved  
10 or not. Ms. Pearson apparently believes that PSE was obligated to re-process  
11 every account transactions in PSE's billing system (CLX) for each account dating  
12 back to October 2009. However, none of the "requirements" described in these  
13 three testimonies are expressly included in the Joint Motion or Order 01.

14 **Q. Did PSE believe it was required to perform all the actions described in**  
15 **Staff's testimonies?**

16 A. No. As stated above, PSE did not understand the Joint Motion or Order 01 as  
17 requiring PSE to re-process all account transactions in CLX dating back to  
18 October 2009, more than a year prior to the settlement, nor did the Joint Motion  
19 or Order 01 spell out such a requirement.

20 **Q. How do you respond to Staff's claim that PSE intentionally misled Staff to**  
21 **believe that the accounts had been adjusted on or before May 20, 2011?**

1 A. I agree PSE could have been more clear in its reporting. In hindsight, I can  
2 understand how Staff could misinterpret the letter and report provided on May 20,  
3 2011, however PSE was not attempting to mislead Staff. PSE did provide its  
4 report on May 20, 2011, but PSE did not state that all the adjustments had been  
5 completed by May 20, 2011. Some adjustments had been completed and others  
6 were still in process. Mr. King repeatedly testifies that PSE stated that customer  
7 accounts were adjusted on May 20, 2011. Mr. King cites PSE's report when he  
8 states,

9 *5/20/11 ... Customer payments reallocated to prior obligation*  
10 *balance." [from Resolution for Customer E]. "5/20/11 Pledge*  
11 *monies reallocated to new product assignment." [from Resolution*  
12 *for Customer H].*

13 Exh. No. \_\_\_(SVK-1T) p. 5, lines 22-23. (Emphasis Mr. King's.)

14 Yet Mr. King's testimony misquotes PSE. Nowhere does such reference  
15 state May 20, 2011. A clear reading of the cited report shows that the  
16 adjustments were to be made in May 2011 - with no specific date  
17 provided. In fact, these two accounts that Mr. King cites are in contrast to  
18 other accounts in the report that do specify a date certain. PSE had  
19 reviewed the account and had identified what action was to be taken. PSE  
20 reported that such actions would take place in May 2011, but PSE did not  
21 state that they had been completed by May 20, 2011. This

1           misunderstanding is an example of the parties' miscommunications  
2           throughout this process.

3       **Q.    How do you respond to Ms. Wallace's testimony that PSE admitted the**  
4       **violations regarding the 26 accounts from U-100182?**

5       A.    Ms. Wallace's testimony states that the Commission alleged, and PSE admitted,  
6           several rule violations.  However, Ms. Wallace fails to recognize that the  
7           "admission" included a statement where PSE stressed that there continued to be a  
8           good faith disagreement between PSE and Staff over the interpretation of some  
9           rules and factual disputes.  *See* PSE's Application for Mitigation of Penalties in  
10          Docket No. U-100182 (Oct. 27, 2010).  Because the original violations stemmed  
11          from disagreements over interpretation of the rules, it was not reasonable to  
12          assume that PSE agreed with Staff's interpretation and that "corrections" would  
13          be necessary, nor does the language in the Joint Motion or Order support that PSE  
14          committed to "correcting" the accounts.

15          In Staff's Response to PSE's Application for Mitigation of Penalties, Staff  
16          acknowledged that PSE wanted a decision by an administrative law judge, and  
17          Staff did not oppose setting the matter for hearing, but Staff did oppose mitigation  
18          of the penalty amount, which was \$104,300.  *See* Staff's Response to PSE's  
19          Application for Mitigation of Penalties in Docket No. U-100182 (Nov. 15, 2010).  
20          As part of the joint motion to resolve the complaint, PSE agreed to pay the  
21          penalty and to investigate the accounts.  Nowhere in the document does it state

1 that PSE agreed with Staff's interpretation of the rules and facts regarding a  
2 subset of the violations. PSE agreed it would investigate the accounts, and from  
3 PSE's perspective, PSE agreed to initially investigate a sample to determine what  
4 it would look like to "fix" the accounts. Such approach made sense, particularly  
5 considering the time that lapsed between the alleged prior obligation violation and  
6 the time of the formal complaint (nearly a year later).

7 **Q. Do you agree with Ms. Pearson's assessment that each of the original 26**  
8 **accounts had been mishandled, resulting in subsequent accounting errors?**  
9 **(Exh. No. \_\_\_(RP-1T), page 4, lines 17-18.)?**

10 A. No, I do not. Accounting errors imply that the customers were incorrectly  
11 charged, which they were not. The alleged violations regarding these 26 accounts  
12 are not associated with billing errors; therefore it is not clear that every (or any)  
13 account would need to be adjusted. Ms. Pearson also implies that the application  
14 of pledge payments is defined in the Commission's rules; however, her  
15 interpretation was the foundation of the original "good faith disagreement"  
16 referenced in PSE's Application for Mitigation of Penalties in U-100182.  
17 Although PSE has since modified its practices to comply with Staff's most recent  
18 interpretation of the rules, PSE does not believe that Staff's original assessment  
19 was necessarily accurate, particularly since the pledges in question were from  
20 PSE HELP or other non-LIHEAP sources. Staff's interpretation regarding the  
21 application of pledges essentially asks customers to pay twice, once for Schedule  
22 129 charges used for the PSE HELP funds and a second time for the prior



1 obligation balance through PSE's cost of service charges where bad debt write-  
2 offs (uncollectible accounts) are a part of PSE's regulated operating expenses.

3 Staff's conclusion that each account involved accounting errors assumes that prior  
4 obligation balances are not owed to PSE, which is simply not true. Prior  
5 obligations are the amounts billed for which payment has not been received at the  
6 time of disconnection and for which PSE cannot refuse to provide new or  
7 additional service. Nothing states that PSE cannot expect to collect those  
8 balances, nor do the rules explicitly state that payments received must be applied  
9 only to current, non-prior obligation balances. For customers N through X in the  
10 original complaint, the customers received pledge payments (primarily from PSE  
11 HELP funds) that equaled or exceeded the total amount shown past due on the  
12 disconnection notice. Therefore, the accounts were not processed as prior  
13 obligations. In fact, Ms. Wallace's own "Technical Assistance" letter from April  
14 2009 further supported PSE's understanding. The April 2009 letter states:

15 The only time, after a disconnection of service that the past due  
16 amount does not become prior obligation, is:

17 1) **When the customer pays the total amount shown past due on**  
18 **the effecting disconnection notice; ...**

19 (Emphasis added). See the Second Exhibit to my Prefiled Response Testimony,  
20 Exhibit No. \_\_\_(APB-3), for a copy of Ms. Wallace's letter.

1 If the funds in question were associated with LIHEAP assistance, one could more  
2 easily support Staff's conclusion that PSE was required to process the account as  
3 a prior obligation; however, this is simply not the case for these accounts.

4 **Q. Do you agree with Mr. King that PSE admitted it had incorrectly processed**  
5 **the accounts and therefore it should have been understood that corrections**  
6 **would be processed?**

7 A. No, I do not reach that same conclusion. As I explained earlier, PSE believed  
8 there was a good faith disagreement between PSE and Staff over the  
9 interpretation of the Commission's rules. In my opinion, PSE's agreement to  
10 investigate the accounts meant that PSE was required to review the accounts  
11 under Staff's interpretation of the Commission's rules to determine if there would  
12 be any material difference in the customer's outstanding balances. PSE's  
13 agreement did not include a specific requirement to correct the accounts.

14 **Q. Please describe the "good faith disagreement" between PSE and Staff**  
15 **referenced in PSE's Application for Mitigation in Docket No. U-100182?**

16 A. There were several. As I mentioned earlier, first and foremost was the question of  
17 whether or not PSE HELP Funds or other non-LIHEAP pledges may be applied  
18 against the disconnect amount to have service restored or if all accounts that  
19 receive pledge payments must be processed as prior obligation at the time of  
20 disconnection and a new product-assignment established. For customer accounts

1 N through X, the pledge amounts received were primarily from the PSE HELP  
2 funds. Staff, in its original investigation, referred to the position of both the  
3 Community Action Council and Multi-Service Center regarding their intent  
4 regarding LIHEAP funding. *See* pages 13-14 of Staff's 2010 Investigation Report  
5 in Docket No. U-100182 (Oct. 12, 2010). The LIHEAP funding administration  
6 agreements contain specific provisions that address that funds are not to be used  
7 for prior obligation balances. However, there are no similar provisions in PSE's  
8 HELP tariff (Schedule 129), the agency agreements regarding the administration  
9 of PSE HELP funds, nor Settlement G from Docket Nos. UE-011570 and UG-  
10 011571, which established the PSE HELP funds.

11 Subsequent to the Joint Motion and Order 01 in Docket No. U-100182, PSE did  
12 modify its processes to comply with Staff's interpretation. PSE now applies the  
13 funds only to the new (post-prior obligation) sub-accounts, unless the agency  
14 specifically requests, in writing, that the amounts be applied against the prior  
15 obligation balance.

16 **Q. Would reprocessing the customer's account, as Staff has requested,**  
17 **necessarily change the outcome for customers?**

18 A. No. For several accounts, reprocessing would be a futile exercise. The accounts  
19 that Ms. Pearson alleges were mishandled for 1) not quoting the prior obligation  
20 rules or 2) not reconnecting for half the deposit and reconnection fee, were  
21 accounts H, I, J, K, L, M and Z. All of these accounts, except account J, were

1 reconnected well before the date of the settlement in December 2010, and even  
2 the original notice of the violations. Customer J was not reconnected; however,  
3 that was the result of the customer no longer being at the address as far back as  
4 February 2010 and to PSE's knowledge, the customer is not residing within PSE's  
5 service territory. If the customers were still disconnected in December 2010, 14  
6 months after the alleged violation, a specific corrective action would have been  
7 necessary and that action would have been to reconnect the customer's service.

8 **Q. How do you respond to Ms. Pearson claims that the information provided by**  
9 **PSE was insufficient to verify the action taken by PSE?**

10 A. I am very surprised that Ms. Pearson found the material provided by PSE to be  
11 insufficient. First, PSE believes that the original summary provided met Staff's  
12 requirements, was sufficient, and was in compliance with Order 01. The  
13 summary report outlined the steps to be taken to re-process the account consistent  
14 with Staff's interpretations and those actions were commenced prior to May 20,  
15 2011, the date the report was submitted. It appears that Ms. Pearson's expectation  
16 was that the investigation would include detailed transactions showing that PSE  
17 had corrected every account consistent with her expectations. Neither the Joint  
18 Motion nor Order 01 included specific requirements regarding the format of the  
19 Quarterly report or how PSE was to report on its investigation. Second, PSE  
20 provided Staff with extensive documentation following each of Staff's requests.  
21 Even Ms. Pearson's own testimony illustrates that PSE responded promptly with  
22 additional information each time it was requested. On page 8, line 22, of Exhibit

1 No. \_\_\_(RP-1T), Ms. Pearson states that she requested additional information  
2 from Mr. De Boer, who, "That same day", responded with such information.  
3 Upon Ms. Pearson's request for additional information (Exh. No. \_\_\_(RP-1T), p.  
4 9, lines 24-26), PSE responded via email and with additional material. "PSE  
5 began submitting spreadsheets for each of the 26 accounts showing the full  
6 account history, with notes reflecting changes made to each account". Exh.  
7 No. \_\_\_(RP-1T), p. 10, lines 6-7.

8 Ms. Pearson and others may have anticipated that PSE's initial filing would  
9 include specific, transactional-level detail of every account, but I disagree that  
10 such information was either required by the Joint Motion or Order 01 or was  
11 necessary to verify the actions taken, or to be taken, by PSE. PSE's focus after  
12 the December 2010 Joint Motion and Order 01 was on the overarching process  
13 changes that were being implemented to ensure compliance with Staff's  
14 interpretation of the prior obligation rules.

15 **Q. On page 6 of Exhibit No. \_\_\_(RP-3), Ms. Pearson concludes that PSE did not**  
16 **begin to re-process the account transactions until her e-mail to Mr. DeBoer**  
17 **on May 26, 2011. Is her conclusion correct?**

18 A. No it is not. As detailed in Ms. McClenahan's testimony, Exhibit No. \_\_\_(KRM-  
19 1T), PSE began to re-process the accounts on May 17, 2011, and the first step was  
20 to pull the balances back from the collection agency. Reprocessing the accounts  
21 did not take a mere seven business days, as speculated by Ms. Pearson. Each  
22 account took several hours and in many cases, multiple corrections because the

1 account had been closed or multiple prior obligations had been processed during  
2 the 14 months since the original alleged violation.

3 **Q. Ms. Pearson implies that PSE would not have reprocessed the accounts if not**  
4 **for her May 26, 2011 e-mail to Mr. DeBoer. Is her conclusion correct?**

5 A. No it is not. Although PSE did not believe that reprocessing each account was  
6 necessary to meet the terms of the Joint Motion or Order 01, once PSE understood  
7 Staff's expectation after the May 3, 2011 meeting, PSE began to take the steps  
8 necessary to meet Staff's expectations. As mentioned on page 6, lines 12-14 of  
9 Gilbert Archuleta's prefiled initial testimony, Exhibit No. \_\_\_(GA-1T), until the  
10 May 3, 2011 meeting with Staff, PSE had been operating under its understanding  
11 that a sample of the 26 accounts would be reviewed and then discussed with Staff  
12 to determine next steps. At the May 3, 2011 meeting, it became clear that Staff  
13 expected all 26 accounts to be investigated and that reprocessing through CLX  
14 would be commenced. As discussed in Exhibit No. \_\_\_(KRM-1T), PSE first  
15 completed its investigation into the remaining accounts by May 13, 2011, and  
16 then commenced reprocessing the accounts in the CLX billing system on May 17,  
17 2011.

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

19 A. Yes, it does.