

**EXHIBIT NO. ___(KRM-1T)
DOCKET NO. U-110808
WITNESS: KRISTINA R. McCLENAHAN**

**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
KRISTINA R. McCLENAHAN
ON BEHALF OF PUGET SOUND ENERGY, INC.**

JUNE 1, 2012

1 **PUGET SOUND ENERGY, INC.**

2 **PREFILED RESPONSE TESTIMONY (NONCONFIDENTIAL) OF**
3 **KRISTINA R. McCLENAHAN**

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

6 A. My name is Kristina R. McClenahan. My business address is 19900 North Creek
7 Parkway, Bothell, Washington 98011. I am a Supervisor, Customer Access
8 Center within the Customer Care Organization for Puget Sound Energy, Inc.
9 ("PSE").

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

12 A. Yes, I have. It is Exhibit No. ____ (KRM-2).

13 **Q. What are your duties as Supervisor, Customer Access Center for PSE?**

14 A. My present responsibilities include Lead for the Customer Information System
15 Project, which includes testing the development system, addressing functionality,
16 designing process re-engineering through collaborating with other departments for
17 process flows and ensuring action items are followed up on and completed. As
18 Supervisor in the Customer Access Center my responsibilities include daily
19 monitoring, coaching and overseeing processes performed by the agents who
20 report to me. My team of agents is directly responsible for handling accounts,
21 which have been disconnected for non-payment, and assisting those customers in
22 steps necessary to be reconnected.

1 **Q. What is the nature of your prefiled response testimony?**

2 A. The purpose of my testimony is to describe PSE's investigation into the 26
3 accounts in question in U-100182 and to provide a detailed review of each of the
4 21 accounts that are the basis for WUTC Staff's ("Staff") current allegations in
5 this proceeding.

6 **Q. Please describe what actions PSE took to investigate the 26 accounts in**
7 **question in U-100182 following approval of the settlement agreement?**

8 A. After a meeting with Staff on December 3, 2010, PSE understood that it was to
9 complete an investigation of a sample of the accounts in question to determine if
10 further corrective action was required, *i.e.*, to determine if there would be a
11 material impact to the customer's account had it been handled according to Staff's
12 interpretation in October 2009 (14 months earlier), or would the impact be merely
13 internal accounting actions. Accordingly, PSE completed its review of a sample
14 of five accounts by January 26, 2011. This sample review demonstrated that only
15 one account would be eligible for a refund of a reconnect fee, and customers
16 representing three of the accounts were no longer living at the service address.
17 PSE planned to discuss the investigation results and additional steps with Staff
18 before undertaking any further investigation.

19 It was not until after a meeting with Staff on May 3, 2011 that PSE realized that
20 Staff expected all 26 accounts to be investigated, and furthermore, that Staff
21 expected PSE would reprocess the accounts.

1 **Q. Why did PSE believe that it was only required to investigate a sample of five,**
2 **rather than the full 26 accounts?**

3 A. My understanding is that a discussion occurred at the December 3, 2010 meeting
4 and Staff agreed that PSE need only investigate a sample of the accounts. I was
5 instructed to select five accounts to investigate, see if monetary changes to the
6 customer's account would occur as a result of applying Staff's interpretation of
7 the prior obligation rules, and to report back the outcome of investigating these
8 accounts. As noted previously, I completed this sample on January 26, 2011.

9 **Q. Please discuss the process used by PSE to conduct the investigation.**

10 A. PSE reviewed three primary elements to determine how, if at all, a customer
11 would be impacted by a prior obligation correction to that customer's account.
12 The first element was to determine if the customer was still at the original location
13 where the disconnection for nonpayment occurred and whether or not the
14 customer had an active account at that address. The second element was to
15 determine if the customer had any subsequent disconnections between the time of
16 the original violation and the signing of the Joint Motion in Docket No. U-100182
17 ("Joint Motion"). The third element of the investigation was to compare the
18 energy service charges from the time of the original violation through December
19 2010 to the amounts pledged on the account and compare the amounts to any
20 outstanding balances on the account. See the Second Exhibit to my Prefiled
21 Response Testimony, Exhibit No. ___(KRM-3), for detailed investigation
22 procedures and results.

1 PSE's initial investigation determined that it would not have made a material
2 difference in the ultimate amounts owing PSE by the customer, and therefore,
3 PSE did not believe it was required to go through the manual process of recreating
4 history to redo transactions, which would also remove associated late pay fees,
5 particularly when PSE had paid fines on such accounts.

6 Additionally, it is important to recognize that the majority of the violations
7 associated with these 26 accounts resulted from PSE's application of a pledge
8 amount to the customer's original account. In other words, at the time of
9 disconnection, PSE did not close the original product assignment and establish a
10 new product assignment where all pledge payments would be applied. The
11 violations in Docket No. U-100182 were not a result of PSE incorrectly charging
12 the customer. However, Staff apparently believed that PSE was obligated to
13 reconstruct and reallocate payments. PSE did not share this belief, and Staff's
14 requirement to reconstruct and reallocate payments seems to ignore that some
15 accounts involve amounts that are still outstanding and subject to late fees.

16 **Q. How does PSE handle late charges with regard to the accounts at issue in this**
17 **proceeding?**

18 A. CLX was programmed so that any adjustment or correction to an account removes
19 all late charges associated with the original charge and assumes that these new
20 charges are provided a new due date so are considered current when such
21 reprocessing occurs. Staff's requirement to recreate the transactional history

1 within CLX meant that all late charges were reversed and the outstanding prior
2 obligation balance is artificially lower than it should be.

3 **Q. Please describe the timing and results of PSE's investigation.**

4 A. As mentioned above, PSE believed that the investigation requirement was to
5 evaluate the impact on the account, had PSE processed the account according to
6 Staff's interpretation of the prior obligation rules. The investigation into the 26
7 accounts was completed by May 13, 2011, and PSE determined that the majority
8 of the accounts would not require corrections because the balances owing would
9 be unchanged. Thirteen of the accounts (A, G, H, J, K, L, M, N, P, Q, U, W, and
10 Y) involved customers who had moved, and therefore their accounts were closed
11 and the balances had effectively been treated as prior obligation; therefore, PSE
12 believed there was no purpose in reprocessing the accounts to shuffle balances
13 between prior obligation accounts. Three of the accounts (F, I and Z) did not
14 involve pledge monies; therefore, PSE did not believe it was necessary to
15 reprocess the accounts, as the balance would not change - it would merely be an
16 internal accounting correction. For accounts B, C, D, E, O, R, S, T, V, and X, the
17 investigation concluded that reprocessing the accounts and reassigning the
18 pledges would be necessary based on Staff's interpretations, and those were the
19 transactions that PSE began reprocessing first. As indicated in the CLX notes,
20 many of these accounts were already in bad debts, and in order to reprocess the
21 accounts in CLX, PSE first had to recall those balances from collections.

1 **Q. Did PSE purposely mislead Staff that the transactional reprocessing was**
2 **complete by May 20, 2011?**

3 A. Absolutely not. PSE had completed its initial investigation and determined the
4 appropriate actions by May 13, 2011. The summary of the investigation included
5 with the first quarterly report submitted on May 20, 2011 shows the steps required
6 to resolve the prior obligation issue, whether those steps either had been
7 completed or were in the process of being completed. In cases where the
8 resolution had been completed, a specific date was provided. In cases where the
9 account was in the process of being reallocated, a date certain was not provided,
10 and instead the action date was listed as May 2011. The entries in the
11 "resolution" column did not say they were completed by May 20, 2011 as
12 indicated in Mr. King's testimony (Exh. No. ____ (SVK-1T), page 5, lines 20-23).
13 I purposely labeled the line items as being completed in "5/2011" because PSE
14 was currently processing the changes in CLX and based on our investigation, I
15 thought that the reprocessing would be completed before the end of May. In
16 hindsight, PSE concedes the column heading would have been clearer if it had
17 stated, "Resolution in Process" or some other similar description rather than
18 "Resolution".

19 **Q. How do you address Staff's testimony that PSE utilized terms such as**
20 **"reallocated", "pulled back" and other past tense words in the report if you**
21 **had not completed those actions?**

1 A. The summary report was developed based on my details contained in the
2 investigation spreadsheet I developed, where I included the detailed steps that
3 would be needed if PSE were to reprocess the account. These steps were
4 described in a column entitled, "Action Required". I included the specific action
5 that would have been taken, including "prior obligation inserted" and "all
6 payments redirected" to explain the impact on each account. My spreadsheet
7 became the basis of the summary report. Through the internal review and editing
8 process, the column name "Action Required" was changed to "Resolution" to
9 reflect that the column reflected the actions that were being taken to resolve the
10 alleged violations. As discussed earlier, PSE began reprocessing those accounts
11 where there was an impact on the customer's balance, and that began on May 17,
12 2011. The actions listed in the table were in progress and being completed at the
13 time of the report submission and represented the outcome of our investigation.
14 Unfortunately, I never considered the particular tense of the words used in the
15 document until I reviewed the complaint in this proceeding.

16 To further support that PSE was not trying to mislead Staff, the fact that the e-
17 mail exchange between Mr. DeBoer and Ms. Pearson, referenced on page 9 of
18 Exhibit No. ___(RP-1T), emphasizes action words that clearly support that PSE
19 was in the process of completing the actions listed in the resolution column. Ms.
20 Pearson has emphasized the words "we are contacting", "asking", "is being done"
21 and "reallocating to insure that they are applied". This wording does not imply
22 the actions had been taken, but support PSE's position that it was in the process of
23 performing the actions included in the summary report.

1 **Q. If PSE did not plan to correct accounts A, G, H, J, K, L, M, N, P, Q, U, W, or**
2 **Y, then why does the table indicate that the accounts were corrected?**

3 A. As stated above and more fully explained in Exhibit No. ___(KRM-3), these
4 particular accounts were closed and the outstanding balances were already
5 considered prior obligations. Correcting these accounts would have been an
6 internal accounting correction only, with no impact to the customer. The
7 separation and transactional re-processing that Staff expected had not been
8 completed; however, there was no difference in the overall amount owing PSE,
9 and it did not make sense to re-open the account to separate the prior obligation
10 balances into two product assignments when Staff's result (balances assigned to
11 prior obligation) had already been accomplished. When Staff requested details in
12 the same template format used in the original investigation and expected PSE to
13 show the individual transactions as they were re-processed through CLX, PSE did
14 go back and do the specific tasks that Staff expected. Those transactions were
15 completed by early June 2011.

16 The only accounts that have not been reprocessed are accounts J, L and Z, where
17 there is nothing to reprocess and those accounts were clearly identified and the
18 explanation provided at the time of the original report.

19 The original violations associated with customers J and L were the result of PSE
20 failing to inform customers of the prior obligation rules and not quoting the
21 customers the option to reconnect their service for half of the deposit plus the
22 reconnect fee. As detailed in Exhibit No. ___(KRM-3), both customers moved

1 shortly after the October 2009 disconnect and continue to have outstanding
2 balances associated with their accounts. Since no pledges were involved, PSE's
3 investigation concluded no further action was necessary.

4 Staff's original alleged violation regarding Customer Z was the result of PSE
5 "circumventing the prior obligation rules" by accepting less than the full amount
6 owing on the disconnection notice and as a result not processing the account as
7 prior obligation. Customer Z had not received any pledge funds and PSE's initial
8 investigation indicated that there was no action required, which is consistent with
9 the information included in the May 2011 report.

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

11 **A. Yes, it does.**