

**Exhibit No. \_\_\_ T (RP-10T)**

**Docket U-111465**

**Witness: Rayne Pearson**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**DOCKET U-111465**

**REBUTTAL TESTIMONY OF**

**Rayne Pearson**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

**September 7, 2012**

**TABLE OF CONTENTS**

I. INTRODUCTION ..... 1

II. DISCUSSION ..... 1

**EXHIBITS**

- Exhibit No. (RP-11) PSE’s Supplemental Response to Staff Data Request 7
- Exhibit No. (RP-12) PSE’s Response to Staff Data Request 12

1  
2  
3 **I. INTRODUCTION**

4 **Q. Are you the same Rayne Pearson who submitted prefiled direct**  
5 **testimony in this proceeding on June 22, 2012, on behalf of the Washington**  
6 **Utilities and Transportation Commission Staff (“Staff”)?**

7 A. Yes. On June 22, 2012, I filed direct testimony, Exhibit No. \_\_\_(RP-1T), and eight  
8 supporting exhibits, Exhibit No. \_\_\_(RP-2), Exhibit No. \_\_\_(RP-3) Exhibit  
9 No. \_\_\_(RP- 4C), Exhibit No. \_\_\_(RP-5), Exhibit No. \_\_\_(RP-6C), Exhibit No.  
10 \_\_\_(RP-7), Exhibit No. \_\_\_(RP-8), and Exhibit No. \_\_\_(RP-9).

11 **Q. Please state the purpose of your rebuttal testimony.**

12 A. The purpose of my testimony is to address statements made in the prefiled  
13 responsive testimony of Gilbert Archuleta, Exhibit No. \_\_\_(GA-1T), filed with the  
14 Commission on July 27, 2012.

15  
16 **II. DISCUSSION**

17  
18 **Q. On page 3, lines 14-17 of Gilbert Archuleta’s testimony, Exhibit No. \_\_\_(GA-**  
19 **1T), he states that “PSE has found that many customers make payments at the**  
20 **door when PSE is there to disconnect their service; therefore, PSE opts to**  
21 **continue the collection cycle even if there is no intention of disconnecting**  
22 **services.” Does this description of PSE’s collection practices concern Staff?**

1 A. Yes, it does. The first part of the statement, that “PSE has found that many  
2 customers make payments at the door *when PSE is there to disconnect their service*”  
3 (emphasis added) creates an inference that even on “non-disconnect days,” PSE  
4 employees represent to customers that they are at their door with the intent to  
5 disconnect service if payment is not received. The second part of Mr. Archuleta’s  
6 statement, that “PSE opts to continue the collection cycle *even if there is no intention*  
7 *of disconnecting services*” (emphasis added) further supports that inference. Mr.  
8 Archuleta’s testimony is ambiguous, at best, with respect to whether customers are  
9 informed by the field collector that they have no intention of disconnecting service,  
10 regardless of whether payment is received. Staff is concerned that PSE is not  
11 disclosing to customers during these visits that PSE has declared a “non-disconnect  
12 day.”

13  
14 **Q. Why does Staff believe it is important that PSE disclose to customers the true  
15 purpose for its visit on “non-disconnect days”?**

16 A. Staff believes that any practice that could potentially mislead consumers is harmful.  
17 Mr. Archuleta’s testimony attempts to put a positive spin on the Company’s practice  
18 of declaring “non-disconnect days” by painting a picture where customers who are  
19 eligible for disconnection are spared. Staff sees it differently. If PSE’s practice were  
20 to simply take no action on “non-disconnect days,” a more convincing argument  
21 could be made that the practice benefited consumers. Instead, Staff’s view is that  
22 because PSE employees are making house calls for the sole purpose of collecting a  
23 debt, the behavior is fundamentally intimidating. Regardless of the outcome of the

1 interaction, if customers are not informed at the time of the visit that the field  
2 collector will not, under any circumstances, actually disconnect their service that  
3 day, the behavior may be misleading.

4

5 **Q. In Mr. Archuleta's testimony, Exhibit No. \_\_\_ (GA-1T), page 6, line 17, he**  
6 **admits that charging customers a \$13 disconnect visit fee on "non-disconnect**  
7 **days" was "inappropriate." Do you agree?**

8 A. Yes, absolutely. It is not only inappropriate that PSE charged customers \$13  
9 disconnect visit fees on "non-disconnect days" when it had no intention of  
10 disconnecting service, each time it did so, the Company violated Commission rules  
11 and its own tariff.

12

13 **Q. Mr. Archuleta goes on to say, on page 6, lines 18-19 of his testimony, Exhibit**  
14 **No. \_\_\_(GA-1T), that in spite of the inappropriately charged fee, under the**  
15 **circumstances "it is reasonable to believe that most customers would prefer not**  
16 **to be disconnected...". Do you agree?**

17 A. No, I do not. First of all, Mr. Archuleta's logic is circular: he attempts to frame the  
18 conduct that resulted in the violations as a mitigating factor for the violations  
19 themselves. Second, I think it is more reasonable to believe that most customers  
20 would prefer not to have a PSE field collector show up on their doorstep  
21 unannounced for the sole purpose of requesting payment. The real issue here is not  
22 that these customers would have been disconnected but for PSE's decision to declare  
23 a "non-disconnect day"; the issue is that *but for* PSE's collection practice of making

1 house calls on “non-disconnect days,” these inappropriate fees would not have been  
2 charged in the first place.

3

4 **Q. Has the Company provided Staff with information since the filing of your direct**  
5 **testimony and Mr. Archuleta’s responsive testimony regarding the number of**  
6 **improper disconnect visit fees PSE charged during the 2011 period that merit**  
7 **an update to your direct testimony?**

8 **A.** Yes. In a supplemental response to a data request, PSE corrected its initial response,  
9 admitting that the Company actually billed customers improper disconnect visit fees  
10 a total of 3,611 times in 2011, not 3,631 as previously admitted. See Exhibit No. \_\_\_\_  
11 (RP-11). I referred to the Company’s original response in my direct testimony,  
12 Exhibit No. \_\_\_\_ (RP-1T), page 6, lines 21 to page 7, line 6, and the original response  
13 is my Exhibit No. \_\_\_\_ (RP-7). Because the Company has corrected itself, Exhibit  
14 No. \_\_\_\_ (RP-11) is an update to my Exhibit No. \_\_\_\_ (RP-7). My conclusion that the  
15 violations are more widespread than the number I found in my initial investigation  
16 does not change. The Company’s documentation shows a total of 3,611 improper  
17 disconnect visit fees in 2011, each of which are violations.

18

19 **Q. Has Staff received, and did you review, additional materials from the Company**  
20 **regarding the actual number of violations dating back two years prior to the**  
21 **date the Commission issued its complaint in this proceeding, or since**  
22 **December 14, 2009?**

1 A. Yes. In response to a formal data request, PSE admitted that 2,835 disconnect visit  
2 fees were inappropriately charged between December 14 and December 31, 2009.  
3 See Exhibit No. \_\_\_\_ (RP-12).

4 When the 2,835 inappropriate disconnect visit fees are added to the 2,664  
5 improper disconnect visit fees PSE charged in 2010 (see Exhibit No. \_\_\_\_ (RP-8)) and  
6 the 3,611 improper disconnect visit fees PSE charged in 2011 (see Exhibit No.  
7 \_\_\_\_ (RP-11)), there were a total of 9,110 improperly charged disconnect visit fees  
8 within the two years prior to the date the Commission issued the Complaint  
9 (December 14, 2009 to December 14, 2011). As I have previously testified, I found  
10 each of these improper charges is a violation of Commission rules WAC 480-90-  
11 128(6)(k) and/or WAC 480-100-128(6)(k) and the Company's tariff.

12

13 **Q. In your direct testimony, you stated your opinion that the violations at issue**  
14 **were representative of a pattern or practice. Do PSE's recent admissions**  
15 **provide additional support for that opinion?**

16 A. Yes. I was very surprised that the number of inappropriate charges (2,835) was so  
17 high for just a two-week period during the 2009 holiday season. This pattern of  
18 repeated, systematic conduct is significant. Mr. Archuleta's responsive testimony  
19 does not indicate, and one can infer that the Company does not know, how long it  
20 engaged in this practice. This conduct may have been going on for years prior to  
21 Staff's investigation and the subsequent Complaint.

22

1 Q. In Mr. Archuleta's testimony, Exhibit No. \_\_\_ (GA-1T), he stated, on page 3,  
2 lines 4-5, and lines 7-10, that PSE declares "non-disconnect days" primarily  
3 during "very cold weather days, storms and holiday periods," as well as for  
4 operational reasons, including "an inability to reconnect customers within 24  
5 hours due to location, or an inability to address customer calls and provide the  
6 appropriate level of customer service once the customer had been  
7 disconnected." Are you concerned that this practice is harmful to consumers?

8 A. Yes. Given the Company's admission concerning its inappropriate charges in 2011,  
9 2010, and in the last two weeks of 2009, it raises serious concerns.

10 As I discussed earlier in my rebuttal testimony, PSE admittedly chooses to  
11 send collectors out on "non-disconnect days" because the Company claims it is an  
12 effective method of collection. On one hand, the Company may have declared "non-  
13 disconnect days" during the last two weeks of December 2009 to spare customers  
14 from service interruptions during the holiday season; on the other hand, it chose to  
15 make an extraordinary number of house calls in an attempt to collect a debt *despite* it  
16 being the holiday season. Again, Staff would be more convinced that the Company  
17 was doing customers a favor had it declared "non-disconnect days" during the  
18 holiday season and simply taken no action at all. Once the intent to disconnect was  
19 removed, the Company undertook what can only be described as an aggressive  
20 collections practice, which makes its attempt to cast its behavior in an altruistic light  
21 wholly unconvincing to Staff.

22 Moreover, Staff is very concerned not only that this practice has been going  
23 on for years, but that it continues. Even if, as the Company contends, it no longer



1 inappropriately charges \$13 each time it engages in this behavior, the behavior itself  
2 is arguably harmful to consumers.

3  
4 **Q. Mr. Archuleta testifies, in Exhibit No. \_\_\_(GA-1T), page 6 lines 2-3, that the**  
5 **Company “has now refunded every customer in this proceeding that was**  
6 **charged a \$13 disconnect fee on a non-disconnect day.” What is your response?**

7 A. There are a total of 9,110 improper charges identified in this proceeding, from  
8 December 14, 2009 to the date the Commission issued the complaint. I have  
9 reviewed materials PSE provided to Staff, which appear to show that PSE has  
10 refunded the charges it has identified, as Mr. Archuleta claims. Although Mr.  
11 Archuleta’s testimony does not specify when PSE refunded customers, the materials  
12 I reviewed indicate that, while PSE may have begun refunding the 1,639 customers  
13 identified in my investigation in 2011, most of the refunds within the two-year  
14 period from December 14, 2009, to December 14, 2011 (and all December 2009 and  
15 2010 refunds), were apparently made after the Commission issued its Complaint.

16  
17 **Q. Does this conclude your testimony?**

18 A. Yes.