

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET U-111465

COMMISSION STAFF'S  
NARRATIVE IN SUPPORT OF  
SETTLEMENT AGREEMENT

**I. INTRODUCTION**

1 This Narrative in Support of Settlement Agreement (“Narrative”) is filed pursuant to WAC 480-07-740(2)(a) by the Staff of the Washington Utilities and Transportation Commission (“Staff”). The underlying Settlement Agreement, filed October 26, 2012,[Date] is a full settlement of all parties, namely, Puget Sound Energy, Inc. (“PSE”), Staff, and the Public Counsel Section of the Attorney General’s Office (“Public Counsel”) (collectively, “the Parties”). This Narrative summarizes the Settlement Agreement. It is not intended to modify any terms of the Settlement Agreement.

2 The Parties do not request a hearing for presentation of the Settlement Agreement. The Parties request a streamlined review of the proposed settlement. To that end, the Parties would prefer an informal review on a paper record. However, if the Commission requires a hearing, Staff is prepared to present one or more witnesses to testify in support of the Settlement Agreement. In addition, Staff’s counsel will be available respond to any legal questions that the Commission may have regarding the proposed settlement.

## II. SCOPE OF THE UNDERLYING DISPUTE

3           The underlying dispute concerns a complaint issued by the Commission against PSE at the request of Staff on December 14, 2011. In 2011, Staff conducted a formal investigation of PSE's business practices to determine if PSE was in compliance with Commission rules and its own tariff regarding disconnect visit fees. The investigation was prompted by a consumer complaint in which Staff found that, in April 2011, a customer was charged a \$13 disconnect visit fee for a visit to collect payment or leave a 24-hour notice. The visit was not for the purpose of actual disconnection. The investigation included a review of customer records provided by PSE from March, April, and May 2011.

4           Following the investigation, the Commission issued a Complaint on December 14, 2011, based upon a finding of probable cause, alleging 1,639 violations of WAC 480-90-128(6)(k) and/or WAC 480-100-128(6)(k) in April and May, 2011, and requesting the Commission issue penalties for violations and order refunds of all disconnect visit fees erroneously charged in April and May 2011, as well as two years prior to the date the Complaint was issued. On December 30, 2011, PSE filed an Answer to the Complaint in which, among other things, it admitted conduct that resulted in it charging a number of customers a disconnect visit fee for visits made for purposes other than disconnection; stated that \$13 disconnect visit fees were applied erroneously on days that PSE had determined no disconnections would take place ("non-disconnect days"); stated that it had implemented process improvements to ensure customers would not be assessed a disconnect visit charge for PSE collection visits on "non-disconnect days"; and stated that customers assessed such charges in calendar year 2011 had been refunded. On January 9, 2012, Public Counsel filed a notice of appearance. On February 9, 2012, the Commission held a prehearing

conference.. The matter was set for hearing. The Parties conducted extensive discovery. Staff filed direct and rebuttal testimony. PSE filed response testimony. No other Party filed testimony. On October 15, 2012, the Parties notified the Commission that they had reached a settlement, and the procedural schedule was suspended.

### III. SUMMARY OF PROPOSED SETTLEMENT

5 The Settlement Agreement addresses the following specific subjects:

1. Admission of Violations
2. Monetary Penalty
3. Customer Refunds
4. Process Changes Regarding Field Visits on “Non-Disconnect Days”

6 In summary, the Settlement Agreement includes an admission by PSE that it violated WAC 480-90-128(6)(k) and WAC 480-100-128(6)(k) and the portion of its tariff related to disconnect visit fees. PSE agrees to pay a monetary penalty in the amount of \$430,000, which will not be recovered in rates.

7 In May 2011, PSE began implementing changes to its field procedures to ensure customers would not be assessed a disconnect visit fee on “non-disconnect days.” PSE has identified and refunded all disconnect visit fees it erroneously charged customers dating back two years prior to the filing of the complaint, or December 14, 2009. Staff has reviewed and accepted PSE’s documentation of the refunds. Public Counsel is satisfied with the review. For 14 customer accounts that PSE is unable to credit due to bankruptcy, PSE will contribute the equivalent of those refunds to PSE HELP (\$13 per account), within 10 days of a Commission order approving the Settlement Agreement.

8 PSE also agrees that it will discontinue field visits to customers' service addresses for collection purposes on all "non-disconnect days." A "non-disconnect day" is a day on which PSE has determined in advance that, for certain operational, weather, or holiday-related reasons, it will not disconnect any customers. The Parties also agree to certain miscellaneous provisions in support of the Settlement Agreement, including that all testimony and exhibits filed by the Parties to date shall be admitted as evidence into the record.

**IV. STATEMENT OF STAFF THAT THE SETTLEMENT AGREEMENT SATISFIES STAFF'S INTERESTS AND THE PUBLIC INTEREST**

9 There are several reasons why the Settlement Agreement satisfies both Staff's and the public interest. First, PSE has acknowledged the violations at issue, and has agreed to pay a significant monetary penalty for those violations. Second, the Settlement Agreement acknowledges that the violations ceased and that PSE took action to refund the charges to customers who paid them. As explained in PSE witness Gilbert Archuleta's testimony, Exhibit GA-1T, in 2011, PSE implemented exception and auditing processes to ensure that customers would not be billed disconnect visit fees on Company-declared "non-disconnect days."

10 It is also in the public interest that PSE has agreed to discontinue its practice of making field visits to customers' service addresses for collection purposes on Company-declared "non-disconnect days." Staff expressed concern in this proceeding that the practice described by PSE, while not expressly prohibited by Commission rules, gave rise to the violations that occurred and, as an ongoing practice, has the potential to be misleading and

intimidating to customers. PSE's commitment to end such visits has alleviated Staff's concern in this regard.

11           Moreover, it is in the public interest that affected customers have been made whole through refunds or credits, which was an element of relief sought in the Complaint. All customers who were erroneously charged this fee within two years of the filing of the complaint have been credited or refunded by PSE (unless, due to bankruptcy proceedings the amounts were discharged and written off). In 14 instances where PSE was unable to reverse charges due to bankruptcy, PSE has agreed to contribute an equivalent amount (totaling \$182) to the PSE HELP fund, which provides utility-bill assistance to low-income customers.

12           Staff is satisfied that the agreed \$430,000 penalty amount, a result of compromise, appropriately captures the seriousness and extent of the violations and the impact on affected customers, and will serve as an incentive for the Company to comply with Commission rules and its tariff in the future. Staff's agreement to this penalty amount also considers the corrective process changes made by PSE on its own initiative and committed to in the Settlement Agreement, and its proactive efforts to refund or credit customers who were harmed by PSE's conduct.

13           Finally, the Settlement Agreement represents a compromise of the positions of the Parties and avoids the expense, inconvenience, uncertainty, and delay inherent in a litigated outcome.

## V. CONCLUSION

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In WAC 480-07-700, the Commission expresses its support for parties' informal efforts to resolve disputes without the need for contested hearings when doing so is lawful and consistent with the public interest. The Parties have resolved all of the issues in dispute between them, and their resolution complies with Commission rules and, as explained above, satisfies Staff's interest and is consistent with the public interest. Staff requests that the Commission approve the Settlement Agreement in its entirety.

Respectfully submitted this 29<sup>th</sup> day of October, 2012.

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