

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket U-111465

SETTLEMENT AGREEMENT

I. INTRODUCTION

1 This Settlement Agreement is entered into in order to compromise and settle all
issues in this proceeding. It is a “Full Settlement” pursuant to WAC 480-07-730(1).

II. PARTIES

2 This Settlement Agreement is entered into by: Puget Sound Energy, Inc. (“PSE”);
the Staff of the Washington Utilities and Transportation Commission (“Commission Staff”),
and the Public Counsel Section of the Attorney General’s Office (“Public Counsel”)
(collectively referred to hereinafter as the “Parties,” and each individually referred to as a
“Party”).

III. BACKGROUND

3 On December 14, 2011, following a Commission Staff compliance investigation of
PSE, the Commission issued a complaint in Docket U-111465 alleging that PSE charged
1,639 disconnection visit fees to customers for visits made for purposes other than
disconnection during the months of April and May 2011, in violation of WAC 480-90-
128(6)(k) and/or WAC 480-100-128(6)(k), seeking penalties, and seeking that the

Commission order refunds of all improper charges during those months, as well as dating back two years prior to the filing of the complaint should the Commission find the violations representative of a pattern and practice.

4 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 disconnection visit fee for visits other than for the purpose of disconnection. PSE stated that \$13 disconnection visit fees were applied erroneously on days that PSE had determined no disconnections would take place ("non-disconnect days"). PSE answered further that it had implemented process improvements to ensure customers would not be assessed a disconnection visit charge for PSE collection visits on non-disconnect days. PSE also stated that customers assessed such charges in calendar year 2011 had been refunded.

5 On January 9, 2012, Public Counsel filed a notice of appearance, and on February 9, 2012, the Commission held a prehearing conference. No party intervened. An evidentiary hearing was initially set for September 11, 2012. The Parties conducted extensive discovery. Commission Staff filed direct and rebuttal testimony. PSE filed response testimony. No other Party filed testimony.

6 The Parties engaged in settlement discussions, and the Commission granted requests for continuance to facilitate those discussions. The Parties have reached a full settlement and now wish to present their Settlement Agreement for the Commission's consideration and approval. The Parties therefore adopt the following Settlement Agreement, which is entered into by the Parties voluntarily, to resolve matters that were in dispute. This Settlement Agreement is filed in the interest of expediting the orderly disposition of this proceeding.

7 The Parties understand that this Settlement Agreement is subject to Commission approval, and hereby respectfully request that the Commission issue an order approving this Settlement Agreement in its entirety. The Parties will separately file supporting documentation, as required by WAC 480-07-740(2).

IV. AGREEMENT

A. Admission of Violations

8 To achieve a settlement, PSE admits that it violated Commission rules WAC 480-90-128(6)(k) and WAC 480-100-128(6)(k) and its tariff regarding disconnect visit fees. The Parties understand the admissions made by PSE for purposes of settling this complaint are considered offers to compromise that are not admissible as evidence by third parties in other proceedings or litigation. Nothing in this Settlement Agreement limits the Commission's ability to consider violations admitted here as prior violations.

B. Monetary Penalty

9 Within ten (10) business days of Commission approval of this Settlement Agreement, PSE will pay to the Commission a monetary penalty in the amount of \$430,000. PSE agrees not to seek recovery of this amount from its ratepayers.

C. Customer Refunds

10 In May 2011, PSE implemented changes to its field procedures to ensure customers would not be assessed a disconnect visit fee on non-disconnect days. PSE 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, with the exception of certain fees charged to customers who have since experienced bankruptcy. PSE has submitted, and Commission Staff has reviewed and accepted, documentation of the customer refunds.

Public Counsel is satisfied with the review and does not contest that the appropriate refunds occurred where possible.

11 With respect to the customers who have since experienced bankruptcy, the Parties acknowledge that PSE was unable to reverse the charges as a result of the bankruptcy proceedings, due to the amounts owing being discharged and written off.¹ In lieu of refunds to those customers, PSE agrees to contribute the equivalent amount of refunds (\$13/account) to PSE HELP. PSE will make these contributions within ten (10) days of a Commission order approving this Settlement Agreement.

D. Process Changes Regarding Field Visits on “Non-Disconnect Days”

12 PSE agrees that, upon Commission approval of this Settlement Agreement, it will immediately discontinue field visits to customers’ service addresses for collection purposes on all non-disconnect days.

E. Miscellaneous Provisions

13 a. The Parties agree to support the terms and conditions of this Settlement Agreement as a settlement of all contested issues in the above-captioned proceeding. The Parties understand that this Settlement Agreement is subject to Commission approval.

14 b. This Settlement Agreement represents an integrated resolution of the matters at issue in this case. Accordingly, the Parties recommend that the Commission adopt this Settlement Agreement in its entirety.

15 c. The Parties will cooperate in submitting this Settlement Agreement promptly to the Commission for approval, and will cooperate in developing supporting materials as required by WAC 480-07-740(2)(a). The Parties agree to support the Settlement Agreement

¹ The number of accounts that were affected by bankruptcy total 14, detailed as follows: eight (8) accounts from December 2009, five (5) accounts from 2010, and one (1) account from 2011.

throughout this proceeding, provide witnesses to sponsor such Settlement Agreement at a Commission hearing, and recommend that the Commission issue an order adopting the Settlement Agreement in its entirety.

16 d. In the event the Commission rejects this Settlement Agreement, WAC 480-07-750(2) shall apply. In the event the Commission accepts the Settlement Agreement upon conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all Parties to this proceeding within ten (10) days of the Commission's order, to state its rejection of the conditions or differing provisions. In such event, WAC 480-07-750(2)(a) will apply and the Parties agree to cooperate in the development of a schedule that concludes the proceeding on the earliest possible date.

17 e. The Parties have entered into this Settlement Agreement to avoid further expense, inconvenience, uncertainty, and delay of continuing litigation. The Parties recognize that this Settlement Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of this Settlement Agreement shall not be admissible as evidence in this or any other proceeding, except in any proceeding to enforce the terms of this Settlement Agreement or any Commission Order fully adopting those terms. This Settlement Agreement shall not be construed against either party because it was a drafter of this Settlement Agreement.

18 f. Each Party retains the right to provide information to the public about this Settlement Agreement after it is filed with the Commission. The Parties each agree to provide the other Parties a copy of each news release or similar communication (hereafter "public communication") that any Party intends to make regarding this Settlement Agreement, two business days in advance of publication. The Party receiving such public

communication may review the public communication and make a reasonable request to the issuing Party to change the text of such public communication. Notwithstanding anything else in this paragraph, the Parties agree that each such public communication shall include a statement to the effect that this Settlement Agreement is subject to Commission approval and Commission Staff's signing of this Agreement and/or Commission Staff's recommendation that the Commission approve this Settlement Agreement is not binding on the Commission itself.

19 g. This Settlement Agreement may be executed in counterparts, through original, electronic, and/or facsimile signature, and each signed counterpart shall constitute an original document.

20 h. In support of this Settlement Agreement, the Parties further stipulate that the testimony and exhibits that were pre-filed by Commission Staff on June 22, 2012, and September 7, 2012, and by PSE on July 27, 2012, and the documentation of the Parties filed in support of this Settlement Agreement, should be admitted into evidence in the record of this proceeding.

PUGET SOUND ENERGY, INC.

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
STAFF

By _____
Donna L. Barnett
Perkins Coie
Attorney for PSE

By Michael Fassio
Michael Fassio
Assistant Attorney General

Dated: _____, 2012

Dated: Oct. 29, 2012

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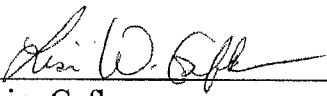
By Donna Barnett
Donna L. Barnett
Perkins Coie
Attorney for PSE

By _____
Michael Fassio
Assistant Attorney General

Dated: Oct. 29, 2012

Dated: _____, 2012

PUBLIC COUNSEL SECTION,
OFFICE OF THE ATTORNEY
GENERAL OF THE STATE OF
WASHINGTON

By 
Lisa Gafken
Assistant Attorney General

Dated: October 26, 2012