

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET UE-240004 and UG-240005  
(*Consolidated*)

EXHIBIT SNS-7

PSE Response to TEP DR 53

August 6, 2024

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-240004 & UG-240005  
Puget Sound Energy  
2024 General Rate Case**

**THE ENERGY PROJECT DATA REQUEST NO. 053:**

**RE: Credit and Collections**

Reference: PSE Response to TEP DR 040 in 2022 General Rate Case

Please state what factors PSE uses to determine whether a customer is at risk of disconnection, or poses a credit risk in connection with any other company credit and collection practice, including but not limited to:

- A. Does PSE use credit scores, credit ratings, or creditworthiness analysis of any kind in connection with disconnection or with any other credit and collection activity? If yes, please describe in detail.
- B. Please list all types of customer information that is used to develop the customer's credit score or other credit measure? (e.g., payment history, prior disconnections).
- C. Please list all sources of information used to determine customer creditworthiness, including any third-party data.
- D. Please provide an example of how an individual customer credit score is determined, using a hypothetical customer.
- E. If PSE uses specific scoring attributes to generate credit codes, please state the weight given to each attribute in generating a credit code.
- F. Does PSE's responses to parts A through D differ from that provided as PSE's Response to TEP DR 040 in Dockets 220066-67. If so, how does it differ?

**Response:**

- A. Puget Sound Energy ("PSE") uses creditworthiness, which is based on the Total Solutions Incorporated ("TSI") customer propensity to pay score that is used to establish which customers flow through the collections process ("dunning"). If a customer enters the dunning process and does not act on their arrearage by paying, setting up a payment plan, or letting PSE know they are seeking

assistance to prevent a disconnection, it is possible a disconnection will occur at the end of the dunning flow.

- B. PSE has an agreement with TSI to establish a propensity to pay model to develop how different customers flow through the dunning process. TSI looks at several scoring attributes to determine a score from 1 (best) to 40 (worst), which then determines if a customer will enter the dunning process. A score of 1 or 2 indicates the attributes of positive payment trends, and customers who receive a score of 1 or 2 do not enter the dunning process. A score greater than 2 indicates the attributes of negative payment trends. Customers with a score greater than 2 are considered higher risk and are the focus of the dunning process. Customers are scored monthly or more frequently in cases of billing reviews or adjustments.
  
- C. As explained above, TSI looks at several scoring attributes to score a customer from 1 (best) to 40 (worst), which determines if a customer will enter the dunning process or not. The information used to determine each attribute's value comes from the customer's history with PSE. Those attributes with their definitions are:
  - a. Account create date: (Business Partner and Contract Account) customer account tenure.
  - b. Total open balance: Total Open Balance as of last billed date. Includes all open items that have been billed and are not part of an installment plan.
  - c. Last payment date: Last payment date.
  - d. Credit history: Last twelve months of history for the customer.
  - e. AR aging 1-30, 31-60, 61-90, to 365 days: All open items aging.
  - f. Prior obligation history: Count of contract accounts that have ended as Prior Obligation.
  - g. Prior obligation amount: Current outstanding balance for all PRIOR obligated contracted accounts.
  - h. Collection history: Last date, if applicable, that a customer went through the collection process all the way to disconnection.
  
- D. TSI looks at several scoring attributes to determine a customer's score. It is based on an algorithm per customer, and PSE is unable to provide a hypothetical example because each customer is unique based on their behaviors, and the scoring methodology is applied by a third party.
  
- E. TSI provides a TSI score segment of 1-4 based on the combination of scores on the attributes. Each scoring segment has a banded weight assigned to it 1- Good, 2- Satisfactory, 3- Poor, and 4- High Risk. The weighted band is as follows, and is subject to change based on business desire:

<b>Range</b>	<b>TSI Score Segment</b>
0-280	1
281-340	2
341-415	3
416-Infinity	4

- F. PSE's responses to A through D above differ from PSE's Response to TEP DR No. 040 A through D in Dockets 220066-67, by providing the attributes and their definitions in the response instead of as an attachment.