**Exhibit No. \_\_\_ (SVK-3T)**

**Docket U-110808**

**Witness: Steven V. King**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,** **Complainant,** **v.****PUGET SOUND ENERGY, INC.,** **Respondent.** | **DOCKET U-110808** |

**REBUTTAL TESTIMONY OF**

**Steven V. King**

**STAFF OF**

**WASHINGTON UTILITIES AND**

**TRANSPORTATION COMMISSION**

**July 6, 2012**

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**I. INTRODUCTION**

**Q. Are you the same Steven V. King who submitted prefiled direct testimony in this proceeding on May 3, 2012, on behalf of the Washington Utilities and Transportation Commission Staff (“Staff”)?**

A. Yes. On May 3, 2012, I prefiled direct testimony, Exhibit No. \_\_\_\_T (SVK-1T).

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

A. The purpose of my rebuttal testimony is to respond to statements made by Agnes Barard, PSE’s Director of Customer Care, in her prefiled testimony dated June 1, 2012, Exhibit No. \_\_\_(APB-1T), and Kristina McClenahan, a PSE Customer Access Center Supervisor, in her prefiled testimony dated June 1, 2012, Exhibit No. \_\_\_(KRM-1T).

**II. DISCUSSION**

Q. **In Ms. Barard’s testimony, Exhibit No \_\_\_(APB-1T), page 5 starting at** **line 1, she states that “PSE could have been more clear in its [May 20, 2011] reporting” and “in hindsight, I can understand how Staff could misinterpret the letter and report provided on May 20, 2011.” Do you wish to comment on those statements?**

A. Yes. After reading all of the Company’s responsive testimony and again reviewing the documents in question, I still find nothing in the referenced report that suggests to me the stated account activities were still underway nearly six months after the Commission’s Order that the Company promptly complete its investigation into the 26 accounts. So I agree the Company could have been clearer that it had not yet completed the review previously ordered by the Commission.

For example, the cover letter to the “PSE 26 Account Review” report that the Company filed with the Commission stated in pertinent part:

Enclosed for filing in the above referenced docket is Puget Sound Energy, Inc.’s first quarterly report regarding the continued implementation of the plan described in Attachment B to the Joint Motion to Accept Full Payment of Penalty; Require Investigation of Twenty-Six Specific Accounts; Require Continued Plan Implementation; and Terminate Proceeding (“Joint Motion”), dated December 16, 2010, and the corrective actions taken on the twenty-six accounts listed in Attachment A to the Joint Motion. [Emphasis added.]

See Exhibit No. \_\_\_ (RP-4C), page 1.

In addition, it was indeed reasonable for Staff to have interpreted from the filing that the actions were completed because all of the descriptions in the *Resolution* column of the “PSE 26 Account Review” table are in the past tense indicating to the interested reader that the action had been completed.

In a dramatic engagement of revisionist history, the Company now claims, through the testimony of Ms. McClenahan, that “resolution” meant “resolution in process” and that “resolution” meant “the actions that *were being taken* to resolve the alleged violations. (Emphasis added.) See Exhibit No. \_\_\_ (KRM-1T), page 6, lines 17-18 and page 7, lines 8-10.

**Q. At page 9, of Ms. Barard’s testimony, Exhibit No \_\_\_(APB-1T), beginning on line 14, she references “a good faith disagreement between PSE and Staff over the interpretation of the Commission’s rules.” To what is she referring?**

A. It is apparently the Company’s belief that grants from organizations other than the Low-Income Heating and Energy Assistance Program (LIHEAP) may be applied to a customer’s prior obligation. It is Staff’s opinion that energy assistance grants, whatever the source, may only be applied to a customer’s current balance. The purpose of these grants is to retain energy service for low-income customers and not to reduce the company’s uncollected revenues. The Company is permitted to address its uncollected revenues in other ways, such as establishing payment arrangements with the customer and sending prior balances to collections. Staff is supported in its opinion on how energy assistance grants are to be applied by the Office of the Attorney General.

**Q. Why is this difference of opinion important in this context?**

A. It is important because how the Company applies low-income energy grants to a customer’s account has a direct effect on whether that customer is disconnected and how much money he or she owes the Company as a current balance. The financial impact on these customers is discussed in some detail by Staff witness Vicki Elliott, in her rebuttal testimony, Exhibit No \_\_\_(VE-1T).

As Ms. Elliott demonstrates in her testimony, of the 21 accounts she examined, the Company misapplied prior obligation 22 times and misapplied pledge payments 38 times. These errors resulted in more than 200 improper billings by the Company and customers being improperly disconnected 15 times.

**Q. Do you view this as causing significant harm to the affected customers?**

A. Yes. At the time of the December 2010 settlement discussion, Staff understood that misapplying the prior obligation rules as the Company had done would result in the kinds of improper billings and improper disconnections that Ms. Elliott documents in her testimony.

 In negotiations over settlements of Staff-conducted compliance investigations that document inappropriate charges by a company, Staff always insists that the company refund such charges. The inappropriate charges identified by Ms. Elliott clearly need to be refunded. Staff conveyed this concern to the Company as well as the need for the Company to analyze these accounts and make each customer whole.

Q. Does this conclude your testimony?

A. Yes.