

Exhibit No. ____ (SVK-3T)
Docket U-110808
Witness: Steven V. King

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**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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3 **I. INTRODUCTION**

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

7
8 A. Yes. On May 3, 2012, I prefiled direct testimony, Exhibit No. ___T (SVK-1T).

9
10 **Q. Please state the purpose of your rebuttal testimony.**

11 A. The purpose of my rebuttal testimony is to respond to statements made by Agnes
12 Barard, PSE’s Director of Customer Care, in her prefiled testimony dated June 1,
13 2012, Exhibit No. ___(APB-1T), and Kristina McClenahan, a PSE Customer Access
14 Center Supervisor, in her prefiled testimony dated June 1, 2012, Exhibit No.
15 ___(KRM-1T).

16
17 **II. DISCUSSION**

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

23 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

1 to me the stated account activities were still underway nearly six months after the
2 Commission's Order that the Company promptly complete its investigation into the
3 26 accounts. So I agree the Company could have been clearer that it had not yet
4 completed the review previously ordered by the Commission.

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

7 Enclosed for filing in the above referenced docket is Puget Sound
8 Energy, Inc.'s first quarterly report regarding the continued
9 implementation of the plan described in Attachment B to the Joint
10 Motion to Accept Full Payment of Penalty; Require Investigation of
11 Twenty-Six Specific Accounts; Require Continued Plan
12 Implementation; and Terminate Proceeding ("Joint Motion"), dated
13 December 16, 2010, and the corrective actions taken on the twenty-six
14 accounts listed in Attachment A to the Joint Motion. [Emphasis added.]
15

16 See Exhibit No. ____ (RP-4C), page 1.
17

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

22 In a dramatic engagement of revisionist history, the Company now claims,
23 through the testimony of Ms. McClenahan, that "resolution" meant "resolution in
24 process" and that "resolution" meant "the actions that *were being taken* to resolve the
25 alleged violations. (Emphasis added.) See Exhibit No. ____ (KRM-1T), page 6, lines
26 17-18 and page 7, lines 8-10.
27

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

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

14
15 **Q. Why is this difference of opinion important in this context?**

16 A. It is important because how the Company applies low-income energy grants
17 to a customer’s account has a direct effect on whether that customer is
18 disconnected and how much money he or she owes the Company as a current
19 balance. The financial impact on these customers is discussed in some detail
20 by Staff witness Vicki Elliott, in her rebuttal testimony, Exhibit No ___(VE-
21 1T).

22 As Ms. Elliott demonstrates in her testimony, of the 21 accounts she
23 examined, the Company misapplied prior obligation 22 times and misapplied

1 pledge payments 38 times. These errors resulted in more than 200 improper
2 billings by the Company and customers being improperly disconnected 15
3 times.

4
5 **Q. Do you view this as causing significant harm to the affected customers?**

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

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

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

18 A. Yes.