

Exhibit No. ___ (SW-9)
Docket U-110808
Witness: Sharon Wallace

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

V.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET U-110808

**EXHIBIT TO
REBUTTAL TESTIMONY OF**


Sharon Wallace

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Commission Staff Technical Assistance to
PSE on applying the prior obligation rule*

Violation

Complaint: 112359
Company: Puget Sound Energy (E702)
Customer: Joyce Thomas

Agency Rep:	Sheri Hoyt	Time of Activity:	04/11/2012 08:17 AM
Violation: 	480-100-123(3)	Violation Count:	2


Summary:

VIOLATION: PSE applied part of the customer's payment to a prior obligation balance instead of current account charges twice, \$85.63 on September 14, 2009, and \$0.26 on November 23, 2009.

The company was notified of the violations.

Violation

Complaint: 111468
Company: Puget Sound Energy (G703)
Customer: Eddie Rhone


Agency Rep: Rayne Pearson Time of Activity: 03/28/2012 09:45 AM
Violation:  480-90-123(2) Violation Count: 1

Summary:

PSE may not require the disconnect amount be paid in order to restore service following a meter tampering issue. Additionally, PSE may not require payment of the deposit in full prior to reconnection.

Violation

Complaint: 111636
Company: Puget Sound Energy (E702)
Customer: Donna Griffin

Agency Rep:	Sheri Hoyt	Time of Activity:	09/30/2011 10:48 AM
Violation: 	480-100-123(3)	Violation Count:	1


Summary:

VIOLATION: After having service reconnected under prior obligation rules, the customer made payment arrangements on the prior obligation balance. PSE applies payments received to the oldest collectibles first, in this case the prior obligation balance. Application of this customer's payments to her prior obligation balance caused a subsequent disconnection of service. Whether the customer agreed to an installment arrangement or not, applying her payments first to that arrangement prioritized the prior obligation over her current charges, which made it a prior obligation in name only. This circumvents, and therefore violates, the rule of prior obligation.

The company was notified of the violation.

Violation

Complaint: 110783
Company: Puget Sound Energy (E702)
Customer: Dalton Shorney

Agency Rep:	Rachel Stark	Time of Activity:	09/26/2011 09:32 AM
Violation: 	480-100-123(3)	Violation Count:	1

Summary:

PSE's customer account note on February 8, 2011, states "CREDIT ALERT- SAP ELEC DISCON, NO NEW TENANTS, Svc was CNP on 2/1/11 & usage began again on 2/5/11 w/no PSE recon, sent SAP #: 186035844 to discon at source. Amount for recon is: \$181.94 (disconnect amount) + \$188 (deposit) + \$37 (reconnect fee) = \$406.94. This must be paid in full PRIOR to reconnect. thank you, oper spec msouthard. x81-6777". PSE cannot require full payment of disconnect, plus deposit, plus a reconnect fee before they will restore service. At the time the customer called, they had not self-reconnected yet and it is irrelevant that the customer self-connected following disconnection of service.

One violation of WAC 480-100-123(3) because the company should have allowed or advised this customer to pay half of the new deposit and reconnect fee to have service restored.

Company advised of violation.

Violation

Complaint: 111628
Company: Puget Sound Energy (E702)
Customer: Kris Craig

Agency Rep:	Suzanne Stillwell	Time of Activity:	07/21/2011 02:45 PM
Violation: 	480-100-123(3)	Violation Count:	1

Summary:

Company failed to apply prior obligation to account once disconnected on June 20. Amount of prior is \$390.31 (\$522.81 less \$132.50 deposit on file).

Wallace, Sharon (UTC)

From: Wallace, Sharon (UTC)
Sent: Tuesday, February 09, 2010 1:13 PM
To: 'Walker, Dee -Kirby'; Barard, Agnes
Cc: 'Hobbs, Michael G'; Stillwell, Suzanne (UTC); King, Steve (UTC)
Subject: 107433 Prior Obligation

Good afternoon Dee and Agnes: In reviewing complaints, I noticed several prior obligation errors in recent complaints. Commission staff are handling them with Vera Fuchs, but I thought I would forward you an example from complaint number 107433. I realize that Vera is receiving training tomorrow, however, I'd like to emphasize the importance of a focus on this area as it remains an issue despite repeated technical assistance from staff. Thanks so much. Sharon

***** 02/08/2010 12:14 PM Email: Stark, Rachel (UTC) << Fuchs, Vera L**

Hi Rachel,

I have a question or two, sorry just trying to get on board.

Prior is only processed once payment has been made to restore service, since they have not made payment to restore service yet, we would not process a prior at this time. It's a closed account until that time.

Do you know when they will be making the payment to restore service?

Also your November ruling indicated something different? A bit confused

Email from WUTC Staff:

"I have left a voicemail for this consumer and let them know the company was not processing their account as prior obligation because the company believed they were playing a name game with them to avoid paying the bill. I let them know the company is being generous by only requiring them to pay \$520.78 to have service restored. I told them the company now knows they are husband and wife and not roommates. I told them the company tested their meter and it is accurate."

***** 02/08/2010 01:26 PM Email: Rachel Stark >> Vera Fuchs and Molly Brown**

Thank you Vera,

This complaint as well as others has been relooked at by our compliance investigations staff. At the time, my focus was on the perceived customer fraud and I overlooked the prior obligation component.

The company does not have the option to hold an account once the customer has been disconnected. This consumer should have been told they would be assessed a new deposit and required to pay half of the new deposit as well as a reconnect fee to have service restored. The company needs to go back and process this account as prior obligation from July 13, 2009, when service was disconnected. Please provide information regarding what this customer's new deposit would be to have service restored.

I have not spoken to these consumers since I closed the complaint, however, if their service was not restored, how much would the new deposit be to restore service?

Diana Otto

From: Pat Dutton
To: Diana Jones; Diana Otto; Eugene Blake, Jr.; Ken Chapman; Lori Kanz; Mary Taylor; Michael Meeks; Pam Smith; Pat Dutton; Roger Kouchi; Suzanne Stillwell; Vicki Rasmussen
Subject: FW: Prior Obligation
Date: Tuesday, May 30, 1995 8:13AM

FYI - Let me know if you have questions. Pat

From: Pat Dutton
To: LOGEN
Cc: Pat Dutton
Subject: RE: Prior Obligation
Date: Tuesday, May 30, 1995 8:10AM

Lynn - First let me say I regret the delay in responding. It has been very "hectic" down here.

While I can't agree to not look at complaints prior to May 1 in a certain light (not that it matters much now), I can agree that if there is a problem encountered on a specific complaint you and I can review it to determine whether the action was appropriate and what the resolution ought to be. I hope that works for you.

If I am reading your e-mail correctly, it looks like we have agreement on how priors will be treated by Puget and Consumer Affairs staff. The prior will be the amount that has already been billed at disconnect rather than the amount that has gone thru the meter and, Puget agrees to make sure its customers understand the options available.

For customers who choose to not use the prior obligation rule there shouldn't be an issue - the amounts owed will not be treated as a prior obligation because the customer has agreed to a special arrangement between company and customer. Should Puget and my staff have a disagreement on handling these, you and I can look into them to determine appropriate handling (I don't think this will happen but it may be confusing to our staffs and if so hopefully we can provide more clarity through example.) If Puget really wants to close this loop, however, I suggest it send confirming letters to these customers stating the terms they agreed to (this is something U S WEST and other utilities currently do and it seems to work for them) - that should minimize misunderstandings between the company and its customers. I don't think you need to necessarily explain the terms of the prior obligation rule but you need to make it clear what arrangements have been chosen by the customer and the consequences if the arrangements aren't kept.

Let me know if you have questions, or we have a problem. Thanks and again I am sorry it took me so long to respond. Pat Dutton

*Provide to Molly
approximately mid 2001
between May & July 2001
Roger provided to Molly again
June 2002
New discussion again Oct. 2006
Meeting:
Tami, Pam, me,
Suz, Roger
Roger w/ PSE,
Suz w/ PSE*

Date: 12-Apr-1995
Posted-date: 12-Apr-1995
Subject: Prior Obligation

This is in response to our meeting of March 21, 1995 concerning the application of the prior obligation rule. Lisa and I have reviewed the application of the Commissions interpretation of prior obligation as it applies to our customer information system.

As our procedure has not always been in agreement with the understanding of the rule that we now have as a result of our meeting, I respectfully request that all accounts which were disconnected prior to May 1, 1995 not be subject to review/correction based on this memo but rather accept the agreement reached between the customer and the company. This will allow sufficient time provide retraining on prior obligation procedures to over 100 customer service personnel.

As a result of the understanding we gained at the meeting and our system review, we will change our procedures to consider all bills issued at the time of the disconnection as being included the prior obligation should the customer choose to pay one half of a new deposit (and reconnection fee) in lieu of payment of the billing for which they were disconnected. Our procedure will be to close the customer's account effective with the read date of the most recently issued bill and apply any existing deposit to the balance.

Should a customer be disconnected for non-payment of any portion of a deposit the following procedures will be followed:

- i) Balance on electric service account: close the account and apply that portion of the deposit that has been previously paid to the outstanding balance. EXCEPT if customer chooses to pay the deposit amount for which service was disconnected and reaffirms his obligation to pay his electric service account balance, the account will not be closed and the balance on his electric service account will NOT be considered prior obligation. (See below at A. for further explanation)
- ii) Zero balance on electric service account: collect remainder of deposit balance that is due plus reconnection fee.

Should a customer be disconnected for non-payment of an electric service bill the procedures included with the letter to Mr. Roger Kouchi dated April 13, 1994 from Puget Power will be followed with the exception that the date used in paragraph 4.A. will be the most current read date of the most current bill issued to the customer. EXCEPT, if the customer chooses to pay all or a portion of the electric service amount for which he was disconnected and reaffirms his obligation to pay his electric service account balance, the account will not be closed and the balance on his electric service account will NOT be considered prior obligation. (See below at A. for further explanation)

A. Puget's customer information system cannot treat a prior obligation properly unless it is a closed account, therefore we are unable to

*801 ceiling on disconnects
-> disconnects related to
801 required*

accept a payment toward a delinquent balance and treat the remaining balance as prior obligation (ie. do not disconnect for that amount). All amounts considered prior obligation must be on closed accounts, but may subsequently be transferred to the customer's current account.

If the customer chooses to pay a portion of the prior obligation (disconnect amount plus current bills) rather than paying one half of a new deposit he should not have the availability of protection of the prior obligation rule on the remaining balance, similar to when a customer chooses protection under the medical emergency rule rather than the prior obligation rule. This is consistent with the customer remaining a customer versus becoming an applicant and paying one half of a new deposit.


We are in the process of reviewing our credit follow-up, including the timing of notice generation and subsequent disconnection if necessary for those customers who are typically slow in paying. Changes will be dependent on a cost/benefit analysis.

We feel that the above changes to our existing prior obligation procedures indicates our willingness to abide by the Commission's rules and are consistent with our understanding of the intent of the prior obligation rule.

cc Christy Omohundro
Jerry Lehenbauer
Lisa Rasmussen

Response
to Main Document

Roger Kouchi/WUTC
10/18 10:07 AM

Subject: PSE's Interpretation of the Prior Obligation Rule
Response to:  Electric/Gas Prior Obligation, Refusal of Service, Fraud, and Medical Emergency
Category: Policy/Guidelines

(posted by rok; October 2006)

From: Logen, Lynn
Sent: Thursday, October 12, 2006 6:36 PM
To: Bork, Molly R.
Cc: DeBoer, Tom
Subject: RE: WA - UTC complaint 98362 for Crystal Dalzell

In addition to the rules that Roger mentions below I think we need to look at WAC 480-100-123(2)(e) and WAC 480-100-128(5)(c) which states: "A medical emergency does not excuse a customer from having to pay delinquent and ongoing charges." (emphasis added). And also, WAC 480-100-128(5)(c)(ii) which says "Enter into an agreement to pay the remaining delinquent balance within one hundred twenty days;"


Prior Obligation (WAC 480-100-123(3)) is only about refusal of service. A utility may not refuse service because of a prior obligation. A prior obligation is defined as "A prior obligation is the dollar amount, excluding deposit amounts owed, the utility has billed to the customer and for which the utility has not received payment at the time the service has been disconnected for nonpayment." Service is disconnected because of delinquent charges.

Another issue is that everyone that was disconnected could first claim prior obligation and then medical emergency, thereby making WAC 480-100-128(5)(c)(ii) totally meaningless since there would never be a delinquent balance that the medical emergency customer is obligated to pay.

As I recall we had an agreement at one time that medical emergency and prior obligation were mutually exclusive.

Response
to Response

Roger Kouchi/WUTC
10/18 10:21 AM

Subject: Tani's Response to PSE's Interpretation
Response to:  PSE's Interpretation of the Prior Obligation Rule
Category: Policy/Guidelines

(posted by rok; October 2006)

Again, PSE is not applying the prior obligation as our understanding of it. Our understanding is that the company cannot include it as part of any payment towards providing service. But the rule does not state that. I think that's the problem. That's why I say that since PSE is now handling prior differently that what we have understood in the past, that maybe we need to go to rulemaking to clarify it. Interesting.

Tani

Electric Companies

480-100-123

WAC 480-100-123 Refusal of service. (1) An electric utility may refuse requests to provide service to a master meter in a building with permanent occupants when all of the following conditions exist:

(a) The building or property has more than one dwelling unit;

(b) The occupants control a significant part of the electricity used in the individual units; and

(c) It is cost-effective for the occupants to have the utility purchase and install individual meters considering the long-run benefits of measuring and billing each occupant's electric use separately.

(2) The utility may refuse to provide new or additional service if:

(a) Providing service does not comply with government regulations or the electric industry accepted standards concerning the provision of service;

(b) In the utility's reasonable judgment, the applicant's or customer's installation of wiring or electrical equipment is considered hazardous or of such a nature that safe and satisfactory service cannot be provided;

(c) The applicant or customer does not comply with the utility's request that the applicant or customer provide and install protective devices, when the utility, in its reasonable judgment deems such protective devices are necessary to protect the utility's or other customers' properties from theft or damage;

(d) After reasonable efforts by the responsible party, all necessary rights of way, easements, approvals, and permits have not been secured; or

(e) The customer is known by the utility to have tampered with or stolen the utility's property, used service through an illegal connection, or fraudulently obtained service and the utility has complied with WAC 480-100-128(2), disconnection of service.

(3) An electric utility may not refuse to provide new or additional service to a residential applicant or residential customer who has a prior obligation. A prior obligation is the dollar amount, excluding deposit amounts owed, the utility has billed to the customer and for which the utility has not received payment at the time the service has been disconnected for nonpayment. The utility must provide service once the customer or applicant has paid all appropriate deposit and reconnection fees. This subsection does not apply to customers that have been disconnected for failure to honor the terms of a winter low-income payment program.

(4) The utility may not refuse to provide service to an applicant or customer because there are outstanding amounts due from a prior customer at the same premises, unless the utility can determine, based on objective evidence, that a fraudulent act is being committed, such that the applicant or customer is acting in cooperation with the prior customer with the intent to avoid payment.

(5) The utility may refuse to provide new or additional service for reasons not expressed in subsections (1) and (2) of this section, upon prior approval of the commission. The commission may grant the request upon determining that the utility has no obligation to provide the requested service under RCW 80.28.110. Prior to seeking commission approval, the utility must work with the applicant or customer requesting service to seek resolution of the issues involved.

(6) Any applicant or customer who has been refused new or additional service may file with the commission an informal complaint under WAC 480-07-910, Informal complaints; or a formal complaint under WAC 480-07-370, Pleadings—General.

[Statutory Authority: RCW 80.01.040 and 80.04.160, 03-24-028 (General Order R-510, Docket No. A-010648), § 480-100-123, filed 11/24/03, effective 1/1/04; 01-24-076 (General Order No. R-495, Docket No. UB-990473), § 480-100-123, filed 12/3/01, effective 1/3/02.]

Electric Companies

480-100-128

WAC 480-100-128 Disconnection of service. (1) Customer-directed. The utility may require customers to give at least three days' notice prior to the date service is to be discontinued. The customer is not responsible for usage after the requested date for discontinuance of service, provided the customer gave proper notice. If the customer moves from the service address and fails to request that service be discontinued, the customer will be responsible to pay for service taken at that service address until the utility can confirm either that the customer has vacated the premises and can access the meter or that a new responsible party is taking service.

(2) Utility-directed without notice or without further notice. The utility may discontinue service without notice or without further notice when:

(a) After conducting a thorough investigation, the utility determines that the customer has tampered with or stolen the utility's property, has used service through an illegal connection, or has fraudulently obtained service. The utility has the burden of proving that fraud occurred. For the purpose of this section, a nonsufficient funds check or dishonored electronic payment alone will not be considered fraud.

(i) First offense. The utility may disconnect service without notice when it discovers theft, tampering, or fraud, unless the customer immediately pays all of the following:

(A) The tariffed rate for service that the utility estimates was used as a result of the theft, tampering, or fraud;

(B) All utility costs resulting from such theft, tampering, or fraud; and

(C) Any required deposit.

(ii) Second offense. The utility may disconnect service without notice when it discovers further theft, tampering, or fraud. The utility may refuse to reconnect service to a customer who has been twice disconnected for theft, tampering, or fraud, subject to appeal to the commission.

(b) After conducting a thorough investigation, the utility determines that the customer has vacated the premises;

(c) The utility identifies a hazardous condition in the customer's facilities or in the utility's facilities serving the customer;

(d) A customer pays a delinquent account with a check or electronic payment the bank or other financial institution has dishonored after the utility has issued appropriate notice as described in subsection (6) of this section;

(e) The customer has not kept any agreed-upon payment arrangement for payment of a delinquent balance after the utility has issued appropriate notice as described in subsection (6) of this section; or

(f) The utility has determined a customer has used service prior to applying for service. The utility must charge the customer for service used in accordance with the utility's filed tariff.

This section should not be interpreted as relieving the customer or other person of civil or criminal responsibility.

(3) Utility-directed with notice. After properly notifying the customer, as explained in subsection (6) of this section, the utility may discontinue service for any one of the following conditions:

(a) For delinquent charges associated with regulated electric service (or for regulated electric and gas service if the utility provides both services), including any required deposit. However, the utility cannot disconnect service when

the customer has met the requirements of subsection (5) of this section for medical emergencies, or has agreed to or maintains agreed-upon payment arrangements with the utility, as described in WAC 480-100-143, Winter low-income payment program;

(b) For use of electric service for purposes or properties other than those specified in the customer's service application;

(c) Under flat-rate service for nonmetered load, for increased electric use without the utility's approval;

(d) For refusing to allow the utility's representatives access to the customer's premises as required in WAC 480-100-168, Access to premises; identification;

(e) For violating rules, service agreements, or filed tariff(s); or

(f) For use of equipment that detrimentally affects the utility's service to its other customers.

(4) Electric service may not be disconnected for amounts that may be owed the utility for nonregulated service.

(5) **Medical emergencies.** When the utility has caused to disconnect or has disconnected a residential service, it must postpone disconnection of service or must reinstate service for a grace period of five business days after receiving either verbal or written notification of the existence of a medical emergency. The utility must reinstate service during the same day if the customer contacts the utility prior to the close of the business day and requests a same-day reconnection. Otherwise, the utility must restore service by 12:00 p.m. the next business day. When service is reinstated the utility will not require payment of a reconnection charge and/or deposit prior to reinstating service but must bill all such charges on the customer's next regular bill or on a separate invoice.

(a) The utility may require that the customer, within five business days, submit written certification from a qualified medical professional stating that the disconnection of electric service would aggravate an existing medical condition of a resident of the household. "Qualified medical professional" means a licensed physician, nurse practitioner, or physician's assistant authorized to diagnose and treat the medical condition without supervision of a physician. Nothing in this section precludes a utility from accepting other forms of certification, but the maximum the utility can require is written certification. If the utility requires written certification, it may not require more than the following information:

(i) Residence location;

(ii) An explanation of how the current medical condition will be aggravated by disconnection of service;

(iii) A statement of how long the condition is expected to last; and

(iv) The title, signature, and telephone number of the person certifying the condition;

(b) The medical certification is valid only for the length of time the health endangerment is certified to exist but no longer than sixty days, unless renewed;

(c) A medical emergency does not excuse a customer from having to pay delinquent and ongoing charges. The utility may require the customer to do the following within a five-business-day grace period:

(i) Pay a minimum of ten percent of the delinquent balance;

480-100-128

Electric Companies

(ii) Enter into an agreement to pay the remaining delinquent balance within one hundred twenty days; and

(iii) Agree to pay subsequent bills when due.

Nothing in this section precludes the utility from agreeing to an alternate payment plan, but the utility may not require the customer to pay more than this subsection prescribes. The utility must send a notice to the customer confirming the payment arrangements within two business days of having reached the agreement;

(d) If the customer fails to provide an acceptable medical certificate or ten percent of the delinquent balance within the five-business-day grace period, or if the customer fails to abide by the terms of the payment agreement, the utility may not disconnect service without first mailing a written notice providing a disconnection date not earlier than 5:00 p.m. of the third business day after the date of mailing, if mailed from within the states of Washington, Oregon, or Idaho, or the sixth business day, if mailed from outside the states of Washington, Oregon, and Idaho, or by personally delivering a notice providing a disconnection date of not earlier than 5:00 p.m. of the second business day following the date of delivery;

(e) A customer may claim medical emergency and be entitled to the benefits described in this subsection only twice within any one hundred twenty-day period.

(6) **Disconnection notification requirements.** The utility must notify customers before disconnecting their service, except as described in subsection (2) of this section. Notification consists of the following requirements:

(a) The utility must serve a written disconnection notice to the customer either by mail or by personal delivery to the customer's address with notice attached to the primary door. If the disconnection notice is for nonpayment during the winter months, the utility must advise the customer of the payment plan described in WAC 480-100-138, Payment arrangements, and WAC 480-100-143, Winter low-income payment program. Each disconnection notice must include:

(i) A disconnection date that is not less than eight business days after the date of personal delivery or mailing, if mailed from inside the states of Washington, Oregon, or Idaho, or a disconnection date that is not less than eleven business days, if mailed from outside the states of Washington, Oregon, and Idaho.

(ii) All relevant information about the disconnection action including the cause for disconnection; the amount owed for regulated electric service and, if applicable, regulated natural gas service; and how to avoid disconnection;

(iii) All relevant information about any charges that may be assessed; and

(iv) The utility's name, address, and toll-free telephone number by which a customer may contact the utility to discuss the pending disconnection of service;

(b) If the utility discovers the notice information in (a) of this subsection is inaccurate, the utility must issue another notice to the customer as described in subsection (6)(a) of this section;

(c) If the utility has not disconnected service within ten business days of the disconnection date stated in (a)(i) of this subsection, the disconnection notice will be considered void unless the customer and the utility have agreed to a payment arrangement. Upon a void notice, the utility must provide a

new disconnection notice to the customer as described in (a) of this subsection;

(d) In addition to the notice required by (a) of this subsection, a second notice must be provided by one of the three options listed below:

(i) **Delivered notice.** The utility must deliver a second notice to the service premises and attach it to the customer's primary door. The notice must state a scheduled disconnection date that is not earlier than 5:00 p.m. of the second business day after the date of delivery;

(ii) **Mailed notice.** The utility must mail a second notice which must include a scheduled disconnection date that is not earlier than 5:00 p.m. of the third business day after the date of mailing, if mailed from within the states of Washington, Oregon, or Idaho; or the sixth business day, if mailed from outside the states of Washington, Oregon, and Idaho; or

(iii) **Telephone notice.** The utility must attempt at least two times to contact the customer during regular business hours. A log or record of the calls must be kept for a minimum of ninety calendar days showing the telephone number called, the time of the call, and details of the results of each attempted call. If the utility is unable to reach the customer by telephone, a written notice must be mailed to the customer providing a disconnection date not earlier than 5:00 p.m. of the third business day after the date of mailing, if mailed from within the states of Washington, Oregon, or Idaho, or the sixth business day, if mailed from outside the states of Washington, Oregon, and Idaho, or written notice must be personally delivered providing a disconnection date of not earlier than 5:00 p.m. of the second business day following the date of delivery.

For utilities billing for electric and gas service, each type of notice listed above must provide the information contained in (a)(iii) of this subsection;

(e) If the utility discovers the written notice information required under the options in (d) of this subsection is inaccurate, the utility must issue another notice to the customer as described in (a) of this subsection;

(f) If the utility provides a second notice within ten business days of the disconnection date required by (a)(i) of this subsection, the disconnection date is extended an additional ten working days from the disconnection date of the second notice. If the utility does not disconnect service within the extended ten-business-day period, the notice will be considered void unless the customer and the utility have agreed upon a payment arrangement. Upon a void notice, the utility must provide an additional notice as required under (d) of this subsection;

(g) If the utility provides a second notice after the ten business days of the disconnection date required by (a)(i) of this subsection, the notice will be considered void unless the customer and the utility have agreed upon a payment arrangement. Upon a void notice, the utility must provide a new disconnection notice to the customer as described in (a) of this subsection;

(h) Utilities with combined accounts for both natural gas and electric service will have the option of choosing which service will be disconnected;

(i) When the service address is different from the billing address, the utility must determine if the customer of record and the service user are the same party. If not, the utility must

Electric Companies

480-100-128

notice the service user as described in (a) of this subsection prior to disconnecting service;

(j) Except in case of danger to life or property, the utility may not disconnect service on Saturdays, Sundays, legal holidays, or on any other day on which the utility cannot reestablish service on the same or following day;

(k) A utility representative dispatched to disconnect service must accept payment of a delinquent account at the service address, but will not be required to give change for cash paid in excess of the amount due and owing. The utility must credit any over-payment to the customer's account. The utility may charge a fee for the disconnection visit to the service address if provided for in the utility's tariff;

(l) When service is provided through a master meter, or when the utility has reasonable grounds to believe service is to other than the customer of record, the utility must undertake reasonable efforts to inform the occupants of the service address of the impending disconnection. Upon request of one or more service users, where service is to other than the customer of record, the utility must allow five days past the original disconnection date to permit the service users to arrange for continued service;

(m) Medical facilities. When service is known to be provided to:

(i) A hospital, medical clinic, ambulatory surgery center, renal dialysis facility, chemical dependency residential treatment facility, or other medical care facility licensed or certified by the department of health, a notice of pending disconnection must be provided to the secretary of the department of health and to the customer. The department of health secretary or designee may request to delay the disconnection for five business days past the original disconnection date to allow the department to take the necessary steps to protect the interests of the patients residing at the facility; or

(ii) A nursing home, boarding home, adult family home, group care facility, intermediate care facility for the mentally retarded (ICF/MR), intensive tenant support residential property, chemical dependency residential treatment facility, crisis residential center for children or other group home or residential care facility licensed or certified by the department of social and health services, a notice of pending disconnection must be provided to the secretary of the department of social and health services and to the customer. The department of social and health services secretary or designee may request to delay the disconnection for five business days past the original disconnection date to allow the department to take the necessary steps to protect the interests of the patients residing at the facility;

(n) Any customer may designate a third party to receive a disconnection notice or notice of other matters affecting the customer's service. The utility must offer all customers the opportunity to make such a designation. If the utility believes that a customer is not able to understand the effect of the disconnection, the utility must consider a social agency to be the third party. In either case, the utility must delay service disconnection for five business days past the original disconnection date after issuing a disconnection notice to the third party. The utility must determine which social agencies are appropriate and willing to receive the disconnection notice, the name and/or title of the person able to deal with the disconnection, and provide that information to the customer.

(7) For purposes of this section, the date of mailing a notice will not be considered the first day of the notice period.

(8) **Payments at a payment agency.** Payment of any past-due amounts to a designated payment agency of the utility constitutes payment when the customer informs the utility of the payment and the utility has verified the payment.

(9) **Remedy and appeals.** Service may not be disconnected while the customer is pursuing any remedy or appeal provided by these rules or while engaged in discussions with the utility's representatives or with the commission. Any amounts not in dispute must be paid when due and any conditions posing a danger to health, safety, or property must be corrected. The utility must inform the customer of these provisions when the customer is referred to a utility's supervisor or to the commission.

[Statutory Authority: RCW 80.01.040 and 80.04.160, 01-11-004 (Docket No. UE-990473, General Order No. R-482), § 480-100-128, filed 5/3/01, effective 6/3/01.]

Electric Companies

480-100-133

WAC 480-100-133 Reconnecting service after disconnection. (1) An electric utility must make every reasonable effort to restore a disconnected service within twenty-four hours, or other time mutually agreeable between the customer and the company, after the customer has paid, or at the time the utility has agreed to bill, any reconnection charge, and:

(a) The causes for disconnection not related to a delinquent account are removed and the customer pays any delinquent regulated charges, plus any required deposit; or

(b) The customer has entered into an agreed-upon payment arrangement for a delinquent account and pays any required deposit as defined in WAC 480-100-113, Residential service deposit requirements or WAC 480-100-118, Non-residential service deposit requirements; or

(c) The customer has paid all regulated amounts due on the account that is not a prior obligation and the customer has paid any required deposit as defined in WAC 480-100-113, Residential service deposit requirements or WAC 480-100-118 Nonresidential service deposit requirements;

(2) The commission may require reconnection pending resolution of any bona fide dispute between the utility and the customer over the propriety of disconnection.

[Statutory Authority: RCW 80.01.040 and 80.04.160, 01-11-004 (Docket No. UE-990473, General Order No. R-482), § 480-100-133, filed 5/3/01, effective 6/3/01.]

PUGET Prior OBL

Roger Kouchi

From: Pat Dutton
To: Diana Jones; Diana Otto; Eugene Blake; Ken Chapman; Lori King; Mary Taylor; Michael Meeks; Pam Smith; Pat Dutton; Roger Kouchi; Suzanne Sullivan; Vicki Rasmussen
Subject: FW: Prior Obligation
Date: Friday, April 14, 1995 11:37AM

Please take a few minutes to read this and see if its consistent with your understanding or to tell me what you think about it. I need your response by Wednesday of next week. Thanks. Pat

From: LOGEN
To: pat
Subject: Prior Obligation
Date: Wednesday, April 12, 1995 3:51PM

From: NAME: Lynn F. Logen
FUNC: Rate
TEL: 462-3872 <LOGEN AT AT PTHWRK>
To: smtp%pat@wutc.wa.gov@mrgate

□

Author: Lynn F. Logen
Date: 12-Apr-1995
Posted-date: 12-Apr-1995
Subject: Prior Obligation

This is in response to our meeting of March 21, 1995 concerning the application of the prior obligation rule. Lisa and I have reviewed the application of the Commission's interpretation of prior obligation as it applies to our customer information system.

As our procedure has not always been in agreement with the understanding of the rule that we now have as a result of our meeting, I respectfully request that all accounts which were disconnected prior to May 1, 1995 not be subject to review/correction based on this memo but rather accept the agreement reached between the customer and the company. This will allow sufficient time provide retraining on prior obligation procedures to over 100 customer service personnel.

Why?
It seems to me that on a complaint basis we should be able to correct it.

As a result of the understanding we gained at the meeting and our system review, we will change our procedures to consider all bills issued at the time of the disconnection as being included the prior obligation should the customer choose to pay one half of a new deposit (and reconnection fee) in lieu of payment of the billing for which they were disconnected. Our procedure will be to close the customer's account effective with the read date of the most recently issued bill and apply any existing deposit to the balance.

Jerry Lehenbauer
Lisa Rasmussen

**PUGET
POWER**

April 13, 1994

VIA FACSIMILE

Mr. Roger Kouchi
Washington Utilities and
Transportation Commission
1300 South Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Ref.: 49368

Dear Mr. Kouchi:

This is in response to Mr. McLellan's letter dated April 8, 1994 regarding alleged violations by the Company of the Commission's interpretation of WAC 480-100-116 regarding "prior obligations." We appreciate the opportunity to respond to the allegations raised in the letters from Evergreen Legal Services to the Commission.

In the particular instances cited in Mr. McLellan's letter, there was no violation of WAC 480-100-116 or the Commission's policy on prior obligations. Rather than the permanent denial of service proscribed by WAC 480-110-116, these customers had their service restored within a few days.

With respect to the Company's procedures on this issue, the Company has provided additional training for Customer Call Center and division personnel regarding implementation of prior obligation procedures, as contemplated in our July 20, 1993 letter to Ms. Pat Dutton (your Ref. UT-32126). Provided herewith as Exhibit A is an explanation of the Company's procedures regarding implementation of the prior obligation provisions, along with an interoffice memorandum to those Division personnel who were unable to attend. We believe our procedures, as stated in those documents, properly implement the Commission's policy with respect to prior obligations, and that we have acted diligently and reasonably to achieve and maintain compliance with this policy.

In addition to the training provided, the Company has commenced tracking prior obligation occurrences. Included as Exhibit B is the report for September 1993, showing eight (8) accounts during that month where the prior obligation

(07770-0468)BA941020.0491

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Puget Sound Power & Light Company P.O. Box 0868 Bellevue, WA 98009-0868 (206) 454-6363

Mr. Roger Kouchi
April 13, 1994
Page 3

Question No. 2

The Company is generally satisfied that its existing training practices, as supplemented by additional specific training on this issue in recent months, are adequate. On this point, we refer to our letter of July 20, 1993, a copy of which is attached as Exhibit C and incorporated herein by this reference. As indicated in that letter, it may be beneficial for Company personnel to meet with Commission Staff or Evergreen Legal Services to discuss and resolve issues regarding the application of the prior obligation policy.

Question No. 3

Regarding training procedures generally, please refer to our letter of July 20, 1993. With respect to recent training, the response to Question No. 4 describes the Company's training for Business Office Managers. In addition, training on the prior obligation policy and the procedures contained in Exhibit A was conducted during July, August and December 1993 and January 1994. This training was provided at staff meetings by the Customer Call Center Supervisors.

Question No. 4

A presentation was given to the Business Office Managers on August 26, 1993, the materials from which are included as Exhibit A. This presentation was followed by a discussion and question and answer period where Lisa Rasmussen, Manager of Credit, and Lynn Logen, Manager of Rates and Tariffs, illustrated the application of the prior obligation policy through a number of hypothetical situations. Those in attendance gained a more complete understanding of the Commission's policy and the Company's procedures implementing that policy. As noted in the response to Question No. 3, a similar presentation and discussion occurred on August 2, 1993 with the Call Center supervisors.

ATTACHMENT 1

SUMMARY OF ACCOUNT INFORMATION

Jennifer L. Shannon-Garvey

DATE	DESCRIPTION	ACCOUNT BALANCE
9/2/93	\$165.00 Deposit Requested	
9/21/93	72-Hour Deposit Notice Mailed (\$165.00)	
9/22/93	Partial payment (\$82.50) toward deposit	
10/21/93	24-Hour Deposit Notice (\$82.50)	
10/25/93	Partial payment (\$41.25) toward deposit	
11/3/93	\$98.72 Billing for two months service	\$98.72
11/24/93	Suspension Notice mailed for \$98.72	
11/29/93	24-Hour Deposit Notice (\$41.25)	
12/7/93	\$0.99 Late Payment Fee	\$99.71
/13/93	72-Hour Notice Mailed \$98.72	
12/20/93	24-Hour Deposit Notice (\$41.25)	
12/21/93	Final Payment of Deposit Balance (\$41.25)	
12/21/93	\$58.75 Payment on Account and arrangement to pay balance (\$40.96) on 1/3/94	\$40.96
1/5/94	\$221.97 Billing two months service	\$262.93
1/10/94	\$0.41 Late payment fee assessed	\$263.34
1/28/94	Suspension Notice mailed for \$262.93	
2/8/94	\$2.22 Late payment fee assessed	\$265.56
2/14/94	\$0.41 Late payment fee assessed	\$265.97
2/15/94	72-Hour Notice Mailed \$262.93	
3/1/94	Service Disconnected for \$262.93	
3/2/94	Customer advised by telephone disconnected for \$262.93, also advised of \$20 and \$40 reconnect charge.	

ATTACHMENT 2

SUMMARY OF ACCOUNT INFORMATION

Dennis Garcia

DATE	DESCRIPTION	ACCOUNT BALANCE
9/8/93	Balance Forward	
		-\$23.63
9/8/93	\$33.38 Billing for two months service	\$9.65
11/5/93	\$47.04 Billing for two months service	\$56.69
11/16/93	\$40.00 Payment on account	\$16.69
12/9/93	\$0.17 Late Pay Fee Assessed	\$16.86
1/7/94	\$348.57 Billing for two months service	\$365.43
1/12/94	\$0.17 Late Pay Fee Assessed	\$365.60
2/1/94	Suspension Notice mailed for \$365.43	
2/10/94	Customer called, trying to get energy assistance advised to call back by 2/14/94.	
2/10/94	\$3.49 Late Pay Fee Assessed	\$369.09
2/14/94	Customer called, says had pledge for \$100 from St Vincent De Paul, advised needs more pledges or payment to avoid disconnect.	
2/15/94	\$0.17 Late Pay Fee Assessed	\$369.26
2/22/94	Pledge Payment of \$100.00	\$269.26
3/2/94	72-Hour Notice Mailed for \$265.77	
3/10/94	\$207.70 Billing for two months service	\$476.96
3/11/94	Disconnected for Nonpayment of \$265.77	
3/14/94	\$20.00 Reconnect Charge Billed	\$496.96
3/14/94	Payment of \$100.00 + \$20.00 Reconnect Charge Also made arrangements to pay \$100.00 on 4/5/94, \$100.96 on 5/6/94, \$126.00 on 6/6/94 and \$50.00 on 6/10/94	\$376.96

Attachment 3
 Page 2

3/23/94 Letter mailed to customer notifying of possible increase in deposit from \$90 to \$200.

3/23/94 Per customer, caseworker from Evergreen Legal said customer can't pay bill (\$255) to reconnect; offered 1/2 deposit and \$40.00 reconnect charge totaling \$89.00.

<u>DATE</u>	<u>DESCRIPTION</u>	<u>ACCOUNT BALANCE</u>
3/24/94	Per customer, still wants to pay bill, doesn't want to pay new deposit, trying to get more help. Customer does not want prior obligation.	
3/24/94	\$20.00 Reconnect Charge	\$237.76
3/24/94	Payment of \$65.00 on account, made arrangement to pay balance (\$172.76) on 4/1/94	\$172.76
3/25/94	\$328.43 Billing for two months service	\$501.19
1/4/94	\$1.73 Late Payment Fee Assessed	\$502.92
4/6/94	Fledge Received in the amount of \$50.00	\$502.92

CONFIDENTIAL**PRIOR OBLIGATION PROCEDURES**

When you are contacted by a customer who has been disconnected for non-payment, remember the following steps:

1. Tell the customer "you were disconnected for \$300.00" (the amount of the arrears). Do not say "in order to get reconnected, you must pay \$300."
2. If the customer indicates they are unable to pay the full amount, ask them what they could pay. Compare that amount to half of the deposit, plus the reconnect fee. If the amount the customer is able to pay is equal to or greater than 1/2 the deposit and the reconnect fee, and, if they are able to make short term arrangements on the balance, go to step 3. If the customer quotes an amount equal to or less than the 1/2 deposit and reconnect fee, and cannot make satisfactory arrangements on the difference, go to step 4.
3. If the customer is able to make short-term arrangements on the difference (i.e. they were disconnected for \$300 and can only pay \$200, but are willing to make arrangements on the remaining \$100), go ahead and reconnect the customer for \$200 plus the reconnect fee, and make arrangements on the balance.
4. If the customer can only pay an amount equal to the deposit plus the reconnect fee (which is the minimum that must be paid), and cannot make arrangements on the balance, prior obligation must be offered. Without using the term "prior obligation", explain to the customer their service will be reconnected for one half of the deposit, plus the reconnect fee. The following procedures need to be followed:
 - A. Stop the account effective the READ DATE of the bill mail date the account was disconnected for, and re-establish service for the customer under the next tenant code.
 - B. Inform the customer the balance owing on the now closed account will be referred to a collection agency for follow-up, unless payment arrangements are made and result in the balance being paid in full.
 - C. Post a permanent remark on the closed account, indicating the balance owing is prior obligation and that it should not be transferred to the active account.
 - D. On the new active account, charge the customer the deposit and reconnect fee. Make arrangements for the deposit with one half being due immediately, and the remaining one half being paid in equal (50%) installments, with the first deposit payment being due in 30 days, and the second (and final) payment being due in 60 days. Be very firm with these deposit arrangements.
 - E. Post a remark on the new active account indicating the customer has gone prior obligation on the previous sub.

PAGE 1 SOLID POWER & LIGHT
 COMMUNICATION EVENT REPORT BY CATEGORY
 QREDIT

09/01/93 - 09/30/93

CONFIDENTIAL

PAGE NUMBER: 55
 RUN DATE: 09/01/93
 RUN TIME: 23:29:25

Exhibit No. (SW-9)
 Docket U-110808
 Page 25

TOPIC	TYPE	DATE	LOCATION	LOCATION #	CUSTOMER #	CALLER NAME	PHONE	REMARKS
PRIOR OBLIGATION	OTHER	09/01/93	3200 PINE ST #4 CAMPBELL OUTDOORS	8202-3797	9202-2210	CHRISTINA	206-479-3494	REMARKS: CUST PAID HALF INST + RECON FEE.
PRIOR OBLIGATION	OTHER	09/02/93	2763 LORNA SHORE DR ANGELA OWEN	8228-1754	9005-3054	CHANCEE A WILSON	206-750-7856	REMARKS: CUST PD 1/2 INST & REC FEE \$20 ON ACCT--VEST PRIOR AD
PRIOR OBLIGATION	OTHER	09/02/93	3370 W-LK-SUNN FARM NE #186 CORINA SHUPERT	8293-2192	6618-9654	ZELDA BAILEY	206-550-0283	REMARKS: PRIOR OBLIGATION, HALF OF INST + \$20.00 RECONNECT
PRIOR OBLIGATION	OTHER	09/02/93	835 S 227 ST #B KARLIE TORSENCE	4254-6046	8200-4441	LINDA L MARSH-HERNANDEZ	206-824-7702	REMARKS: CUST PD 1/2 INST + REC FEE
PRIOR OBLIGATION	OTHER	09/08/93	10607 SE 262 ST #1701 MAY LOU MOEIMS	8249-5863	9006-5437	LYNELL PEARSON	206-452-1904	REMARKS: CUST WAS ADVS OF PRIOR OBLIGATION ON 9-26 SO WILL BRING THE 72.50 (1/2 INST + INST 28 REC 1830 REC BEFORE 4 NOV THAT IS 9130

SYSTEM : 00000000 PROGRAM : CSM216 REPORT : CSM216-Q1 09-01-93 23:29:25 00000000

Diana Otto 1 10/18/2006 10:49:27 AM

Re: FW: WA - UTC complaint 98362 for Crystal Dalzell

Review



Roger Kouchi/WUTC
10/18/2006 10:26 AM

To "Bork, Molly R" <molly.bork@pse.com>

cc

bcc Diana Otto/WUTC

Subject Re: FW: WA - UTC complaint 98362 for Crystal Dalzell

Molly - I will need to get back to you next week. I have scheduled some internal meetings to discuss Lynn Logen's comments. Thank you.

Roger Kouchi
WUTC Consumer Affairs
PO Box 47250
Olympia, WA 98504
1-800-562-6150; 360-664-1101
fax: 360-664-4291
E-mail: rkouchi@wutc.wa.gov
"Bork, Molly R" <molly.bork@pse.com>



"Bork, Molly R"
<molly.bork@pse.com>
10/18/2006 09:18 AM

To "Roger Kouchi" <rkouchi@wutc.wa.gov>

cc

Subject FW: WA - UTC complaint 98362 for Crystal Dalzell

Roger:

Below is an email from Lynn Logen. I had asked if PSE could include the prior obligation in the payment arrangements on the medical emergency arrangements. Below are his comments. - Molly

-----Original Message-----

From: Logen, Lynn
Sent: Thursday, October 12, 2006 6:36 PM
To: Bork, Molly R
Cc: DeBoer, Tom
Subject: RE: WA - UTC complaint 98362 for Crystal Dalzell

In addition to the rules that Roger mentions below I think we need to look at WAC 480-100-123(2)(e) and WAC 480-100-128(5)(c) which states: "A medical emergency does not excuse a customer from having to pay delinquent and ongoing charges." (emphasis added). And also, WAC 480-100-128(5)(c)(ii) which says "Enter into an agreement to pay the remaining delinquent balance within one hundred twenty days;"

Prior Obligation (WAC 480-100-123(3)) is only about refusal of service. A utility may not refuse service because of a prior obligation. A prior obligation is defined as "A prior obligation is the dollar amount, excluding deposit amounts owed, the utility has billed to the customer and for which the utility has not received payment at the time the service has been disconnected for nonpayment." Service is disconnected because of delinquent charges.

Another issue is that everyone that was disconnected could first claim prior obligation and then medical

Diana Otto 2 10/18/2006 10:49:27 AM

Re: FW: WA - UTC complaint 98362 for Crystal Dalzell

emergency, thereby making WAC 480-100-128(5)(c)(ii) totally meaningless since there would never be a delinquent balance that the medical emergency customer is obligated to pay.

As I recall we had an agreement at one time that medical emergency and prior obligation were mutually exclusive.

-----Original Message-----

From: Roger Kouchi [mailto:rkouchi@wutc.wa.gov]
Sent: Thursday, October 12, 2006 12:20 PM
To: Bork, Molly R
Subject: WA - UTC complaint 98362 for Crystal Dalzell

Molly - Here is additional guidance that I received from staff. There are really several rules that are involved here: WAC 480-100-128(2)(a); WAC 480-100-123(4); and WAC 480-100-128(5). Reading the rules together, the company can refuse service when a prior cust lives at the residence who has prior obligation and is there's intent of fraud (outstanding amounts WAC 100-123(4)). But the company can only require any charges to be paid as a result of the fraud which is not prior (WAC 100-128(2)(a)). Medical emergency (WAC 480-100-128(5)) allows 120 day payment arrangement.

I will have to ask PSE to refigure the 120 payment arrangement based upon the above interpretation. Thank you.

Roger Kouchi
WUTC Consumer Affairs

MEMORANDUM

June 29, 2004

TO: Chairwoman Showalter
Commissioner Hemstad
Commissioner Oshie

FROM: Glenn Blackmon, ^{Acting} Director, Regulatory Services *GB*
Wicki Elliott, Assistant Director, Consumer Affairs
Graciela Etchart, Regulatory Analyst
Tani Thurston, Regulatory Analyst
Pam Smith, Consumer Program Specialist

Subject: Prior obligation Dockets UG-011352 and UE-011353

At the September 12, 2001, open meeting, the Commission adopted revised rules for electric and gas companies (WAC Chapters 90 and 100). At the same time, the Commission discussed the need for further information from regulated companies regarding WAC 480-90-123 and WAC 480-100-123. These rules describe when a utility may or may not withhold utility service to applicants or customers. In particular, WAC 480-90-123(2) and WAC 480-100-123(3) state that a utility may not withhold service because an applicant or customer has a prior unpaid balance with the company. The prior unpaid balance is called a prior obligation. Under the rules, a company may collect the balance through traditional collection methods, but may not withhold service, as long as the applicant or customer pays an appropriate deposit.

The Commission directed electric and natural gas companies to keep track of the use of the prior obligation provision by their customers, as well as the amount of uncollectibles related to prior obligation, for a period of eighteen months. Specifically, the Commission ordered that:

- (1) From October 1, 2001 to March 31, 2003, electric [natural gas] companies must keep records of the total number of prior obligations procedures involved by its residential customers per month and of the frequency of usage through that month (for example, how many customers with one prior obligation invoked the rule, how many customers with two prior obligations, etc.), and the amount owed by each customer that used a prior obligation procedure.
- (2) Electric [natural gas] companies must report this information on a quarterly basis, beginning on October 1, 2002, with the first report due no later than January 15, 2002, and each subsequent report due within fifteen days after the end of the quarter.