

**Exhibit No. \_\_\_ (SP-1T)  
Dockets UE-111048/UG-111049  
2011 PSE General Rate Case  
Witnesses: Tom A. DeBoer  
Roger Kouchi**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket UE-111048  
Docket UG-111049**

**JOINT TESTIMONY OF  
TOM A. DEBOER AND ROGER KOUCHI**

**SUPPORTING PARTIAL SETTLEMENT RE:  
METER AND BILLING PERFORMANCE**

**FEBRUARY 15, 2012**

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**I. INTRODUCTION AND PURPOSE OF JOINT TESTIMONY**

**Qualifications of Tom De Boer**

**Q. Please state your name and the party for whom you are appearing.**

A. My name is Tom De Boer, and I am appearing on behalf of Puget Sound Energy, Inc. ("PSE" or the "Company"). My qualifications are presented in Exhibit No. \_\_\_(TAD-2).

**Qualifications of Roger Kouchi**

**Q. Please state your name and the party for whom you are appearing.**

A. My name is Roger Kouchi and I am appearing on behalf of Commission Staff. My qualifications are presented in Exhibit No. \_\_\_(RK-1T).

**Q. What is the purpose of this Joint Testimony?**

A. The purpose of this Joint Testimony is to present the common recommendation of PSE and Commission Staff, (collectively referred to hereinafter as the "Parties" and each individually as a "Party") to revise the existing Meter and Billing Performance standards that were approved in Docket UE-072300/UG-072301.<sup>1</sup> The recommendations are contained in the Partial Settlement Re: Meter and Billing Performance, filed with the Commission on February 15, 2012.

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<sup>1</sup> The Partial Settlement was approved in Order 12, Docket Nos. UE-072300/UG-072301 (October 8, 2008).

1 **Q. Please briefly describe the Parties' Partial Settlement.**

2 A. The Partial Settlement proposes to change the existing Meter and Billing  
3 Performance Standards and related reporting requirements, provides for a one-  
4 time investigation of certain zero-consumption accounts, and requires notification  
5 to certain customers whose accounts record zero consumption, all as more fully  
6 described below.

7 **II. JOINT TESTIMONY**

8 **Q. How does the Partial Settlement resolve issues related to PSE's meter and**  
9 **billing performance?**

10 A. The Partial Settlement provides the Parties' proposed resolution to meter and  
11 billing performance issues by:

12 (1) requiring a one-time investigation of certain zero consumption  
13 accounts;

14 (2) revising the existing meter and billing performance standards in a  
15 manner that directly addresses the length of retroactive bills;

16 (3) requiring customer notification when an account reaches 180 days of  
17 zero consumption; and

18 (4) modifying the reporting requirements related to the Company's meter  
19 and billing performance.

20 **Q. Please explain the differences between the meter and billing performance**  
21 **standards proposed in the pre-filed testimony submitted by the Parties and**  
22 **the standards included in the Partial Settlement.**

1 A. In Commission Staff's pre-filed response testimony, Commission Staff proposed  
2 that the existing meter and billing performance standards be modified to require  
3 identification and correction of all stopped meter and unassigned energy usage  
4 issues for natural gas and electric meters within six months and four months,  
5 respectively. Staff's original proposal retained the interim thresholds in the  
6 existing performance standards and added reporting requirements. In PSE's pre-  
7 filed rebuttal testimony, the Company stated that it was agreeable to including the  
8 identification of the meter issue in the performance standards, however, the  
9 Company proposed that 80 percent of the meter issues would be resolved within  
10 six months. Additionally, the Company proposed to remove the interim  
11 thresholds. The Company also agreed to certain of Staff's proposed revisions to  
12 the reporting requirements.

13 In the Partial Settlement, the Parties focus on changes to the performance  
14 standards that support Commission Staff and the Company's mutual goal to  
15 reduce the number of lengthy back-bills in an efficient and cost-effective manner.  
16 The Parties believe that the revised meter and performance standards outlined in  
17 the Partial Settlement are consistent with the interests of the Parties, will advance  
18 our mutual goals and should be adopted at this time.

19 **Q. Please explain why the Parties believe the Partial Settlement regarding meter  
20 and billing performance is in the public interest.**

21 A. The proposed revisions to the Meter and Billing Performance standards are in the  
22 public interest because they modify the existing standards to directly reflect how  
23 quickly the Company can identify and correct meter and unassigned energy usage

1 issues that result in customer back-bills. The proposed standards set an even  
2 higher level of accuracy than the Company meets today (which the Company  
3 states is currently at 99.88 percent for all PSE meters) and are intended to further  
4 drive down the number of retroactive-bills that have a long duration. Further, the  
5 Partial Settlement removes the existing interim thresholds that currently result in  
6 suboptimal processes. The removal of the interim thresholds will allow the  
7 Company to approach meter and billing corrections using a modified First In/First  
8 Out method to correct problems in a streamlined manner rather than delay a  
9 correction because the Company is trying to meet the next month's interim  
10 threshold. Changing the reporting requirements to an annual basis will streamline  
11 Staff's review time while still providing a transparent process for the Commission  
12 to monitor PSE's performance in addressing meter and billing issues.

13 **V. INDIVIDUAL STATEMENTS OF SUPPORT FOR THE**  
14 **PARTIAL SETTLEMENT**

15 **Q. Please explain why the Partial Settlement satisfies the interests of PSE.**

16 A. PSE believes the Partial Settlement reflects a true compromise of several  
17 significant issues in this proceeding. The Partial Settlement meets key concerns  
18 of both the Company and Commission Staff regarding reducing the length of  
19 retroactive-bills, while still recognizing that equipment breaks and some  
20 customers do not notify the Company immediately upon moving in, and that the  
21 Company does not have complete control over how quickly all of these issues can  
22 be identified without significantly increasing costs that would ultimately be borne  
23 by all ratepayers. Achieving this new performance standard will also require a

1 transitional year to work through the existing zero consumption meters and  
2 lingering unassigned energy usage issues before meeting the revised performance  
3 standard. One of the key elements to the Partial Settlement for the Company is  
4 that Commission Staff will not seek penalties during the transition period or  
5 thereafter when the Company is substantially in compliance with the standards,  
6 given the reality of outliers related to unassigned energy usage or intermittent  
7 equipment failure over time. As discussed throughout the Company's pre-filed  
8 rebuttal testimony, the Company had significant concerns about committing to a  
9 requirement to identify and correct 100 percent of meter and billing issues within  
10 a specific timeline, because there will always be outliers. After lengthy  
11 discussions with Commission Staff, the Parties were able to work out a  
12 compromise that addresses both Commission Staff and the Company's joint  
13 interest in reducing the length and number of back-bills, while recognizing the  
14 Company's concern regarding outliers. It is possible the Company will minimize  
15 the number of back-bills that exceed a 12-month or 24-month duration as  
16 contemplated by the standards proposed in the Partial Settlement but may not  
17 achieve exactly 98 percent or zero, respectively, in a given reporting period. In  
18 that situation if the Company is able to demonstrate it was properly managing the  
19 metering issues yet some outliers attributable to stopped meters or unassigned  
20 usage occurred, the Company will be considered substantially in compliance with  
21 the standard.

22 With respect to all the provisions agreed upon in the Partial Settlement,  
23 resolution of these contentious issues benefits PSE and its customers by

1 eliminating the cost, inconvenience and delay of continued litigation. At the same  
2 time, the Partial Settlement provides PSE with clear expectations and an increased  
3 level of certainty on these issues.

4 **Q. Please explain why the Partial Settlement satisfies the interests of**  
5 **Commission Staff.**

6 A. The Partial Settlement satisfies Staff's interest because PSE's customers will be  
7 better protected in the following ways:

- 8 1. The current performance standards were effective. Since 2009, the number of  
9 back-bills decreased by 49 percent and the average duration of the back-bills  
10 decreased by 30 percent. However, in 2011, there were still 176 electric and  
11 gas back-bills longer than 24 months and 607 longer than 12 months. The  
12 revised standards are expected to increase the Company's attention on  
13 reducing the longer duration back-bills.
- 14 2. The agreement to investigate meters that have recorded zero consumption for  
15 12 months or longer will identify meter problems that have not been  
16 previously been identified by the Company's ZCON and Data-Raker tools.
- 17 3. The agreement to notify customers whose meters have recorded zero  
18 consumption for at least 180 days will alert those customers they may have a  
19 meter problem and give them the information they need to address the  
20 problem with the Company.
- 21 4. The revised performance standards for stopped meters and unassigned energy  
22 usage, will, over-time, reduce the average length of back-bills.

1 5. Modifying the reporting requirements to annual and the elimination of the  
2 interim performance standards will allow for increased efficiencies and a  
3 better tool for Staff to review the Company's annual progress toward meeting  
4 the long term goals of reducing the length of back-bills.

5 In addition, the partial settlement avoids the cost and uncertainty of continued  
6 litigation of this issue, which is in the public interest. For all of these reasons,  
7 Staff recommends Commission approval of the Partial Settlement.

8 **Q. Does this conclude your joint testimony?**

9 A. Yes.