

Update to APPENDIX B

Overview of PSE's revamped Prior Obligation Process: Effective April, 2012—Updated for CIS Implementation, effective 4/1/13

Appendix B to the Settlement agreement in Docket U-110808 provided an overview of PSE's Prior Obligation Process. Recognizing that the company was transitioning to a new billing system, as part of the settlement agreement, PSE committed to retaining several key process elements in order to provide a clear separation of prior obligation balances from current charges. The following summary provides an overview of the new process.

The Prior Obligation process starts when a residential customer's natural gas and/or electric service is disconnected due to non-payment. Under the old system, the Customer Service Representative (CSR) that processed the disconnect service order manually ended all active product assignments thus "closing" the statement account and isolating it as the "Prior Obligation Statement Account." With the new system, this process has been automated and the completion of the disconnection order triggers an automated work-stream that will close the account and code the outstanding balance as prior obligation.

For those customers with multiple products (ie gas and electric service; leased equipment, etc), since only one fuel service can be disconnected, the system will automatically establish a new account for the remaining product(s). Consistent with the old process, the entire balance owing on the account at the time of disconnection is included in the prior obligation balance and the new account will be used to record charges for usage for the remaining service from the date of the last billing. No balances will be transferred to the new statement account nor will they be eligible for future disconnection. Should a credit be created from any deposit application upon ending the closed account, the credit will be transferred to the new account.

When the customer calls in to re-establish service, the agent will see that the customer has a prior obligation account and for those customers with multiple services, they will see the newly established account for the non-disconnected fuel. All outstanding balances on the account at the time of disconnection are part of the prior obligation balance and will be eligible for installment arrangements.

Consistent with the April 2012 process change, all trained CSR's will be handling the disconnect calls except in the following situations where the calls must be transferred to the Disconnect Queue:

- The customer believes their service was disconnected in error
- Customer paid disconnect amount (based on final notice) before contacting the company and the amount is **less than** ½ deposit + reconnect fee.
- Medical Emergency
- Letter of Intent from Energy Assistance agency
- Bankruptcy

In circumstances where the customer claims medical emergency or the customer believes their service was disconnected in error, a Lead will have the ability to re-open the original account. Consistent with the old system, when a customer claims medical emergency, the account WILL NOT BE CLOSED and the account is not processed as prior obligation. The reconnection order will be processed without requiring an upfront payment and the customer is provided the 5 business days grace period to submit the medical certificate and to pay 10% of the past due balance on the account which is consistent with WAC 480-90/100-128(5).

Additionally as part of the settlement agreement, the company included messaging on the prior obligation statement that clearly identifies that the amount shown is considered prior obligation and that the customer cannot be disconnected for nonpayment of that balance. With implementation of the new system, the company did not change the bill presentation or bill format which is prepared through a different vendor. Therefore the previously agreed upon messaging will continue. In the future, if the company makes changes to its bill presentation/bill format, the company will provide the parties an opportunity to review and provide input regarding the prior obligation messaging.