

**Exh. JHJ-1T  
Dockets UE-220066, UG-220067,  
UG-210918  
Witness: Jacque Hawkins-Jones**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**DOCKETS UE-220066, UG-220067,  
UG-210918 (*Consolidated*)**

**In the Matter of the Petition of**

**PUGET SOUND ENERGY**

**For an Order Authorizing Deferred  
Accounting Treatment for Puget Sound  
Energy's Share of Costs Associated with  
the Tacoma LNG Facility**

**RESPONSE TESTIMONY OF**

**JACQUE HAWKINS-JONES**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*PSE's Petition to Modify the Commission's Final Order*

**December 8, 2023**

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## LIST OF EXHIBITS

- Exh. JHJ-2 Attachment A to Supplemental Comments of The Energy Project, May 7, 2021, Docket U-200281
- Exh. JHJ-3 PSE's Response to Staff Data Request No. 314
- Exh. JHJ-4 PSE's Response to The Energy Project Data Request No. 137
- Exh. JHJ-5 PSE's Response to The Energy Project Data Request No. 116

1 I. INTRODUCTION

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**Q. Please state your name and business address.**

A. My name is Jacque Hawkins-Jones, and my business address is 621 Woodland Square Loop SE, Lacey, WA 98503. My business mailing address is P.O. Box 47250, Olympia, Washington, 98504-7250. My email address is Jacque.Hawkins-Jones@utc.wa.gov.

**Q. By whom are you employed and in what capacity?**

A. I have been employed by the Washington Utilities and Transportation Commission (Commission) since August 2019. I began as a Compliance Investigator in the Consumer Protection Division, then became a Deputy Assistance Director in Energy Regulation. Since July 2023, I have served as the Deputy Director of Energy - Rates and Services.

**Q. Please state your qualifications to provide testimony in this proceeding.**

A. I have an associate degree from Olympic College and I am a certified investigator for the state of Washington. I have approximately eight years of experience as an investigator with regulatory agencies in the state of Washington.

1 **Q. Have you previously testified before the Commission?**

2 A. Yes. I have testified in other enforcement proceedings involving Commission  
3 regulated transportation industries, including dockets TV-200029, TV-190835 and  
4 most recently UT-181051, which involved testimony related to a 2018 911 service  
5 outage.

6

7 **II. SCOPE AND SUMMARY OF TESTIMONY**

8

9 **Q. What is the scope and purpose of your testimony?**

10 A. I provide Staff's response to PSE's petition to amend the final order in Dockets UE-  
11 220066, UG-220067 and UG-210918, related to the Company's credit and  
12 collections practices. I explain background to the Company's credit and collections  
13 process, concerns with the Company's proposals, and Staff's recommendations to  
14 the Commission.

15

16 **Q. Please summarize your recommendations.**

17 A. Staff recommends that the Commission modify its final order, but not on the terms  
18 suggested by PSE. Instead, the Commission should modify the order in line with  
19 Staff's more limited recommendations, which I present below. These  
20 recommendations include allowing PSE to begin a limited form of customer  
21 notification, and dunning and disconnections while ensuring the necessary  
22 protections of groups most in need, including customers identified as deepest need

1 under PSE's 2023 Biennial Clean Energy Implementation Plan Update,<sup>1</sup> as well as  
2 customers who are estimated low-income, known low-income, or members of  
3 Named Communities.

4  
5 **Q. What are Staff's recommendations with regard to customer notices?**

6 A. Staff recommends that the Commission allow the Company to provide customer  
7 notices for all past-due amounts to notify customers of their current arrears. This  
8 notice should follow all pre-disconnection moratorium requirements. However, the  
9 Company should continue to not send disconnection notifications or threaten  
10 disconnection to those customers who have been identified as deepest need,  
11 estimated low-income, known low-income, or members of Named Communities.  
12 These groups should continue to be protected until the conclusion of Docket U-  
13 210800, where the Commission will provide long-term guidelines on customer  
14 notices, credits and collections. Staff believes that the Company can provide  
15 outreach and available services without disconnection or the threat of disconnection.

16  
17 **Q. What are Staff's recommendations with regard to PSE's dunning and**  
18 **disconnection processes?**

19 A. Staff recommends that Commission allow the Company to begin limited dunning  
20 and disconnection processes. Specifically, the Commission should allow the  
21 Company to resume dunning and disconnections for all customers and save those

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<sup>1</sup> As defined by the methodology developed in response to Condition 20 of the 2021 CEIP Order 08.

1 who identified as deepest need, estimated low-income, known low-income, or  
2 members of Named Communities.

3  
4 **Q. Have you prepared any exhibits in support of your testimony?**

5 A. Yes. I prepared exhibits JHJ-2 through JHJ-5:

- 6 • JHJ-2 is an analysis of selected PSE customer demographics prepared by The  
7 Energy Project in Docket U-200281
- 8 • JHJ-3 is PSE's answer to a Staff data request concerning the characteristics of its  
9 customer base
- 10 • JHJ-4 is PSE's answer to a data request by The Energy Project concerning  
11 arrearage balances by groups of the company's customers
- 12 • JHJ-5 is PSE's answer to a data request by The Energy Project concerning the  
13 data for customers who proceed all the way through PSE's dunning process

14  
15 **III. BACKGROUND**

16  
17 **Q. Please explain how PSE came to operate under collections restrictions.**

18 A. PSE initially began operating under collections restrictions in response to the  
19 outbreak of the COVID-19 pandemic. In March 2020, community spread of the  
20 SARS-CoV-2 virus caused the Governor, by proclamation, to order Washingtonians  
21 to stop all non-essential economic and social activity. To ensure that those at home  
22 continued to have access to vital services, the Governor, also by proclamation,  
23 forbade utilities from disconnecting residential customers for non-payment, refusing

1 to reconnect customers who had been disconnected for non-payment, or charging  
2 late or disconnection fees. Ultimately, those protections remained in effect until  
3 September 30, 2021.

4 The Commission also took action in response to the pandemic by opening a  
5 docket, U-200281, to see what measures it or utilities could take to assist customers.  
6 It issued a prohibition on disconnections and charging fees that paralleled the  
7 Governor's proclamation, and those prohibitions ended at the same time as the  
8 protections created by the Governor's proclamation. After a phase-in period, the  
9 Commission authorized utilities to begin charging late fees and resume  
10 disconnections.

11

12 **Q. Did anything else of relevance come out of the Commission's COIVD docket?**

13 A. Yes. The Commission also ordered Staff to open a rulemaking to explore the future  
14 of utility credit and collections practices. Staff opened rulemaking Docket U-210800  
15 to comply with that order. The parties there have engaged in a lengthy discussion  
16 about disconnections, late fees, deposits, and other matters related to utility credit  
17 and collections practices. The docket remains open and the Commission has made no  
18 final decision about any rules.

19

20 **Q. Did PSE continue to operate under collections restrictions after the end of the**  
21 **moratorium?**

22 A. Yes. PSE resumed limited disconnections in May 2022.

23



1 **Q. Limited how?**

2 A. Although PSE restarted its dunning processes, it only did so for customers who had  
3 more than \$1,000 in arrearages, excluding known and estimated low-income  
4 customers. Those customers were not placed into dunning, even if they had balances  
5 that otherwise met the \$1,000 threshold.

6

7 **Q. Does PSE now operate under any formal restrictions on its credit and  
8 collections practices?**

9 A. Yes. In the settlement that resolved its 2022 GRC, which the Commission docketed  
10 as UE-220066 and UG-220067 (and then consolidated with UG-210918), PSE  
11 agreed to keep in place its existing collections practices, meaning that customers  
12 would only enter the dunning process if they had an arrearage of more than \$1,000  
13 and were not known or estimated low-income. The Commission approved that  
14 settlement.

15

16 **Q. Is that settlement term time-limited?**

17 A. It does not currently have a specified end date. PSE agreed to restricted collections  
18 practices until the end of the disconnections rulemaking. As I stated above that  
19 docket is ongoing.

20

21 **IV. PSE's PROPOSAL**

22

23 **Q. What issues does PSE claim the settlement's limits on its collections practices  
24 have created for it?**

1 A. PSE claims that limits on the dunning process have created rising arrearage balances.  
2 It states that as of October 31, 2023, it has 262,518 customers who are past due on  
3 their bills, and that those customers collectively owe \$140,410,727.<sup>2</sup>

4  
5 **Q. What action has PSE taken in response to the arrearage issue?**

6 A. It filed the petition at issue here, which asks the Commission to amend its final order  
7 in the 2022 GRC dockets to impose a condition.

8  
9 **Q. What condition does PSE ask the Commission to add to the final order?**

10 A. PSE asks the Commission to impose a condition that would eliminate the term of the  
11 settlement limiting it to the collections practices in effect at the time of the  
12 settlement.

13  
14 **Q. What does PSE propose regarding the resumption of collections?**

15 A. PSE is proposing a phased approach that gradually enters all customers into its  
16 dunning process when they reach certain monetary thresholds, including estimated  
17 and known low-income.

18  
19 **Q. Phased how?**

20 A. As described in Table 2 of Carole Wallace's testimony, there are five phases to  
21 resuming the dunning process. Each phase has an identified dollar threshold and  
22 suggested date range when each phase would be enacted. PSE has identified its

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<sup>2</sup> Wallace, Exh. CLW-13T at 4:16-18.

1 current dunning process as phase 1. The phases are set to be completed in June 2024,  
2 at which time there would not be any dollar threshold and PSE would go back to its  
3 pre-pandemic dunning process for all customers.

4  
5 **V. STAFF'S CRITIQUE OF PSE'S PROPOSAL**

6  
7 **Q. Does Staff agree that some modification to the settlement's terms are necessary?**

8 A. Yes. Staff is concerned about the Company's rising arrearages and the potential  
9 impact to all of its rate payers.

10  
11 **Q. Does Staff recommend that the Commission accept PSE's proposal?**

12 A. No. While Staff agrees that some modification to PSE's collection practices is  
13 necessary, it does not agree with PSE's proposed plan.

14  
15 **Q. What does Staff have concerns with PSE's proposal?**

16 A. PSE's proposal raises a number of equity concerns.

17  
18 **Q. What equitable concerns are within the Commission's regulatory authority?**

19 A. The Commission regulates in the public interest. Washington's Legislature has  
20 recently indicated that equitable concerns should inform any determination of the  
21 public interest when those concerns touch on a utility's rates, services, or practices.<sup>3</sup>

22  

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<sup>3</sup> RCW 80.28.425(1).

1 **Q. Do any of the laws applicable to PSE’s operations identify specific groups that**  
2 **the Commission should keep in mind when it considers the equity implications**  
3 **of PSE’s proposal?**

4 A. Yes. Both the Clean Energy Transformation Act (CETA) and the public service laws  
5 identify specific groups whose interests the Commission should give special  
6 consideration to.

7  
8 **Q. What are those groups?**

9 A. CETA identifies several of them: vulnerable populations, highly impacted  
10 communities, and low-income customers. Staff refers to those first two groups  
11 collectively as Named Communities.

12  
13 **Q. How does CETA define a highly impacted community?**

14 A. Under CETA, a highly impacted community is “a community designated by the  
15 department of health based on cumulative impact analyses in RCW 19.405.140 or a  
16 community located in census tracts that are fully or partially on ‘Indian country’ as  
17 defined in 18 U.S.C. § 1151.”

18  
19 **Q. How does CETA define vulnerable populations?**

20 A. Under CETA, vulnerable populations are “communities that experience a  
21 disproportionate cumulative risk from environmental burdens due to (a) Adverse  
22 socioeconomic factors, including unemployment, high housing and transportation

1 costs relative to income, access to food and health care, and linguistic isolation; and  
2 (b) Sensitivity factors, such as low birth weight and higher rates of hospitalization.”

3

4 **Q. Does any evidence indicate that membership in Named Communities correlates**  
5 **with race?**

6 A. Yes. In the COVID-19 docket, The Energy Project prepared an analysis indicating  
7 that in PSE’s service territory membership in a highly impacted community  
8 correlated strongly with the Black, Indigenous, and People of Color (BIPOC)  
9 heritage.<sup>4</sup>

10

11 **Q. Does CETA define thresholds for considering a customer low-income?**

12 A. Unlike vulnerable populations or highly impacted communities, CETA does not  
13 define what makes a customer low-income.

14

15 **Q. Has the Commission provided a definition of the term “low-income?”**

16 A. Yes. In a rulemaking meant to implement CETA, the Commission defined the term  
17 low-income to mean “household incomes that do not exceed the higher of eighty  
18 percent of area median income or two hundred percent of federal poverty level,  
19 adjusted for household size.”<sup>5</sup>

20

21 **Q. Do CETA and the public service laws speak to the interests of low-income**  
22 **customers?**

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<sup>4</sup> Hawkins-Jones, Exh. JHJ-3.

<sup>5</sup> WAC 480-109-060(22).

1 A. Yes. CETA, specifically RCW 19.405.120, requires utilities to make programs and  
2 funding available for energy assistance to low-income households. RCW 80.28.068  
3 authorizes the Commission to approve rates or grants for low-income customers.

4

5 **Q. Are there other groups whose interests the Commission should consider when**  
6 **thinking about the effects of PSE’s filing?**

7 A. Yes. When the Commission approved PSE’s first Clean Energy Implementation  
8 Plan, it imposed a condition that ultimately led PSE to identify individuals or groups  
9 within vulnerable populations or highly impacted communities that were of the  
10 “deepest need.”<sup>6</sup> PSE worked with its advisory groups to develop a way to determine  
11 which of these customers were of deepest need, and it provided those criteria in its  
12 2023 Biennial Clean Energy Implementation Plan Update.<sup>7</sup>

13

14 **Q. What are the criteria for defining customers of the deepest need?**

15 A. These include customers and communities that live in areas identified as clusters of  
16 severe energy burden and face multiple compounding factors that hinder the ability  
17 to access adequate resources.

18 The methodology for defining deepest need that PSE used included defining  
19 energy burden as 1) having severe energy burden or 10 percent or more income  
20 allocated to household energy expenses in groups or clusters throughout their service  
21 area; and 2) areas with high counts of customers with severe energy burden. PSE

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<sup>6</sup> *In re Puget Sound Energy*, Docket UE-210795, Final Order 08, 75 ¶ 278 (June 6, 2023) (condition 20).

<sup>7</sup> *In re Puget Sound Energy*, Docket UE-210795, 2023 Biennial Clean Energy Implementation Plan Update (Nov. 20, 2023).

1 then looks to a number of non-economic compounding factors; two random  
2 examples include limited English proficiency and high risk of wildfire. Using those  
3 criteria, PSE found that 68,000 or 6 percent of their customers are in deepest need.<sup>8</sup>  
4

5 **Q. Are there clear separations between vulnerable populations, highly impacted  
6 communities, and known low-income customers?**

7 A. No. Those populations overlap to large degrees, as shown in Exhibit JHJ-3.  
8

9 **Q. Has PSE provided estimates as to the number of customers from Named  
10 Communities or of known or estimated low-income who have arrearages?**

11 A. Yes. PSE states that of the 262,599 customers with arrearages, 88,270 are members  
12 of a highly impacted community, 124,272 are members of a vulnerable population,  
13 13,933 are known low-income, and 120,045 are estimated low-income.<sup>9</sup> Again, there  
14 are no clear separations between those groups, so some (perhaps many) customers  
15 likely fall into several of those categories.  
16

17 **Q. With that background, what equity concerns does PSE's proposal raise?**

18 A. The company makes no provision for the protection of customers of deepest need,  
19 known or estimated low-income customers, or members of Named Communities.  
20 This concerns Staff for two interrelated reasons.  
21

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<sup>8</sup> Reported in the Company's latest 2023 biennial CEIP update.

<sup>9</sup> Hawkins-Jones, Exh. JHJ-4.

1 **Q. Before turning to Staff’s specific concerns, if customers of deepest need are**  
2 **necessarily members of a Named Community, why does Staff speak to their**  
3 **interests separately?**

4 A. Staff believes that the Commission should treat the interests of customers of the  
5 deepest need separately because of the significant equity considerations at issue  
6 when the group is considered.

7  
8 **Q. What is Staff’s first concern?**

9 A. Given the strong correlation between membership in a Named Community and  
10 BIPOC heritage, and the number of customers from Named Communities with  
11 arrearages, PSE’s plan to resume dunning and disconnections risks creating racially  
12 disparate outcomes with regard to who has service in PSE’s territory. Evidence  
13 provided by PSE, for example, indicates that significant percentages of the customers  
14 who reach PSE’s disconnection queue are members of Named Communities.<sup>10</sup>

15  
16 **Q. What is Staff’s second concern?**

17 A. PSE has, since the pandemic, excluded known and estimated low-income customers  
18 from its dunning and disconnection processes. It seeks to eliminate that restriction,  
19 which would put those customers into the dunning process and potentially into the  
20 disconnection queue. Again, PSE has provided evidence that a significant percentage  
21 of the customers that proceed through the dunning process and end up in its  
22 disconnection queue are known or estimated low-income. Staff is concerned that

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<sup>10</sup> Hawkins-Jones, Exh. JHJ-5.



1 PSE may be restarting a process that will result in customers who cannot pay losing  
2 access to vital services.

3

4 **Q. Does the existence of the rulemaking in Docket U-210800 impact Staff's**  
5 **thinking?**

6 A. Yes. It seems inequitable to Staff that PSE customers might lose protections now,  
7 when they may need them most as they recover from the lingering effects of the  
8 pandemic, only to potentially watch the Commission restore those protections later  
9 in the rulemaking docket, if it decides to promulgate rules forbidding disconnections.

10

11 **Q. Can you quantify the impacts that PSE's proposal might have?**

12 A. PSE estimates that resumption of the dunning process would result in nearly 50,000  
13 customers receiving a disconnection notice, and that it would ultimately disconnect  
14 some 3,000 customers.<sup>11</sup> From the data PSE provided, more than half of the  
15 customers who hit the disconnection queue are from Named Communities or are  
16 known or estimated low-income. If those percentages hold true through to the end of  
17 the disconnection queue, granting PSE's petition here without modification will  
18 result in some 1,500 customers from those groups losing service.

19

20 **Q. Does Staff have an alternative proposal?**

21 A. Yes. Staff proposes modifications concerning customer notice and restrictions on  
22 PSE's disconnection practices.

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<sup>11</sup> Wallace, Exh. CLW-13T at 19 Table 2.

1 **Q. What does Staff propose with regard to customer notices?**

2 A. Staff recommends that the Commission allow the Company to provide customer  
3 notices to all customers for past-due amounts. This notice should follow all pre-  
4 disconnection moratorium requirements. Staff proposes that the Company continue  
5 to not send disconnection notifications or threaten disconnection to those customers  
6 who are members of Named Communities or who have been identified as deepest  
7 need, estimated low-income or known low-income. These groups should continue to  
8 be protected until the conclusion of Docket U-210800 where the Commission will  
9 provide long-term guidelines on customer notices, credits and collections.  
10

11 **Q. Why should the Commission allow PSE to provide these notices?**

12 A. Staff's proposal also allows the Company to begin its dunning process for customers  
13 who it may have not been able to communicate with previously. By protecting those  
14 identified groups from disconnection or threats of disconnection, it allows the  
15 Company to openly communicate with all of its customers about current arrears and  
16 available assistance without any negative impacts until the completion of the  
17 rulemaking docket. Hopefully, this engagement will result in customers working  
18 with PSE to enroll in assistance programs that will help them manage their  
19 arrearages.  
20

21 **Q. What does Staff propose regarding modifying the restrictions on PSE's**  
22 **disconnection practices?**

1 A. Staff recommends that the Commission allow the Company to engage in targeted  
2 resumption of its dunning and disconnection processes. Specifically, Staff  
3 recommends that PSE receive authorization to begin a phased resumption along the  
4 lines described by PSE, but that the Commission forbid the company from placing  
5 customers who are from Named Communities or who are of deepest need or known  
6 or estimated low-income into its dunning process.

7

8 **Q. Why does Staff offer that recommendation?**

9 A. It strikes an appropriate balance between PSE's interests and the public interest. PSE  
10 will be able to begin dunning processes for customers who appear to have the means  
11 to pay their bills, alleviating some of the financial stress on the Company. At the  
12 same time, customers who likely cannot pay for the vital services that PSE provides  
13 will not be punished for that fact. The outcome is equitable.

14

15 **Q. Why does Staff's proposal better ensure equitable outcomes here?**

16 A. Staff's proposal allows the Company to begin notification to all customers, including  
17 deepest need, estimated low-income or known low-income customers that they  
18 previously weren't able to under its current credit and collection processes.

19

20 **Q. Does this conclude your testimony?**

21 A. Yes.