

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-220066 and UG-220067  
*(Consolidated)*

RESPONSE TESTIMONY OF

SHAYLEE N. STOKES

DIRECTOR OF THE ENERGY PROJECT

EXHIBIT SNS-1T

December 8, 2023

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**EXHIBIT LIST**

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- SNS-5      Gabriela Sandoval & Mark Toney, *Living Without Power: Health Impacts of Utility Shutoffs in California* (TURN 2018)
- SNS-6      Franklin, M. & Kurtz, C., *Lights Out in the Cold: Reforming Utility Shut-off Policies as if Human Rights Matter*, National Association for the Advancement of Colored People (2017)
- SNS-7      D. Hernández & J. Laird, *Surviving a Shut-Off: U.S. Households at Great Risk of Utility Disconnections and How They Cope*, American Behavioral Scientist (May 2021)
- SNS-8      Sanya Carley et al., *Behavioral and financial coping strategies among energy-insecure households*, Proceedings of the National Academy of Sciences, Vol. 119, No. 36 (2022)
- SNS-9      PSE Response to WUTC DR 313
- SNS-10     PSE Response to Public Counsel DR 425

1 **I. Introduction**

2 **Q: Please state your name, pronouns, and business address.**

3 A: My name is Shaylee Nicole Stokes and I use the pronouns she, her, and hers. My  
4 business address is PO Box 7130, Olympia, WA 98507.

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

6 A: I am employed by the Washington State Community Action Partnership as the Director  
7 of The Energy Project (TEP). TEP was previously a program of the Opportunity Council,  
8 and is now housed at Washington State Community Action Partnership.

9 **Q: How long have you been employed by the Washington State Community Action  
10 Partnership?**

11 A: I became The Energy Project's Director in September 2023. Prior to this, I was the Senior  
12 Manager of Energy Programs at Hopelink, a Community Action Agency that serves low-  
13 income families, children, seniors, and people with disabilities in King County.

14 **Q: Would you please summarize your professional background as it relates to low-  
15 income programs?**

16 A: I have been involved in the administration and design of low-income programs for more  
17 than a decade. Hopelink hired me in 2010 to screen customers for energy assistance,  
18 review customers' energy assistance applications, and award energy assistance grants to  
19 low-income customers. Over time I moved into a management role, training front-line  
20 staff in the administration of energy assistance procedures, and approving payments.  
21 Most recently, I was the Senior Manager of Energy Programs leading a staff of more than  
22 30 in the day-to-day administration of energy assistance programs. I hold a Bachelor of  
23 Arts from the University of Washington in Seattle, WA. Exhibit SNS-2, included with

1 this testimony, provides additional information on my qualifications and professional  
2 experience.

3 **Q: On whose behalf are you testifying?**

4 A: I am testifying on behalf of The Energy Project (TEP), an intervenor in this proceeding  
5 that represents the interests of low-income customers and vulnerable populations. TEP  
6 works with Community Action Agencies (CAAs or Agencies) that provide low-income  
7 weatherization and bill payment assistance for customers in Puget Sound Energy's (PSE  
8 or Company) service territory.

9 **Q: Have you previously testified before the Washington Utilities and Transportation  
10 Commission (UTC)?**

11 A: Yes. I provided testimony concerning PacifiCorp's 2023 General Rate Case, Docket UE-  
12 230172, and PacifiCorp's inaugural Clean Energy Implementation Plan, Docket UE-  
13 210829. I also previously provided public comments at UTC workshops and have worked  
14 closely with Commission staff on numerous occasions, including as a member of Puget  
15 Sound Energy's low-income advisory committee (LIAC) since 2018.

16 **Q: Are you sponsoring any exhibits?**

17 A: Yes, as described in the Exhibit List, I am sponsoring exhibits SNS-2 through SNS-10.

1 **II. Summary of Testimony**

2 **Q: What is the purpose of your testimony?**

3 A: I respond to *PSE's Petition to Amend Final Order* and the supporting testimony of  
4 Witness Carol Wallace. PSE seeks to amend the approved settlement agreement by  
5 removing the credit and collection term obligating it to continue protections for  
6 vulnerable customers. My testimony supplements and supports *The Energy Project's*  
7 *Response to Puget Sound Energy's Petition to Amend Final Order* filed on August 30,  
8 2023.

9 **Q: Please introduce the case.**

10 A: This is a case about a regulated utility that fails, both in its petition and subsequent  
11 testimony, to perform even a basic analysis to evaluate whether its proposal has disparate  
12 impacts on vulnerable customers. TEP and other parties have identified clearly  
13 inequitable impacts of PSE's proposal to resume conventional disconnection practices.  
14 The Commission should respond by rejecting PSE's proposal because it failed to  
15 demonstrate a comprehensive understanding of the ways in which conventional  
16 disconnection practices perpetuate systemic racism and other inequities, and propose  
17 corrective interventions which address those inequities. At the same time, the  
18 Commission should authorize PSE to use new and different credit and collection  
19 practices that do not involve threatening disconnection—the most harmful action a utility  
20 can take against a residential customer. Responding otherwise will set a dangerous  
21 precedent that the Commission will not enforce its expectations concerning equity

1 articulated in prior orders,<sup>1</sup> and inappropriately allow PSE to pass the responsibility of  
2 crafting equitable solutions to others.

3 **Q: Please identify the primary deficiencies of PSE’s proposal and summarize TEP’s**  
4 **testimony.**

5 A: PSE neither presents any data showing whether its disconnection proposal will  
6 disproportionately affect certain customer groups, nor analyzes how the impacts of  
7 disconnections may vary for different populations who experience them. I provide  
8 evidence that a significant body of research shows that disconnections disproportionately  
9 harm people of color, families with young children, low-income customers, renters, the  
10 medically fragile, and other named communities. Further, data presented by TEP Witness  
11 Alex Pfeifer-Rosenblum shows that PSE’s proposal will disproportionately impact  
12 customers in named communities. The Commission must consider this evidence—  
13 uncontested by utilities in any proceeding to date—when making its decision.

14 Next, I explain why PSE’s current efforts to address arrearages are not sufficient  
15 and that the enhanced energy assistance programs which launched on October 1, 2023 are  
16 too new to significantly impact arrearage data available today. Notably, a robust  
17 arrearage management plan (AMP) will not be available to PSE’s customers until  
18 October 1, 2024, and after low-income customers find out about and enroll in AMP,  
19 another year will pass before their full arrearage is eligible for forgiveness. Put simply,  
20 our good efforts have just started and need more time to work as intended.

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<sup>1</sup> Dkt. UG-210755, *Washington Utilities & Transportation Commission v. Cascade Natural Gas Corporation*, Order 09 (Aug. 23, 2022) (Cascade GRC Order 09); Final Order 24 Rejecting Tariff Sheets; Approving Settlements, with Conditions; Authorizing and Requiring Compliance Filing, ¶ 228 (Dec. 22, 2022).

1           Turning to the dollars and cents, TEP Witness Alex Pfeifer-Rosenblum explains  
2           that PSE’s testimony significantly overstates rate impacts. Arrearages for which the  
3           company proposes to resume collections represent only \$45M, about a third of the  
4           \$139M claimed by PSE. Moreover, the bill impact to residential customers of not  
5           recovering this amount is only about half of what PSE alleges. In both the Credit and  
6           Collections Rulemaking and this proceeding, TEP proposes to provide disconnection  
7           protections to only residential customers, not commercial and industrial customers, thus  
8           the only policies in dispute—and the only arrearages the Commission should consider in  
9           its decision making—are those of residential customers.

10           Further, comparable data refutes PSE’s assertion that the Settlement’s credit and  
11           collection term results in significantly more arrearages for PSE than other investor-owned  
12           utilities. In fact, PSE’s per customer residential arrearages are lower than PacifiCorp’s,  
13           and PacifiCorp’s \$50 disconnection threshold is the lowest among Washington investor-  
14           owned utilities.

15   **Q:    What is The Energy Project’s recommendation?**

16   **A:**    I recommends that, unless and until the Commission orders otherwise in a proceeding:

- 17           1. PSE may resume any requested pre-pandemic credit and collections practices  
18           for commercial and industrial customers.
- 19           2. PSE must maintain its current practice for residential customers, however, PSE  
20           may perform targeted outreach to past-due residential customers that does not  
21           threaten disconnection.
- 22           3. Any future proposal to change credit and collections practices must  
23           demonstrate a comprehensive understanding of the ways in which conventional  
24           residential disconnection practices perpetuate systemic racism and other  
25           inequities, as well as include corrective interventions which address those  
26           inequities.



1 **III. PSE’s current efforts to address arrearages are immature and insufficient.**

2 **Q: How do you respond to PSE’s description of its efforts to date to address**  
3 **arrearages?**

4 A: First, PSE claims it performs significant customers outreach,<sup>2</sup> but as I explain in part  
5 III.A below, its outreach does not include targeted communication to past-due customers,  
6 which is known to motivate customers to take action. Second, PSE describes new and  
7 enhanced programs energy assistance programs, but as I explain in part III.B below, the  
8 permanent arrearage management program (AMP) is not scheduled to launch until  
9 October 1, 2024 and the enhanced programs that launched on October 1, 2023 are not yet  
10 mature enough to significantly impact arrearages.

11 Third, PSE describes distributing \$88 million in government and ratepayer funds  
12 for temporary energy assistance.<sup>3</sup> I acknowledge and thank PSE for working diligently to  
13 distribute this funding, but distributing available funds is an obligation of a regulated  
14 utility.

15 **Q: What conclusions does PSE draw about its efforts to address arrearages?**

16 A: PSE concludes that its efforts to address arrearages had a “marginal impact that has not  
17 led to any material improvements” and thus it proposes to restart the dunning process to  
18 “educat[e] customers about their responsibility to pay for balances, mak[e] them aware of  
19 the current and growing past-due balances, and [motivate] customers to take actions.”<sup>4</sup>  
20 However, as I explain below, restarting demonstrably inequitable conventional

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<sup>2</sup> Wallace, Exh. CLW-13T at 4:12-14; *id.* at 13:8-12.

<sup>3</sup> Wallace, Exh. CLW-13T at 12-14.

<sup>4</sup> Wallace, Exh. CLW-13T at 15:1-12.

1 disconnection practices is not the only option available, nor is it appropriate considering  
2 the timing of the new programs.

3 **A. PSE has no systematic approach to sending targeted communication to past-**  
4 **due customers before they enter dunning.**

5 **Q: Please describe PSE's current outreach and collection efforts to customers with**  
6 **past-due balances under \$1,000.**

7 A: Customers receive bills at their regular billing cadence, *e.g.*, one bill a month, until they  
8 reach the \$1,000 threshold when they become eligible to enter dunning.

9 **Q: In your opinion, what is missing from these efforts?**

10 A: Beyond the regular bill, PSE has no systematic approach to encouraging payment without  
11 threatening disconnection, for example by letting the customer know they have past due  
12 balance and telling them about energy assistance options that are available.

13 **Q: Why does PSE limit its outreach to customers outside of the dunning process?**

14 A: PSE interprets paragraph 40 of the Settlement to prohibit it from any targeted  
15 communication or outreach to customers with past due bills, unless the customer is  
16 eligible to enter the dunning process.<sup>5</sup> Only once customer enters the dunning process  
17 does PSE systematically send additional mail and notices to the customers discussing the  
18 past due amount.

19 **Q: Please describe PSE's current dunning process.**

20 A: Customers who are not known low-income or estimated low-income are eligible to enter  
21 dunning once their arrearage exceeds \$1,000. PSE's dunning process includes urgent  
22 notices, phone calls, final notices, and a field visit with instructions to make payment(s)

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<sup>5</sup> Wallace, Exh. CLW-13T at 9:7-11; PSE Response to WUTC DR 311; PSE Response to TEP DR 104.

1 in order to prevent disconnection of service and information about energy assistance  
2 programs and payment options.<sup>6</sup>

3 **Q: What does PSE claim regarding PSE’s outreach efforts?**

4 A: Witness Wallace states that PSE “continues significant customer outreach to increase  
5 customer engagement and awareness of the Company’s current and future financial  
6 assistance programs.”<sup>7</sup>

7 **Q: How do you respond?**

8 A: I do not consider general outreach, *i.e.*, communication not targeted at customers with  
9 past-due amounts or mentioning the past-due amount, significant in the context of efforts  
10 to reduce arrearages.

11 PSE should develop a system to regularly perform targeted outreach designed to  
12 reduce arrearages without threatening disconnection. PSE’s own data shows that such  
13 outreach can be effective way to promote energy assistance programs and prompt action.

14 PSE says:

15 Between April and October 2021, PSE’s Customer Care Center called  
16 10,285 customers during four rounds of outbound call campaigns. These  
17 calls were made to customers who were past due, but not yet in PSE’s  
18 dunning process (customers in the dunning process already receive written  
19 notifications as well as outbound call attempts). These calls targeted  
20 customers who might not be familiar with PSE’s past due process and/or  
21 the program options available to them. As a result, 39% of customers  
22 contacted took some type of action on their account in the days following  
23 PSE's call/voicemail.<sup>8</sup>

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<sup>6</sup> Wallace, Exh. CLW-13T at 16:7-17:8; PSE Response to TEP DR 109.

<sup>7</sup> Wallace, Exh. CLW-13T at 3:12-14.

<sup>8</sup> Exhibit B to Puget Sound Energy’s Petition to Amend Final Order, Puget Sound Energy Comments in Docket U-210800, at 1-2 (June 21, 2023).

1 PSE conducted this outreach in the midst of the pandemic, under unprecedented  
2 operational circumstances, and even then it had a 39% success rate. Such outreach is  
3 likely to result in a higher success rate today since energy assistance programs now allow  
4 self-declaration of income and other streamlined methods of enrollment.

5 I recommend that PSE perform similar outreach to encourage customers to pay  
6 down their arrearages or enroll in the newly enhanced energy assistance programs, which  
7 I discuss next.

8 **Q: What is your opinion of PSE’s interpretation that paragraph 40 of the Settlement**  
9 **prohibits any targeted communication or outreach to customers with past due bills,**  
10 **unless the customer is eligible to enter the dunning process?**

11 A: PSE’s interpretation appears fairly narrow. While I am not an attorney, I understand that  
12 paragraph 40 simply says that PSE must “continue its existing credit and collections  
13 processes.” The outreach I describe above occurred well before PSE started  
14 disconnecting customers and therefore could reasonably be considered an existing  
15 process. Even if not, PSE could have approached the parties to the settlement to discuss a  
16 modification to allow outreach without threatening disconnections; TEP would have  
17 supported such a modification.

18 Further, in an apparent contradiction of its own interpretation, PSE conducted a  
19 one-off communication with past-due customers to advise them of options available for  
20 assistance in March 2023.<sup>9</sup> PSE did not inform parties about this communication until  
21 issuing a supplemental data request response three days before this testimony was due.  
22 Nothing indicates that this one-off communication was part of a carefully thought out,

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<sup>9</sup> First Supplemental Response of PSE to Public Counsel Data Request 431 (Dec. 5, 2023).

1 systematic approach to communicating with customers without threatening  
2 disconnection.

3 **B. The enhanced energy assistance programs are too new to impact any**  
4 **arrears data available today.**

5 **Q: What legacy energy assistance programs could PSE customers access before**  
6 **October 1, 2023?**

7 A: The most widely available program is called the Home Energy Lifeline Program (HELP),  
8 and it is available to customers with household incomes at or below 80% of Area Median  
9 Income. The federally-funded Low-Income Home Energy Assistance Program (LIHEAP)  
10 is also available for customers with incomes below 150% of the Federal Poverty Level  
11 (FPL). PSE runs a robust weatherization program and a small donation-based assistance  
12 program called the Warm Home Fund. These programs provided between \$30M - \$40M  
13 dollars in assistance to PSE customers in each of the last 3 years.<sup>10</sup>

14 PSE also has programs, which I would not describe as energy assistance, that  
15 allow a customer to change the timing of their payments without impacting the overall  
16 amount due; these include budget billing and payment arrangements.

17 **Q: Why have the legacy energy assistance programs not reduced overall customer**  
18 **arrears?**

19 A: HELP and LIHEAP are the only programs consistently available to low income  
20 customers since before the pandemic. These programs were limited in their reach because  
21 they were not adequately funded to meet a significant portion of the community's need  
22 and required customers to produce detailed documentation to get assistance.

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<sup>10</sup> Wallace, Exh. CLW-23. The \$30-40 million excludes temporary pandemic assistance.

1 Further, these programs award grants that vary based on energy usage, but not  
2 income. This means that for many households with the most need, the programs fail to  
3 provide sufficient funds to reduce the customer's energy burden to Washington state's  
4 target of 6 percent of household income.<sup>11</sup>

5 The pandemic exacerbated the challenges mentioned above. Disconnection  
6 moratoriums and arrearage levels dramatically increased the visibility of energy  
7 insecurity that has always existed in our communities. I am not surprised that legacy  
8 programs could not reduce arrearages in the midst of the pandemic, and PSE's current  
9 arrearage levels reflect the impact of the pandemic and economic instability that  
10 followed.

11 **Q: Next, please describe the enhancements to PSE's energy assistance programs that**  
12 **became effective on October 1, 2023.**

13 A: The LIAC used a collaborative process to develop enhancements that include a variety of  
14 best practices for providing energy assistance, including bill discounts (BDR) that vary  
15 based on a customer's income, a streamlined processes for jointly enrolling customers in  
16 BDR and HELP, and an ongoing commitment to program improvements. TEP thanks  
17 PSE for its collaborative efforts, and is optimistic that the programs will reduce energy  
18 burdens for thousands of low-income customers in the years to come. The BDR, in  
19 conjunction with grants available through HELP, is designed to reduce customers' energy  
20 burden to 6% or less of household income. Put simply, the LIAC designed the programs  
21 to stabilize a customer's energy burden so that they can afford their bills in the future and  
22 avoid accumulating additional arrears during the enrollment term.

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<sup>11</sup> WAC 480-100-605.

1 **Q: Are these programs all that is needed to address low-income customer arrearages?**

2 A: No. I view the design of the BDR and legacy HELP grant as focused on reducing the  
3 customer's energy burden for future bills, not to satisfy past-due amounts. To address  
4 past due amounts, the Settlement requires PSE to implement an arrearage management  
5 plan (AMP) on October 1, 2024; the LIAC is currently designing that program.

6 Because the permanent AMP will not be available until the next program year,  
7 TEP advocated in the LIAC for a temporary arrearage benefit beginning October 1, 2023.  
8 PSE agreed to provide a temporary arrearage forgiveness grant (maximum \$500) for  
9 customers who, after enrolling in BDR and HELP, continue to have an arrearage.  
10 Unfortunately, PSE's information technology team was not able to launch its temporary  
11 arrearage forgiveness grant as scheduled on October 1, 2023; however, TEP understands  
12 that it launched in November and is available now.

13 TEP is pleased with the permanent AMP program design discussed in the LIAC  
14 to date. The program will use the same income eligibility guidelines as BDR and HELP  
15 and forgive 1/12 of the arrearage for every month the customer pays their current charges  
16 on time. The permanent program will also alleviate balances larger than the \$500  
17 maximum for the temporary grant. The LIAC designed the combination of BDR, HELP  
18 and AMP to both reduce a low-income customer's going-forward energy burden to a  
19 manageable 6 percent, and eliminate past-due charges over time. The permanent AMP  
20 provides a powerful incentive for customers to keep up with current payments. This is a  
21 significant enhancement compared to existing payment arrangement plans that simply  
22 spread out the full arrearage amount over time without reducing energy burden.

1 **Q: Are the impacts of the enhanced energy assistance programs reflected in the data**  
2 **presented to the Commission?**

3 A: No. While some arrearage data provided by PSE is as recent as October 30, 2023, there  
4 has not been enough time for these enhanced programs to significantly impact that data.  
5 The BDR and enhanced HELP launched on October 1, 2023, but the temporary AMP—  
6 which I expect will have a larger impact on low-income arrearages—did not launch until  
7 November. The permanent AMP—which I expect will have an even more significant  
8 impact on low-income arrearages—will launch on October 1, 2024, and even then will  
9 only address 1/12 of a customer’s arrearages each month. This means that full arrearage  
10 relief for many low-income customers will not be available until the fourth quarter of  
11 2025, 12 months after enrollment in the permanent AMP. Considering these timelines,  
12 the arrearage data presented to date was not significantly impacted by the enhanced  
13 energy assistance programs.

14 PSE argues its efforts have “not led to any material improvements in lowering  
15 arrearage balances.”<sup>12</sup> Yet I do not understand why PSE would expect a material  
16 reduction in arrearages before its arrearage program launched or enhanced energy  
17 assistance programs matured.

18 Although it is too early to see the impact on arrearage balances of the enhanced  
19 energy assistance programs, their streamlined enrollment processes are reaching many  
20 more customers. In the first two months, 11,258 customers were approved HELP,

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<sup>12</sup> Wallace, Exh. CLW-13T at 15:3-4.



1 reflecting a 243% increase in enrollment compared to the same period in 2022 and a  
2 315% increase compared to the same period in 2021.<sup>13</sup>

3 **Q: What conclusions do you draw from the timing of these new and enhanced**  
4 **programs?**

5 A: The programs need more time before they are fully implemented, reach more customers,  
6 and then finally result in reduced arrearages for low-income customers. This leads me to  
7 conclude that the Commission should not allow PSE to disconnect residential customers  
8 while a permanent AMP—which was designed to address low-income customer  
9 arrearages—is unavailable.

10 **C. PSE developed its phased approach to resuming disconnections unilaterally.**

11 **Q: Witness Wallace states that PSE’s “phased approach was developed in collaboration**  
12 **with the LIAC.”<sup>14</sup> How do you respond?**

13 A: Witness Wallace implies that the LIAC developed and supported PSE’s phased  
14 disconnection proposal. From my perspective, this isn’t the case. PSE simply informed  
15 the LIAC that it would implement the phased approach. PSE neither used a collaborative  
16 process, solicited proposals from, nor modified its approach as result of input from the  
17 LIAC.

18 In contrast, the BDR was designed in collaboration with LIAC in an iterative  
19 approach. The LIAC meetings included significant input from most of the members. As a  
20 result, the final design significantly differed from what PSE initially proposed. For  
21 example, PSE initially proposed a two-tier BDR that was only available to customers

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<sup>13</sup> PSE Response to TEP DR 134

<sup>14</sup> Wallace, Exh. CLW-13T at 17:22-18:1.

1 with incomes up to 50% of area median income (AMI),<sup>15</sup> while the final design includes  
2 six tiers and is available to customers with incomes up to 80% AMI.<sup>16</sup> The AMP is  
3 currently being designed in collaboration with LIAC and differs from PSE's initial  
4 proposal. For example, PSE initially proposed an AMP for customers with incomes up to  
5 200% of the federal poverty level,<sup>17</sup> but the temporary arrearage forgiveness grant is  
6 available now for customers with incomes up to 80% AMI.

7 **IV. PSE's proposal is not in the public interest because it fails to analyze equity or**  
8 **propose concrete actions to address the known disparate impacts of disconnecting**  
9 **customers for nonpayment.**

10 **A. PSE's proposal must incorporate principles of equity and energy justice.**

11 **Q: What standards should the Commission use to evaluate PSE's proposal?**

12 A: Equity is an essential component of the public interest standard that governs this  
13 proceeding. The Commission approved PSE's multiyear rate plan under the expanded  
14 definition of the public interest set forth in RCW 80.28.425(1), which includes  
15 consideration of equity. Several other statutes reinforce the importance of equity to the  
16 public interest, including the Clean Energy Transformation Act (CETA), which defines  
17 the public interest to include the "equitable distribution of energy benefits and reduction  
18 of burdens to vulnerable populations and highly impacted communities."<sup>18</sup>

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<sup>15</sup> Wallace, Exh. CLW-1T at 24 (Table 2).

<sup>16</sup> Puget Sound Energy, Schedule 7BDR, Schedule 123BDR; see also dockets 230560-61.

<sup>17</sup> Wallace, Exh. CLW-1T at 25:22-26:3.

<sup>18</sup> RCW 19.405.010(6); *see also* Cascade GRC Order 09, ¶¶ 52-58 (reviewing relevant state laws).

1 TEP's August 30, 2023 Response to PSE's Petition described in detail the  
2 Commission's standards for considering equity.<sup>19</sup> To ensure the Commission's decisions  
3 "do not continue to contribute to ongoing systemic harms," the Commission applies an  
4 "equity lens in all public interest considerations."<sup>20</sup> That inquiry requires regulated  
5 companies and the Commission to engage in "active and intentional efforts" to ensure  
6 "systemic harm is reduced rather than perpetuated by [the Commission's] processes,  
7 practices, and procedures."<sup>21</sup> The concept of energy justice informs the Commission's  
8 consideration of equity, including its core tenets of distributional, procedural, recognition,  
9 and restorative justice.<sup>22</sup>

10 **Q: What actions must PSE take to comply with the Commission's standards for**  
11 **equity?**

12 A: The Commission's standards for equity impose both substantive and procedural  
13 obligations on PSE. In its order approving PSE's multiyear rate plan, the Commission  
14 made clear that "PSE must integrate considerations of equity into every proposal though  
15 an energy justice lens."<sup>23</sup> The Company must "inquire whether each proposed  
16 modification to [its] rates, practices, or operations corrects or perpetuates inequities."<sup>24</sup>  
17 Under the principles of procedural and recognition justice, PSE must take steps to ensure

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<sup>19</sup> TEP Response to PSE's Petition to Amend Final Order, ¶¶ 28-31 (Aug. 30, 2023).

<sup>20</sup> Cascade GRC Order 09 at ¶ 58.

<sup>21</sup> Cascade GRC Order 09 at ¶¶ 55-57.

<sup>22</sup> Cascade GRC Order 09 at ¶ 56.

<sup>23</sup> Final Order 24 Rejecting Tariff Sheets; Approving Settlements, with Conditions; Authorizing and Requiring Compliance Filing, ¶ 228 (Dec. 22, 2022).

<sup>24</sup> Cascade GRC Order 09 at ¶ 58.

1 that “all individuals and communities can participate in policy development activities.”<sup>25</sup>  
2 PSE must develop a “comprehensive understanding” of the ways in which its programs  
3 perpetuate systemic racism and propose “corrective intervention[s].”<sup>26</sup> Finally, when  
4 appearing before the Commission, PSE must be “prepared to provide testimony and  
5 evidence to support [its] position” on equity.<sup>27</sup>

6 **B. Disconnections for nonpayment raise significant equity concerns.**

7 **Q: From an equity perspective, what concerns do disconnections for nonpayment**  
8 **present?**

9 A: A significant body of research shows that disconnections for nonpayment  
10 disproportionately harm people of color, families with young children, low-income  
11 customers, and other highly impacted communities. The Energy Project, the Joint  
12 Advocates, and outside experts provided evidence of these inequitable impacts on  
13 multiple occasions, including in the COVID-19 docket<sup>28</sup> and the Credit and Collections  
14 Rulemaking.<sup>29</sup>

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<sup>25</sup> Cascade GRC Order 09 at ¶ 57.

<sup>26</sup> Cascade GRC Order 09 at ¶ 58.

<sup>27</sup> Cascade GRC Order 09 at ¶ 58.

<sup>28</sup> *See, e.g.*, Dkt. U-200281, In the Matter of Response to the COVID-19 Pandemic, Joint Comments on Behalf of the Office of the Attorney General Public Counsel Unit, The Energy Project, NW Energy Coalition, Puget Sound Sage, Front & Centered, and Sierra Club, at 15 (Sept. 30, 2020) (presenting evidence showing that “[c]ommunities of color are disproportionately impacted by utility disconnections”).

<sup>29</sup> *See, e.g.*, Dkt. U-210800, Second Comments of the Energy Project, at 2 (Aug. 19, 2022) (summarizing research showing that “even at comparable levels of income, Black households face disconnections at disproportionately high rates, relative to white households”); Dkt. U-210800, Comments of Joint Advocates, at 1-5 (Oct. 17, 2022) (reviewing research on inequitable impacts of disconnections on communities of color); *id.* at 4 (citing an analysis of zip code level utility disconnection data in California finding that Black and Latinx households (footnote continued on next page)

1           Among other inequitable impacts, research shows that utility disconnections  
2           disproportionately affect communities of color.<sup>30</sup> These disparate impacts stem in part  
3           from systemic inequities in economic security and access to wealth.<sup>31</sup> But even more  
4           starkly, the documented racial disparities in disconnections persist across comparable  
5           levels of income. For example, in a study of data from the United States Energy  
6           Information Administration’s Residential Energy Consumption Survey, Hernández and  
7           Laird (2021) found that even after controlling for “the effects of income, having a head of  
8           household who is Black or a household head who does not have a college degree are both  
9           associated with higher odds of receiving a disconnection notice.”<sup>32</sup> Those results are  
10          supported by other studies from across the country.<sup>33</sup>

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disproportionately experience utility shutoffs); Dkt. U-210800, Presentation Materials of David Konisky, at 11 (June 22, 2023) (presenting research showing that Black and Hispanic households experience disconnections at disproportionately high rates); Stokes, Exh. SNS-3 (Presentation Materials of John Howat) at 6-7 (reviewing evidence of racial disparities in disconnections).

<sup>30</sup> See, e.g., Stokes, Exh. SNS-4 at 2 (Kowalski, K., *Racial disparities persist in electric service. Is ‘willful blindness’ to blame?*, Energy News Network (July 1, 2020), <https://energynews.us/2020/07/01/racial-disparities-persist-in-electric-service-is-willful-blindness-to-blame/> (accessed Dec. 3, 2023)) (summarizing researching showing that “on a nationwide basis, African Americans earning less than 150% of the poverty level were about twice as likely to have their electricity shut off as white households with comparable incomes”); Stokes, Exh. SNS-5 at 11, 13, 17 (Gabriela Sandoval & Mark Toney, *Living Without Power: Health Impacts of Utility Shutoffs in California* (TURN 2018)) (presenting zip-code level analysis of utility shutoffs in California showing that disconnections disproportionately impact Black and Latinx communities).

<sup>31</sup> Stokes, Exh. SNS-6 at 9-11 (Franklin, M. & Kurtz, C., *Lights Out in the Cold: Reforming Utility Shut-off Policies as if Human Rights Matter*, National Association for the Advancement of Colored People (2017), <https://naacp.org/resources/lights-out-cold>).

<sup>32</sup> Stokes, Exh. SNS-7 at 15 (D. Hernández & J. Laird, *Surviving a Shut-Off: U.S. Households at Great Risk of Utility Disconnections and How They Cope*, American Behavioral Scientist 00(0) (May 2021)).

<sup>33</sup> See, e.g., Stokes, Exh. SNS-6 (*Lights Out in the Cold*) at 14 (summarizing researching showing that “among financially similar customers, African Americans experienced (footnote continued on next page)

1           Disconnections have other concerning equity implications for vulnerable  
2           populations and highly impacted communities. Research indicates that low-income  
3           customers, customers without college degrees, residents of mobile homes, and families  
4           with children are more likely to experience disconnections than other customers.<sup>34</sup>

5   **Q:   In what ways can the harms of utility shutoffs be particularly severe for specific**  
6   **groups of customers?**

7   A:   Research shows that disconnections not only occur at disproportionately high rates for  
8       particular groups, their impacts can also be particularly severe or long-lasting for certain  
9       customers. Cutting off service can pose acute dangers in particular to low-income  
10      customers and their neighbors when individuals resort to grills, candles, kerosene lamps,  
11      and other makeshift means of indoor cooking and providing light and heat.<sup>35</sup>  
12      Furthermore, to avoid disconnections, many low-income customers forego basic  
13      necessities, such as food and clothing, in order to stay current on utility bills.<sup>36</sup>

14           Health and safety risks can be especially severe for customers who depend upon  
15       electricity to operate medical equipment or keep medicine refrigerated. Disconnections  
16       can cause medicine that require refrigeration to spoil, putting customers with health  
17       issues at further risk of hospitalization.

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disconnections more frequently” than other households); Stokes, Exh. SNS-3 (Presentation Materials of John Howat) at 6-7 (demonstrating the same finding).

<sup>34</sup> Stokes, Exh. SNS-7 (*Surviving a Shut-Off*) at 15.

<sup>35</sup> Stokes, Exh. SNS-6 (*Lights Out in the Cold*) at 67, fn. 57 (describing these risks).

<sup>36</sup> See generally Stokes, Exh. SNS-8 (Sanya Carley et al., *Behavioral and financial coping strategies among energy-insecure households*, Proceedings of the National Academy of Sciences, Vol. 119, No. 36 (2022)) (describing harmful impacts and coping strategies for dealing with chronic energy burdens).

1 Utility disconnections can also compromise children’s healthy living  
2 environments, affecting learning, development, and emotional well-being.<sup>37</sup>  
3 Disconnections can further compound those dangers to children and their families by  
4 increasing the risk of interventions by child protective services (CPS), including  
5 separation of children from parents, if CPS determines that the loss of utility services  
6 contributes to an unsafe home.<sup>38</sup>

7 Renters likewise face unique risks. Many leases include a provision requiring  
8 tenants to maintain utility services, and utility shutoffs that constitute a default on a lease  
9 obligation can result in landlords evicting tenants, increasing the risks of homelessness.<sup>39</sup>

10 At the June 22, 2023 workshop for the Credit and Collections Rulemaking, comments  
11 from Stefanie Demmitt of Rural Resources highlighted those risks. Demmitt relayed the  
12 story of a single mother who could not afford to pay her utility deposit. After losing

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<sup>37</sup> Stokes, Exh. SNS-6 (*Lights Out in the Cold*) at 67, fn. 57; *see also* Dkt. U-210800, Customer Notice and Fees Rulemaking Workshop (June 22, 2023), Comments of Talesha Roberson on behalf of Spokane Neighborhood Action Partners (describing work with a customer whose children experienced trauma from losing utility services); Stokes, Exh. SNS-7 (*Surviving a Shut-Off*) at 15, 18 (“Exposing children to trade-offs between food or medicine and energy, to unhealthy home temperatures, or to disconnections is detrimental to their health and development.”).

<sup>38</sup> Stokes, Exh. SNS-7 (*Surviving a Shut-Off*) at 18.

<sup>39</sup> *See, e.g.*, Tenants Union of Washington State, *Utilities FAQ*, <https://tenantsunion.org/rights/utilities-faq> (“Keeping current on utility bills is a condition of your tenancy. If you do not pay utility bills, the landlord may charge late fees or serve you with a 10-day notice to comply or vacate, even if the utility bill is in your name.”); Sample Washington State Residential Lease Agreement, § 11, <https://rentalleaseagreements.com/wp-content/uploads/2013/12/Washington-State-Residential-Lease-Agreement.pdf>, (“Resident agrees to establish use, maintain and pay without delinquency the following utilities used in or charged to the Premises during this tenancy without delinquency: electricity garbage sewer water natural gas . . .”).

1 electricity service, her landlord evicted her family from their unit, causing the mother and  
2 child to become homeless.<sup>40</sup>

3 **Q: How should the research summarized above inform the Commission’s review of**  
4 **PSE’s proposal?**

5 A: The Commission’s policies on equity require regulated companies to develop a  
6 “comprehensive understanding of the ways in which systemic racism and other inequities  
7 are self-perpetuating” and develop “corrective intervention[s]” for those inequities.<sup>41</sup>  
8 Research shows that utility disconnections present significant risks of inequitable impacts  
9 to particular customer groups. The Commission should not approve PSE’s proposal  
10 because PSE has neither developed a comprehensive understanding of the potential  
11 inequitable impacts of its proposal, nor developed corrective interventions for those  
12 inequities.

13 **C. PSE fails to sufficiently analyze the equitable implications of its proposal and**  
14 **fails to include actions to address the known inequitable harms of**  
15 **disconnecting customers for nonpayment.**

16 **1. Summary of PSE’s equity analysis and proposed actions.**

17 **Q: Please summarize the information PSE provides to understand the potential**  
18 **inequitable impacts of its proposal.**

19 A: PSE estimates the total number of customers likely to be disconnected at each phase of its  
20 proposal, but has not analyzed the composition of those customers to understand whether  
21 certain groups of customers within its service territory will experience disconnections at

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<sup>40</sup> U-210800, Customer Notice and Fees Rulemaking Workshop (June 22, 2023), Comments of Stefanie Demmitt on behalf of Rural Resources.

<sup>41</sup> Cascade GRC Order 09 at ¶ 58.



1 disproportionate rates.<sup>42</sup> PSE does provide limited demographic information on  
2 customers with arrears, but does not present any comparable demographic information  
3 for the customers it estimates will actually be disconnected if the Commission approves  
4 PSE's proposal.<sup>43</sup> PSE also has not analyzed whether specific populations will likely  
5 experience harms that are more severe or longer lasting as a result of being disconnected.  
6 The data submitted by the Company, while limited, appear to indicate only that  
7 vulnerable populations would be disproportionately harmed by the Company's proposal,  
8 at times running counter to the Company's claims to the contrary.

9 **Q: Did PSE conduct an equity analysis to understand the impacts of its proposal on**  
10 **particular groups of customers?**

11 A: No. PSE did not perform an equity analysis because, in its words, the "requested  
12 amendment to Order 24 does not have any immediate equity impacts."<sup>44</sup> Instead, PSE  
13 asserts that such impacts will be determined in the future "by the actions PSE takes  
14 following a final order by the Commission, which in turn rely on a settlement agreement,  
15 if any, the parties may propose to the Commission."<sup>45</sup>

16 **Q: Is PSE proposing any new actions to address the inequitable harms of disconnecting**  
17 **customers for nonpayment?**

18 A: No. PSE has not proposed any new actions to address the known inequities of  
19 disconnecting customers for nonpayment, stating that such actions could require

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<sup>42</sup> Wallace, Exh. CLW-13T at 19-20.

<sup>43</sup> Wallace, Exh. CLW-13T at 27:10-13.

<sup>44</sup> Stokes, Exh. SNS-9 (PSE Response to WUTC DR 313) at 1.

<sup>45</sup> Stokes, Exh. SNS-9 (PSE Response to WUTC DR 313) at 1.

1 technological development and may be affected by the Commission's eventual decision  
2 in Docket U-210800.<sup>46</sup>

3 **Q: Please summarize PSE's explanation of how its proposal addresses energy justice**  
4 **and energy equity.**

5 A: PSE asserts that its proposal addresses the tenets of energy justice, including the elements  
6 of procedural, restorative, recognition, and distributional justice.<sup>47</sup> PSE's discussion of  
7 energy justice focuses on PSE's design and outreach for energy assistance programs, its  
8 development of definitions for Vulnerable Populations as part of its Clean Energy  
9 Implementation Plan, and its assertion that the LIAC participated in the development of  
10 PSE's phased approach to dunning.<sup>48</sup>

11 **2. TEP's response to PSE's equity analysis and proposed actions.**

12 **Q: Has PSE met the Commission's requirements for considering and integrating equity**  
13 **into its proposal?**

14 A: In every respect, PSE fails to meet the Commission's requirements for incorporating  
15 equity into its proposal. PSE did not carry out its obligation to analyze and understand the  
16 equity implications of its proposal. PSE did not involve customers from historically  
17 marginalized groups in the development of its proposal. And PSE has not proposed any  
18 new actions to address the known inequities of the collections practices it seeks to  
19 implement.

20 **Q: How is PSE's analysis of its proposal deficient from an equity perspective?**

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<sup>46</sup> Wallace, Exh. CLW-13T at 24-25.

<sup>47</sup> Wallace, Exh. CLW-13T at 25-27.

<sup>48</sup> Wallace, Exh. CLW-13T at 25-27.

1 A: PSE did not undertake even a basic analysis to identify potentially inequitable impacts of  
2 its proposal. Under the Commission’s standards for considering equity, regulated  
3 companies must “inquire whether each proposed modification to their rates, practices, or  
4 operations corrects or perpetuates inequities” and must be “prepared to provide testimony  
5 and evidence to support their position.”<sup>49</sup> PSE provides no such evidence or testimony.  
6 PSE does not present any data showing whether its proposal to expand disconnections  
7 will disproportionately affect certain customer groups, nor has it analyzed how the  
8 impacts of disconnections may vary for different populations who experience them.  
9 Those analyses are essential for understanding the impacts of PSE’s proposed collections  
10 practices and for developing interventions to address potential inequities.

11 **Q: Does the Company provide any analysis of the equity features of customers with**  
12 **arrearages?**

13 A: The Company provides a limited analysis in the form of a table listing the equity features  
14 of all customers with arrearages.<sup>50</sup> Witness Pfeifer-Rosenblum explains why TEP finds  
15 this limited analysis insufficient and flawed.

16 **Q: What reasons does PSE give for failing to sufficiently analyze the equity**  
17 **implications of its proposal?**

18 A: PSE offers several reasons for why it has not analyzed the equity implications of its  
19 proposal, none of which are compelling. First, PSE claims that its proposal “does not  
20 have any immediate equity impacts” because the impacts “will be determined by the

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<sup>49</sup> Cascade GRC Order 09 at ¶ 58.

<sup>50</sup> Wallace, Exh. CLW-29.

1 actions PSE takes following a final order by the Commission.”<sup>51</sup> However, PSE has put  
2 forward a specific proposal (expanding its dunning process), and that proposal will have  
3 both immediate and continuing impacts if approved by the Commission. The fact that  
4 PSE’s proposal may evolve in response to party comments, settlement discussions, or the  
5 Commission’s order does not excuse PSE from undertaking the basic analyses the  
6 Commission requires. Indeed, PSE’s failure to acknowledge equity concerns and  
7 undertake an equity analysis impedes settlement efforts by depriving the parties and the  
8 Commission from an up-front understanding of the impacts of PSE’s proposal on  
9 different customer groups and shifting the burden of equity consideration away from the  
10 company onto the other parties.

11 Second, PSE asserts that it has “systems in place . . . to monitor results and  
12 equity-related impacts,” explaining that it “intends to use these tools to consider or  
13 propose any future additional changes.”<sup>52</sup> But PSE does not explain what tools it will  
14 actually use to monitor the impacts of disconnecting customers for nonpayment.<sup>53</sup>  
15 Moreover, the fact that PSE has not presented any equity-related information on  
16 customers experiencing disconnection in this proceeding casts serious doubt upon its  
17 ability to monitor and correct for potential inequities in the future. In any event, the  
18 Commission’s standards require PSE to “inquire whether each *proposed* modification”

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<sup>51</sup> Stokes, Exh. SNS-9 (PSE Response to WUTC DR 313) at 1.

<sup>52</sup> Wallace, Exh. CLW-13T at 24-25.

<sup>53</sup> PSE refers generally to its efforts to “track[] the success of outreach efforts and uptake [of energy assistance programs] in Highly Impacted Communities and Vulnerable Populations, troubleshooting if inequities are discovered in the distribution of programs.” *Id.* at 26:24-26. But tools for tracking enrollments in energy assistance programs are not equivalent to understanding which customers undergo disconnections and how severe those impacts are among different groups of customers.

1 will correct or perpetuate inequities.<sup>54</sup> PSE did not undertake that mandatory inquiry, and  
2 therefore is unable to show whether its proposal will perpetuate or correct historic  
3 inequities in energy access.

4 **Q: Do you have concerns with PSE’s decision to expand disconnections for nonpayment**  
5 **without developing any new measures to address their inequitable impacts?**

6 A: Yes. As explained above, a substantial body of evidence shows that disconnections for  
7 nonpayment disproportionately harm particular groups of customers, including people of  
8 color, families with children, renters, and people with a medical need for utility service.  
9 PSE’s claim that it will attempt to monitor and address inequities in the future—without  
10 any concrete plan for doing so now—is simply inadequate.

11 PSE’s proposal to resume disconnections and then wait to observe the disparate  
12 impacts on its customers must fail under the public interest standard’s equity component,  
13 particularly in light of the evidence presented above. Under the Commission’s principles  
14 for integrating equity, PSE should have presented a plan to address known inequities  
15 from its proposed collections practices in its initial petition.

16 **Q: Does PSE present adequate reasons for declining to develop new measures to**  
17 **address the inequitable impacts of disconnecting customers for nonpayment?**

18 A: No. PSE states that it “considered other protections” but is “not able to propose or  
19 implement them now.”<sup>55</sup> PSE does not explain what protections it considered, making it  
20 impossible to evaluate its claim that any new protections would take time or  
21 technological changes to implement. Regardless, those are not valid reasons for declining

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<sup>54</sup> Cascade GRC Order 09 at ¶ 58 (emphasis added).

<sup>55</sup> Wallace, Exh. CLW-13T at 24.

1 to develop any new initiatives to address the known inequitable impacts of its proposal.  
2 Equity cannot be an objective that PSE pursues only when technology changes are not  
3 needed.

4 PSE also states that the Commission's decisions in Docket U-210800 could  
5 potentially affect any new protection PSE implements now, which it claims justifies  
6 PSE's decision to "wait before exploring other new options."<sup>56</sup> PSE does not explain  
7 what specific protections would likely be undone by the Commission's decision in  
8 Docket U-210800. In any event, the Commission's inquiry in Docket U-210800 is not an  
9 invitation for utilities to avoid addressing known inequities.

10 **Q: Are the preexisting protections that PSE identifies sufficient to address the**  
11 **inequitable impacts of utility disconnections?**

12 A: No, they are not. Instead of proposing any changes to its credit and collections practices,  
13 PSE focuses on limited preexisting protections against disconnections in the Washington  
14 Administrative Code (WAC), along with PSE's enhanced energy assistance offerings.  
15 Although beneficial for customers, the existing WAC protections do not address the full  
16 range of inequitable impacts identified by the parties in this proceeding, including the  
17 racially disparate impacts of utility shutoffs and the disproportionate harms for  
18 households that include renters, people with a medical need for utility service, and young  
19 children. Likewise, expanding energy assistance does not relieve PSE of its obligation to  
20 analyze and improve its collections practices. The enhanced energy assistance programs  
21 are vital for addressing energy affordability, but were not designed to remedy racial  
22 disparities and other inequities that disconnections create.

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<sup>56</sup> Wallace, Exh. CLW-13T at 24-25.

1 **Q: Does PSE’s proposal incorporate the principles of procedural justice?**

2 A: No, it does not. As explained above, the LIAC did not provide meaningful input into the  
3 design of PSE’s phased approach to its dunning process. Nor does PSE identify ways in  
4 which customers from historically marginalized groups shaped the development of its  
5 dunning process. PSE claims it incorporated the principle of procedural justice into its  
6 proposal by engaging customers in outreach and marketing regarding its energy  
7 assistance programs.<sup>57</sup> But procedural justice requires ensuring that “individuals and  
8 communities can participate in policy development activities that impact their daily  
9 lives.”<sup>58</sup> Marketing energy assistance programs to customers does not equate to involving  
10 affected customers in the decision-making process regarding PSE’s disconnection  
11 practices.

12 **Q: Does PSE’s proposal adequately reflect the principle of recognition justice?**

13 A: No, it does not. PSE has been aware for years that disconnections for nonpayment can  
14 disproportionately harm people of color and other frontline communities. Members of  
15 those communities and other public interest organizations, including the Joint Advocates,  
16 have repeatedly presented PSE with serious concerns and substantial evidence regarding  
17 the disparate impacts of utility shutoffs.<sup>59</sup>

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<sup>57</sup> Wallace, Exh. CLW-13T at 25.

<sup>58</sup> Cascade GRC Order 09 at ¶ 57.

<sup>59</sup> See, e.g., Dkt. U-200281, In the Matter of Response to the COVID-19 Pandemic, Joint Comments on Behalf of the Office of the Attorney General Public Counsel Unit, The Energy Project, NW Energy Coalition, Puget Sound Sage, Front & Centered, and Sierra Club, at 15 (Sept. 30, 2020) (presenting evidence showing that “[c]ommunities of color are disproportionately impacted by utility disconnections”); Dkt. U-200281, Comments of Climate Solutions, at 1 (June 19, 2020) (explaining that utility shutoffs “exacerbate the disproportionate impacts of the public health and economic crisis on low-income and vulnerable communities”); Dkt. U-210800, Comments of Joint Advocates, at 1-5 (Oct. 17, 2022).

1           Despite those concerns and evidence, PSE steadfastly refuses to recognize—much  
2           less address—the inequitable impacts of its collections practices. When presented with  
3           evidence of inequities from a range of studies and reports, PSE states only that it “neither  
4           contests nor concurs with the referenced studies,” adding that “some of the referenced  
5           studies took place in different geographic regions with different customer demographics  
6           and dunning processes.”<sup>60</sup> But PSE has not analyzed its own practices to understand  
7           whether its dunning process creates similar or potentially worse inequities than those  
8           identified by other researchers, even though the Commission’s standards for equity  
9           clearly require PSE to undertake such an analysis. It is difficult to reconcile PSE’s  
10          omission of an equity analysis with the principle of recognition justice.

11   **Q:    Does PSE’s proposal reflect the principle of distributional justice?**

12   A:    No, it does not. PSE neither analyzed the distributional consequences of expanding  
13          disconnections for nonpayment nor developed specific actions to address the disparate  
14          impacts to frontline communities and vulnerable populations from that proposal.

15   **Q:    Does PSE’s proposal reflect the principle of restorative justice?**

16   A:    No. Restorative justice requires developing “interventions to disrupt and address  
17          distributional, recognitional, or procedural injustices.”<sup>61</sup> PSE did not involve  
18          marginalized communities in the development of its proposal, analyze the distributional  
19          consequences of its proposal, or develop specific actions to address those consequences.

20   **Q:    Should the Commission accept PSE’s proposal in light of PSE’s approach to equity?**

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<sup>60</sup> *E.g.*, Stokes, Exh. SNS-10 (PSE Response to Public Counsel DR 425) at 1.

<sup>61</sup> Cascade GRC Order 09 at ¶ 56.



1 A: The Commission should not accept PSE’s proposal, which comes nowhere close to  
2 satisfying the Commission’s vital standards for equity. PSE’s proposal does not include a  
3 substantive analysis of the equitable impacts of disconnecting customers. PSE did not  
4 meaningfully engage affected customers or consumer advocates in the development of  
5 this proposal. And PSE has not proposed any actions to address known disparities in  
6 disconnecting customers for nonpayment. Accepting PSE’s proposal risks causing severe  
7 and inequitable harms to PSE’s customers and would undermine the Commission’s  
8 framework for equity and energy justice.

9 **V. TEP’s recommendation for PSE’s credit and collections practices.**

10 **A. TEP recommends maintaining current residential disconnection practices,**  
11 **but allowing PSE to perform outreach that does not threaten disconnection.**

12 **Q: Based on the analysis above, what do you recommend for Puget Sound Energy’s**  
13 **Credit and Collections Practices?**

14 A: TEP recommends that, unless and until the Commission orders otherwise in a  
15 proceeding:

16 1. PSE may resume any requested pre-pandemic credit and collections practices  
17 for commercial and industrial customers.

18 2. PSE must maintain its current practice for residential customers, however, PSE  
19 may perform targeted outreach to past-due residential customers that does not  
20 threaten disconnection.

21 3. Any future proposal to change credit and collections practices must  
22 demonstrate a comprehensive understanding of the ways in which conventional  
23 residential disconnection practices perpetuate systemic racism and other  
24 inequities, as well as include corrective interventions which address those  
25 inequities.

26 **Q: Why does TEP recommend allowing PSE to resume any requested pre-pandemic**  
27 **credit and collection practices for commercial and industrial customers?**

1 A: TEP does not represent C&I customers, and no party has presented a proposal to provide  
2 ongoing protections to those classes of customers. Therefore, TEP does not object to  
3 allowing PSE to resume any requested pre-pandemic credit and collection practices for  
4 those customers.

5 **Q: Why does TEP recommend allowing PSE to perform outreach to residential**  
6 **customers that does not threaten disconnection?**

7 A: Utilities should work to build trust among the named communities that they serve.  
8 Threatening disconnection erodes trust, or where it already does not exist, makes such  
9 trust harder to build. As I describe in part III.A above, there are forms of outreach that do  
10 not involve threats of disconnection, some of which build trust among the communities  
11 PSE serves. For example, PSE should send letters and make phone calls to its customers  
12 who are past due with a reminder of the outstanding bill amount, and provide information  
13 about enrolling in the enhanced energy assistance programs with their low barrier to  
14 access. As I explain in part III.A, PSE has done this type of outreach before and it works.

15 While PSE repeatedly states that disconnections are a last resort, its actions do not  
16 match its words because PSE has not proposed to target outreach at past-due customers  
17 without a threat of disconnections and instead seeks to return to the pre-pandemic status  
18 quo. Before considering any proposal that allows PSE to resume widespread residential  
19 disconnections, the Commission should require PSE to perform outreach that does not  
20 threaten disconnection and has been shown to be effective.

21 **Q: Why does TEP recommend maintaining PSE's current practice of using a \$1,000**  
22 **disconnection threshold and excluding all known and estimated low-income**  
23 **customers?**

1 A: PSE has yet to develop credit and collection practices that sufficiently address the  
2 uncontested and known inequities identified by TEP and the Joint Advocates. The  
3 Commission should not allow PSE to present further proposals to change its residential  
4 credit and collections practices until PSE: (1) acknowledges the inequities produced by  
5 the utility industry’s disconnection practices, (2) develops a “comprehensive  
6 understanding”<sup>62</sup> of the ways in which disconnection policies perpetuate systemic racism  
7 and other inequities, and (3) proposes “corrective intervention[s]”<sup>63</sup> which address the  
8 inequities identified by TEP and the Joint Advocates.

9 The burden of proof, as well as the responsibility to develop solutions, lies with  
10 the regulated utility. It is not the responsibility of other parties like TEP, nor is it the  
11 responsibility of the Commission itself. The Commission should not allow PSE to pass  
12 this responsibility to others, and the Commission is not obligated to develop a solution in  
13 the isolation of its chambers during an adjudication.

14 TEP reiterates its commitment to working with PSE and other utilities that are  
15 ready to collaboratively develop solutions that involve corrective interventions to address  
16 the identified inequities.

17 **B. If the Commission does not accept TEP’s recommendation, it should**  
18 **implement a policy with corrective interventions that protect customers in**  
19 **groups the evidence shows are disproportionately impacted by**  
20 **disconnections.**

21 **Q: What should the Commission do if it does not accept your recommendation**  
22 **described above?**

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<sup>62</sup> Cascade GRC Order 09 at ¶ 58.

<sup>63</sup> Cascade GRC Order 09 at ¶ 58.

1 A: If the Commission does not accept TEP's recommendation, it should implement a policy  
2 with corrective interventions that protect customers in groups the evidence shows are  
3 disproportionately impacted by disconnections. As I noted above, taking this step accepts  
4 that PSE may shift the burden of developing equitable outcomes from itself to other  
5 parties and the Commission. I ask the Commission not to set a precedent that a utility  
6 may skirt its obligation to develop equitable outcomes by crafting a new equitable policy  
7 itself, or based on the work of other parties.

8 **Q: Do you have an alternative proposal to present?**

9 A: Yes. TEP, in consultation with the Joint Advocates, developed an alternative proposal  
10 that seeks to protect customers disproportionately impacted by disconnections. Once  
11 adopted, the alternative proposal should remain in effect unless and until the Commission  
12 orders otherwise in a proceeding:

- 13 1. PSE may resume any pre-pandemic credit and collections practices for commercial  
14 and industrial customers.
- 15 2. PSE may perform outreach to all residential customers when the outreach does not  
16 threaten disconnection.
- 17 3. PSE will not threaten to disconnect or disconnect the following protected groups of  
18 residential customers:
  - 19 a. Known low-income
  - 20 b. Customers in deepest need as defined in Appendix I to PSE's 2023 Biennial  
21 Clean Energy Implementation Plan Update<sup>64</sup>
  - 22 c. Estimated low-income
  - 23 d. In Highly Impacted Communities
- 24 4. Self-declaration of residential household membership in any of the following  
25 protected groups will prevent threats of disconnection and disconnection. PSE will  
26 include in dunning outreach to residential customers a description of how to self-  
27 declare.
  - 28 a. Child under 5
  - 29 b. Vulnerable senior as defined in RCW 74.34.020(21)(a).
  - 30 c. Renter at risk of becoming homeless due to disconnection
  - 31 d. Medical need for utility service

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<sup>64</sup> Dkt. UE-210795, Puget Sound Energy 2023 Biennial Clean Energy Implementation Plan Update, Appendix I (Nov. 1, 2023).

1 5. For customers that self-declare under number 4, and for estimated low-income  
2 customers: if PSE presents evidence to the Commission that a household does not fall  
3 within the protected group, the Commission may allow the customer to enter the  
4 disconnection process.  
5

6 **Q: Please describe the rationale for terms numbered one and two in your alternative**  
7 **proposal.**

8 A: The first two terms are based on TEP's recommendation. Please see the rationale  
9 provided in part V.A above.

10 **Q: Please explain why your alternative proposal protects known low-income customers**  
11 **from disconnection.**

12 A: When low-income customers do not pay a bill, it is almost always because they do not  
13 have the money to pay. Part IV.B above provides evidence concerning the impact of  
14 disconnections on low-income customers.

15 **Q: Are known low-income customers, by definition, enrolled in assistance programs**  
16 **designed to reduce their energy bill to an affordable level?**

17 A: No. Known low-income customers have received assistance in the past two years, but the  
18 enrollment term for PSE's BDR is approximately one year. Similarly, the LIHEAP and  
19 HELP grant programs are typically available to customers once per program year. Thus,  
20 some known low-income customers have not received any assistance in the past 23  
21 months.

22 In addition, as I explained above in part III.B, the enhanced energy assistance  
23 programs are designed to reduce energy burdens to an affordable level and thus prevent  
24 further arrearages, but has only been active since October 1, 2023. And the LIAC is  
25 currently designing a permanent AMP. Until PSE implements the permanent AMP and a  
26 reasonable amount of time has passed to allow customers to enroll and receive

1 forgiveness, I expect that many known low-income customers will continue to carry  
2 significant arrearages.

3 **Q: Please describe why your alternative proposal protects customers in deepest need**  
4 **from disconnection.**

5 A: Working with its advisory groups and affordability and equity expert Roger Colton, PSE  
6 identified a subset of vulnerable populations that are the most vulnerable and labeled  
7 them as customers in the deepest need. These are customers with a severe energy burden,  
8 *i.e.*, over 10 percent of household income is needed to pay energy expenses, who also  
9 have a compounding factor.<sup>65</sup> The compounding factors are also indicators of  
10 disproportionate impacts from disconnections including: isolated seniors, medical  
11 conditions, medical vulnerabilities, heat risk, limited English, poor housing quality,  
12 renters, and communities of color. It is reasonable to provide protection from  
13 disconnections to these customers, which PSE identified as the most vulnerable in its  
14 service territory.

15 **Q: Please explain why your alternative proposal protects estimated low-income**  
16 **customers from disconnection.**

17 A: The rationale for providing protections to known low-income customers applies to all  
18 low-income customers, however, all low-income customers are not enrolled in assistance  
19 programs. To protect the portion of the population that cannot afford energy service and  
20 has not enrolled in assistance programs, the alternative proposal provides a rebuttable  
21 presumption that PSE should not disconnect estimated low-income customers.

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<sup>65</sup> Dkt. UE-210795, Puget Sound Energy 2023 Biennial Clean Energy Implementation Plan Update, Appendix I, at I.8 (Nov. 1, 2023).

1 **Q: Is the data PSE uses to estimate who is a low-income customer perfect?**

2 A: No. No dataset is perfect, and a desire for better quality data should not penalize those  
3 customers that are in need but not yet enrolled in assistance programs. If PSE desires to  
4 improve the quality of its data about estimated low-income customers, TEP would  
5 welcome the opportunity to work in the LIAC to do so. For example, Cascade Natural  
6 Gas worked with its advisory group to develop an internal process for estimating low-  
7 income customers that it asserted would be superior to using data purchased from a credit  
8 reporting agency. And term 5 of this proposal allows PSE to present evidence that rebuts  
9 the presumption that such customers are low-income.

10 **Q: Please describe why your alternative proposal protects customers in highly**  
11 **impacted communities from disconnection.**

12 A: The Washington State Department of Health publishes an Environmental Health  
13 Disparities (EHD) map that ranks Washington’s census tracts according to environmental  
14 health disparities. The ranking is based on environmental and socioeconomic factors that  
15 influence health outcomes.<sup>66</sup>

16 There are several reasons why it is appropriate to protect customers in highly  
17 impacted communities from disconnection. First, the Legislature established a framework  
18 to identify and monitor impacts on these communities, and the Clean Energy  
19 Transformation Act established a goal that “there should not be an increase in

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<sup>66</sup> The EHD map considers socioeconomic factors, sensitive populations, environmental effects, and environmental exposure. Census tracts ranked 9 or 10 and those with tribal lands are designated as “highly impacted communities” (HIC). <https://doh.wa.gov/data-statistical-reports/washington-tracking-network-wtn/washington-environmental-health-disparities-map>.

1 environmental health impacts to highly impacted communities.”<sup>67</sup> Second, the  
2 communities are identified using threat and vulnerability factors that are also indicators  
3 of disproportionate impacts from disconnections including medical sensitivity, people of  
4 color, high housing burden, exposure to pollution and other environmental hazards,  
5 limited English, and education level. Disconnecting customers in these communities risks  
6 increasing the disproportionate environmental and health impacts they face, which is  
7 plainly inconsistent with the legislature’s directive to avoid increased environmental  
8 health impacts in these communities.

9 **Q: Are there situations where it could make sense to allow PSE to identify customers in**  
10 **highly impacted communities that don't have the characteristics most relevant to**  
11 **disconnection restrictions?**

12 A: Yes, while I expect many residents of highly impacted communities to have  
13 characteristics that warrant greater protections from disconnection, highly impacted  
14 communities are not defined specifically to identify this set of characteristics, and it may  
15 be appropriate to allow PSE to identify situations where the two sets of criteria diverge.  
16 For example, some households in highly impacted communities have built  
17 intergenerational wealth and earn a high income. If representatives of highly impacted  
18 communities do not object, TEP could support adding a similar rebuttal presumption to  
19 term 5 that allows PSE to present to the Commission evidence that a household in a  
20 highly impacted community has built intergenerational wealth and has a high income.

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<sup>67</sup> RCW 19.405.010(6); see also RCW 19.405, RCW 43.70.815 (Healthy Environment for All (HEAL) Act).



1 **Q: How many customers with arrearages would the protections described in term 3**  
2 **apply to, and what is the dollar amount of arrearages associated with those**  
3 **customers?**

4 A: The table below provides an incremental analysis of the number of customers with  
5 arrearages and the dollar amount of arrearages associated with each group.

6 Table 1 starts in line A by providing the total number of known low-income  
7 customers with arrearages, and the dollar amount of those customers' arrearages. In line  
8 B, it shows the number of customers that are in Deepest Need and not Known Low  
9 Income. In line C, it shows the number of customers that are Estimated Low Income and  
10 not either Known Low Income or in Deepest Need. In line D, it shows the number of  
11 customers that are in Highly Impacted Communities and are not Known Low Income, in  
12 Deepest Need, or Estimated Low Income.

13 Due to the substantial number of customers that are members of more than one of  
14 these groups, TEP designed Table 1 to show the incremental number of customers with  
15 arrearages in each group.

1

Table 1<sup>68</sup>

Line	Customer Group	Number of Incremental Customers with Arrearages	Incremental Dollar Amount of Arrearages	Calculation of Incremental Number of Customers and Dollar Amount of Arrearages
A	Known Low Income	13,059	\$8,814,426	
B	Deepest Need	13,870	\$13,898,670	= (Deepest Need – any overlap with line A)
C	Estimated Low Income	79,658	\$34,331,623	= (Estimate Low Income – any overlap with lines A & B)
D	Highly Impacted Communities	27,848	\$10,189,143	= (Highly Impacted Communities – any overlap with lines A, B & C)

2

3 **Q: Please explain why you propose to allow customers to self-declare membership in a**  
 4 **vulnerable group to avoid disconnection.**

5 A: Customers with the vulnerability characteristics described in term 4 are  
 6 disproportionately impacted by disconnections. Therefore, any proposal crafted to  
 7 address, rather than perpetuate, inequities must protect these customers. I am not aware of  
 8 any reasonable way for PSE to estimate or identify customers with these vulnerability  
 9 characteristics. Thus, I propose to allow self-declaration of membership in one of these  
 10 groups. If the customer self-declares, a rebuttal presumption is created that the customer  
 11 is a member of the identified group and should not be disconnected. Term 5 of the  
 12 alternative proposal allows PSE to present evidence that rebuts the presumption.

13 **Q: Please identify evidence that shows children under 5 years old are**  
 14 **disproportionately impacted by disconnections.**

15 A: Part IV.B above provides evidence concerning the impact of disconnections on children.

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<sup>68</sup> PSE Response to TEP DR 135.

1 **Q: Why should the Commission protect vulnerable seniors from disconnections?**

2 A: Vulnerable seniors are defined by the Legislature in RCW 74.34.020(21)(a) as a person  
3 “[s]ixty years of age or older who has the functional, mental, or physical inability to care  
4 for himself or herself.” Individuals who are unable to care for themselves often struggle  
5 to track and respond to utility bills and notices in a timely manner. When disconnected  
6 they often need the assistance of another person to contact the utility and reestablish  
7 service. As a result, vulnerable seniors often live without utility service for an extended  
8 period of time. Community Action Agencies see this situation regularly, as did I at  
9 Hopelink. Vulnerable seniors are likely to experience disproportionate impacts from  
10 disconnections and if they so self-attest deserve protection.

11 **Q: Please explain why renters at risk of becoming homeless are disproportionately**  
12 **impacted by disconnections.**

13 A: Losing a home is a severe and disproportionate result of a disconnection. I explained how  
14 a disconnection could result in a renter becoming homeless in part IV.B.

15 **Q: Please identify evidence that shows people with a medical need for utility service are**  
16 **disproportionately impacted by disconnections.**

17 A: Part IV.B above provides evidence concerning of the impact of disconnections on people  
18 with a medical need for utility service.

19 **Q: Does the medical certificate process in WAC 480-100-128(8) sufficiently protect**  
20 **customers with a medical need for utility service from disconnection?**

21 A: No. The process for obtaining a medical certificate is time-consuming and burdensome,  
22 and once in place it only provides protection for a maximum of 60 days before it must be  
23 renewed. While self-declaring a medical emergency or medical need for service can

1 delay an imminent disconnection, customers must submit documentation from their  
2 doctor within 5 business days to avoid disconnection. It is unrealistic for most people to  
3 secure a doctor appointment within 5 days, and even less so for people with serious  
4 illness and chronic conditions. Community Action Agencies regularly see customers who  
5 tried and failed to secure a medical certificate before being disconnected by PSE, as did I  
6 at Hopelink. Therefore, I propose to lower the barrier to protections for customers who  
7 have a medical need for utility service by allowing self-declaration.

8 **Q: Please summarize your position concerning the alternative proposal.**

9 A: The Commission should adopt TEP's recommendation in part V.A and not change PSE's  
10 disconnection policies. PSE should perform targeted outreach to customers with past-  
11 due amounts that does not threaten disconnection. If the Commission does not adopt  
12 TEP's recommendation in part V.A, it should implement a policy with corrective  
13 interventions that protects customers in groups the evidence shows are disproportionately  
14 impacted by disconnections.

15 **VI. Conclusion**

16 **Q: How would you like to conclude your testimony?**

17 A: The Commission is presented with a utility that refuses to perform the required equity  
18 analysis to understand the impacts of its proposal or to develop solutions with corrective  
19 actions. Instead, PSE suggests it will wait and observe the disparate impacts of resuming  
20 disconnections on its customers. Under the Legislature's public interest standard and the  
21 Commission's articulated equity requirements, PSE's proposal must fail.

22 The Commission's response will set a precedent that shapes both the lives of  
23 many vulnerable PSE customers and the rigor with which investor-owned utilities will

1 approach the Commission's requirements concerning its principles of equity and tenants  
2 of energy justice. TEP urges the Commission to take this opportunity to translate its  
3 principles into action, and not allow PSE to pass on its responsibilities. Before presenting  
4 another proposal to resume conventional residential disconnections, PSE should do the  
5 work it should have done in the first place: demonstrate a comprehensive understanding  
6 of the ways in which residential disconnection practices perpetuate systemic racism and  
7 other inequities, perform an equity analysis on its proposal, and include corrective  
8 interventions which address identified inequities.

9 **Q: Does this conclude your testimony?**

10 A: Yes.