

**EXH. CLW-31T
DOCKETS UE-220066/UG-220067 et al.
2022 PSE GENERAL RATE CASE
WITNESS: CAROL L. WALLACE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-220066
Docket UG-220067**

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**

Docket UG-210918

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF

CAROL L. WALLACE

**IN SUPPORT OF PETITION TO AMEND FINAL ORDER
ON BEHALF OF PUGET SOUND ENERGY**

DECEMBER 22, 2023

PUGET SOUND ENERGY

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF
CAROL L. WALLACE
IN SUPPORT OF PETITION TO AMEND FINAL ORDER**

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PUGET SOUND ENERGY

**PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF
CAROL L. WALLACE
IN SUPPORT OF PETITION TO AMEND FINAL ORDER**

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PUGET SOUND ENERGY

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF
CAROL L. WALLACE
IN SUPPORT OF PETITION TO AMEND FINAL ORDER**

I. INTRODUCTION

1
2 **Q. Please state your name, business address, and position with Puget Sound**
3 **Energy.**

4 A. My name is Carol L. Wallace, and my business address is Puget Sound Energy,
5 355 110th Avenue NE, Bellevue, Washington 98004. I am employed by Puget
6 Sound Energy (“PSE” or the “Company”) as Director, Customer Solutions.

7 **Q. Are you the same Carol L. Wallace who submitted testimony previously in**
8 **this proceeding?**

9 A. Yes, I am. I submitted prefiled direct testimony, Exh. CLW-1T and Exhibits
10 CLW-2 through CLW-12 in this proceeding, and prefiled direct testimony, Exh.
11 CLW-13T and Exhibits CLW-14 through CLW-31 in support of PSE’s Petition to
12 Amend Final Order.

13 **Q. Please summarize your rebuttal testimony.**

14 A. This prefiled rebuttal testimony is submitted to address and rebut the response
15 testimonies of Jacque Hawkins-Jones submitted on behalf of WUTC Staff
16 (“Staff”), Corey J. Dahl and David Konisky submitted on behalf of Public
17 Counsel, Shaylee N. Stokes and Alex Pfeifer-Rosenblum on behalf of The Energy

1 Project, and Charlee Thompson and Mariel Thuraisingham on behalf of the NW
2 Energy Coalition, Front and Centered, and Sierra Club (collectively, Joint
3 Environmental Advocates, or “JEA”).

4 **II. STAFF’S PROPOSAL WILL NOT SUFFICIENTLY**
5 **ALLEVIATE GROWING ARREARAGES**

6 **Q. Please summarize your assessment of Staff’s response testimony.**

7 A. Staff acknowledges the need for modifications to PSE's collection practices, but
8 PSE respectfully disagrees with certain aspects of Staff’s proposed plan. Staff
9 raises concerns about the lack of provision for the protection of customers in
10 deepest need, known or estimated low-income categories, or members of Named
11 Communities.¹ PSE appreciates the attention to equity considerations, and it
12 shares the commitment to addressing these concerns. However, PSE's proposal
13 strikes a reasonable balance between financial concerns and the protection of
14 vulnerable customers. PSE's plan includes a phased resumption to dunning that
15 considers the financial stress on the company and potential costs to all customers,
16 while ensuring that customers unable to pay for vital services are not
17 disproportionately affected.

¹ Hawkins-Jones, Exh. JHJ-1T at 12:18-19.

1 **Q. What specific proposal did Staff make to address the arrearage issue?**

2 A. Staff makes two recommendations: 1) allow PSE to provide customer notices to
3 all customers for past-due amounts,² and 2) allow PSE to engage in “targeted
4 resumption” of its dunning and disconnections processes.³

5 **Q. How do you respond to Staff’s recommendation regarding customer notices?**

6 A. Staff’s recommendation is insufficient because it excludes all members of Named
7 Communities, deepest need, estimated low-income, and known low-income.⁴ The
8 specified exclusions essentially negate the intended allowance, as the
9 recommendation fails to address the majority of customers in arrears and prevents
10 PSE from making reference to disconnections for these groups.

11 Staff provides no support for its assumption that additional communication
12 without the urgency of a disconnection notice will result in lower arrearages. Yet
13 PSE has provided contrary evidence. Without the consequence of disconnection,
14 customers often do not act on their arrearage, even if they have the means to pay.
15 On the other hand, when customers understand the urgency in the form of
16 potential disconnection, those customers pay or seek energy assistance. In Exhibit
17 CLW-28, PSE shows that of the customers who enter dunning, 54% act on their
18 account and exit dunning. Of customers who hit the disconnect queue, 66% act on
19 their account and are not disconnected. Figure 1 below shows how the percentage
20 of customers anticipated to be disconnected and those who are likely to be

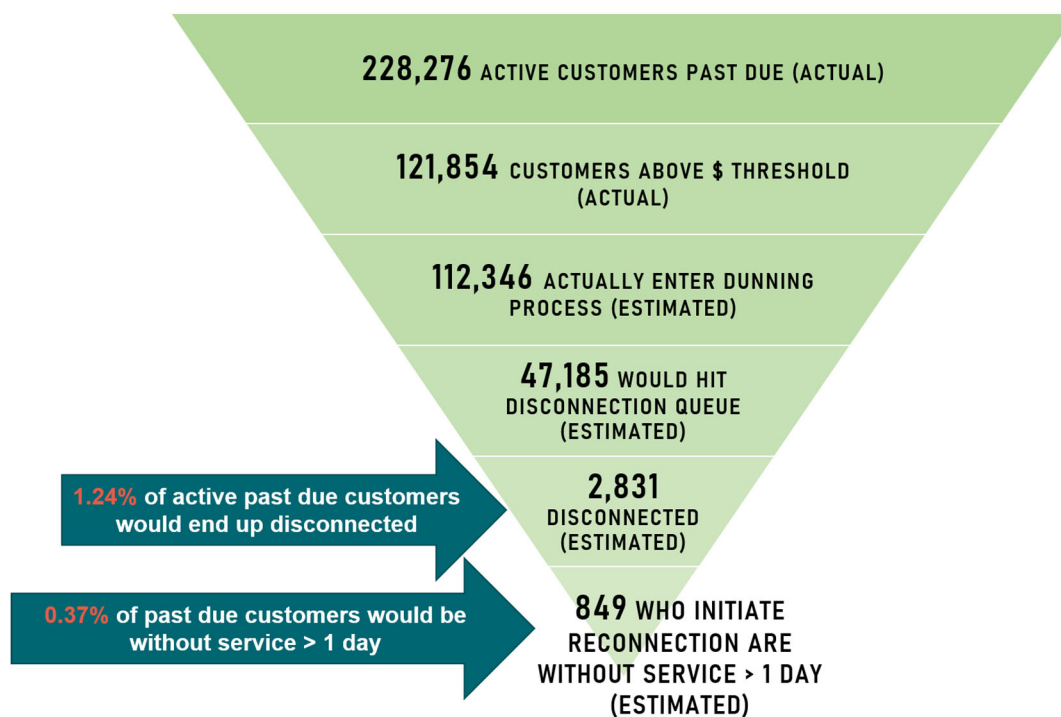
² Hawkins-Jones, Exh. JHJ-1T at 15:1-9.

³ Hawkins-Jones, Exh. JHJ-1T at 15:21-16:6.

1 disconnected for more than one day, is exceedingly small compared to the total
2 number of active customers past due.

3 While PSE supports its dunning process with evidence, Staff's testimony
4 expressly relies on hope: "Hopefully, this engagement will result in customers
5 working with PSE to enroll in assistance programs that will help them manage
6 their arrearages."⁴ PSE and its customers need to rely on more than hope.

Figure 1: Estimated counts of customers throughout PSE's proposed phase approach



⁴ Hawkins-Jones, Exh. JHJ-1T at 15:17-19.

1 **Q. How do you respond to Staff's recommendation regarding resuming**
2 **disconnection?**

3 A. Staff's recommendation regarding "targeted resumption" of dunning and
4 disconnection is similarly insubstantial and will be ineffective for the same
5 reason: it prohibits dunning for members of Named Communities, deepest need,
6 estimated low-income, and known low-income customers.⁵ The number of
7 customers excluded from dunning and the amount of their arrearages is simply too
8 much. Among active residential customers, this recommendation would amount
9 to some 134,435 customers with total arrearages of over \$67.2 million.

10 Staff expresses concern over the potential impact of disconnections on known or
11 estimated low-income customers, but PSE's petition in this proceeding has always
12 been focused on obtaining payment from those who can pay and protecting those
13 who cannot by helping them secure the necessary assistance. PSE's proposal
14 resumes dunning processes for customers who have the means to pay their bills
15 while simultaneously assisting those who may struggle financially. Assistance is
16 available for those who need it, but they must take some action to receive it.

17 PSE's proposal makes sure customers are aware of the assistance available and
18 how to obtain it. This approach aligns with PSE's commitment to equity.

⁵ Hawkins-Jones, Exh. JHJ-1T at 16:4-6.

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Q. Was Staff's testimony based on accurate assumptions?

A. No, not entirely. Staff incorrectly implies that protections in place as part of the rulemaking in Docket U-210800 could be lost due to PSE's petition.⁶ Those protections include (i) no late payment fees, (ii) no disconnection or reconnection fees, (iii) long term payment arrangements up to 18 months, and (iv) a prohibition against sending active customers to collection agencies and reporting to credit bureaus for any customer. PSE intends to keep all these protections in place until the Commission adopts new rules in Docket U-210800. In addition, the State of Washington offers significant protection to customers who may enter dunning. See Table 1 below.

⁶ Hawkins-Jones, Exh. JHJ-1T at 14:6-9.

| TABLE 1: PUGET SOUND ENERGY RESIDENTIAL CUSTOMER PROTECTIONS | | |
|--|--|--|
| PROTECTION | CUSTOMER BENEFIT | SOURCE OF PROTECTION |
| No Fees | Customer pays no late fees, and if disconnected pays no disconnect/reconnect fees or deposit | COVID Docket U-200281, Appendix A Section C - Fees |
| Long Term Payment Arrangements | The utility must offer up to 18 months of timed payment arrangements | COVID Docket U-200281, Appendix A Section E - Long Term Payment Arrangements |
| Credit & Collections | PSE does not send active customer accounts to collection agencies and does not report to credit bureaus for any customer | COVID Docket U-200281, Appendix A Section G - Credit & Collections |
| Medical Condition | Customers may report a medical condition or life support and be protected, utility is required to visit the premises and give the customer an opportunity to pay and/or access to assistance | WAC 480-90/100-128 Section (8) Medical Conditions or emergencies |
| Field Visit for 100% of Customers | PSE currently visits all customers prior to any disconnection | PSE Business Decision due to COVID |
| Extra 24 hour notice for 100% of Customers | PSE leaves an additional 24 hour notice when customers are not at the premises offering assistance and payment options to prevent disconnection | PSE Business Decision due to COVID |
| Known Low Income | If a customer has received energy assistance in the past 24 months the utility is required to visit the premises and give the customer an opportunity to pay and/or access to assistance | WAC 480-90/100-128 Section (6) Remote disconnection |
| Inclement Weather | Cease disconnection for non-payment in areas with inclement weather events, which are days characterized by extreme cold or excessive heat and the average daily temperature is forecasted to be at or below 32 degrees Fahrenheit, or at or above 90 degrees Fahrenheit. The Company uses the prior day's forecast as received from the National Weather Service. Cease disconnections for non-payment in areas where a heat related alert has been or is intended to be issued, and to reconnect previously disconnected service for non-payment upon request in areas under a heat related alert in accordance with RCW 80.28.010 | WAC 480-90/100-128 Section (11) Disconnecting service during inclement weather |
| Bill Assistance | Any customer that informs PSE that they are seeking assistance will get a credit hold placed on their account to give them time to complete the process | PSE HELP, LIHEAP, BILL DISCOUNT RATE, WARM HOME FUND, EXTENDED PAYMENT PLANS, BUDGET BILLING |
| Prior Obligation | A prior obligation is the dollar amount the utility has billed to the customer and for which the utility has not received payment at the time of disconnection. The customer will get service restored and start a new contract account | WAC 480-90/100-123 Section (3) |
| Winter Moratorium | Depending on income a customer may qualify for payment assistance and disconnect protection during the winter months, from 35 November 15 to March 15 | WAC 480-90/100-143 Winter low-income payment program |

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Q. How does PSE’s proposal protect those most in need?

A. PSE’s proposal addresses Staff’s concerns by keeping many protections in place until the completion of Docket U-210800. PSE’s proposal also addresses Staff’s concern that restarting dunning will result in customers who cannot pay losing access to vital services. The actual number of customers who are disconnected has

1 been small, at 11 percent, which is the population of customers who reached the
2 disconnection queue but did not act on their account. If disconnected, the duration
3 of loss of service is short, there are no fees to reconnect, and they will be provided
4 access to assistance through PSE’s Bill Discount Rate, Home Energy Lifeline
5 Program (“HELP”), and Emergency Arrearage Management funds to help reduce
6 or eliminate their arrearages and manage their bills moving forward. Customers
7 will also be referred to PSE’s Community Action Program (“CAP”) partners to
8 obtain Low Income Home Energy Assistance Program (“LIHEAP”) benefits if
9 they qualify.

10 **Q. Staff claims that PSE itself estimates that resumption of the dunning process**
11 **would result in nearly 50,000 customers receiving a disconnection notice.⁷ Is**
12 **this true, and if so, how do you respond?**

13 A. Yes, that is correct for customers who may reach the disconnection queue, who
14 would have also received a disconnection notice. However, there will be
15 customers who initiate action earlier in the dunning process and exit dunning
16 without ever receiving a disconnect notice or reaching the disconnect queue.
17 Actual data through October 31, 2023, have shown over 54% of customers act on
18 their account who enter dunning before receiving a disconnect notice and 66%
19 exit the dunning process after receiving a disconnect notice. PSE would expect to

⁷ Hawkins-Jones, Exh. JHJ-1T at 14:12-14, citing Wallace, Exh. CLW-13T at 19, Table 2.

1 see similar behavior as through the proposed phases. See Exh. CLW-32, as well
2 as Figure 1, above.

3 **Q. Staff also states, “From the data PSE provided, more than half of the**
4 **customers who hit the disconnection queue are from Named Communities or**
5 **are known or estimated low-income.”⁸ How will PSE’s proposal protect those**
6 **in Named Communities who are not known low income?**

7 A. Customers in Named Communities who are not known low-income may actually
8 be low income and qualify for many of the bill assistance programs in Table 1.

9 **Q. How will PSE’s proposal protect those customers who are estimated low**
10 **income?**

11 A. The same protections listed above apply to estimated low-income customers.

12 **Q. WUTC Staff goes on to states, “If those percentages hold true through to the**
13 **end of the disconnection queue, granting PSE’s petition here without**
14 **modification will result in some 1,500 customers from those groups losing**
15 **service.”⁹ Is WUTC Staff’s prediction accurate? If so, how does PSE**
16 **respond?**

17 A. Yes, that is correct. Dunning is an effective way to persuade customers to act on
18 their account or identify and reach those for assistance. While PSE’s estimate

⁸ Hawkins-Jones, Exh. JHJ-1T at 14:14-16.

⁹ Hawkins-Jones, Exh. JHJ-1T at 14:16-18.

1 shows that 3,000 customers may reach the disconnection queue, and of those,
2 1,500 customers may come from named communities, known or estimated low-
3 income. However, as stated above, there will be customers who initiate action
4 prior to reaching the disconnection queue. This may be through various
5 engagement points that occur throughout the dunning process, whether during
6 phone outreach attempts or through notice outreach, and may also occur because
7 of other communication outreach that may target this same audience, or it may be
8 during a field visit. The customers who ultimately have a disconnection are those
9 who take no action.

10 **III. PUBLIC COUNSEL'S PROPOSAL WILL NOT SUFFICIENTLY**
11 **ALLEVIATE GROWING ARREARAGES**

12 **Q. Please summarize your assessment of Public Counsel's response testimony.**

13 A. In the Response Testimony of Corey J. Dahl, Exh. CJD-1T, Public Counsel
14 recommends that the Commission 1) reject PSE's request to modify the Final
15 Order, and 2) order PSE to conduct targeted outreach to all customers, including
16 those with less than \$1,000 in arrears, without threatening disconnection.¹⁰
17 Public Counsel goes on to offer an alternative proposal that, if the Commission
18 does modify the Final Order, PSE should be required to put additional protections
19 in place for certain groups of customers.¹¹

¹⁰ Dahl, Exh. CJD-1T at 29:2-6.

¹¹ Dahl, Exh. CJD-1T at 29:17-19.

1 Public Counsel takes issue with PSE’s portrayal of collaborations with the Low-
2 Income Advisory Committee (“LIAC”). Rather than addressing the substance of
3 PSE’s proposal, Public Counsel criticizes PSE for failing to achieve consensus
4 with the LIAC on the arrearage issue. I address this criticism in greater detail later
5 in my testimony, but Public Counsel’s testimony is disproportionately focused on
6 process – how PSE collaborated with LIAC,¹² how “PSE could have contacted
7 interested parties to discuss changes to outreach practices before filing the
8 Petition,”¹³ and how Pacific Power’s dunning threshold is lower than PSE’s.¹⁴
9 PSE may or may not dispute Public Counsel’s findings in each of these instances,
10 but they are all ultimately tangential to the urgent arrearage problem at issue in
11 this proceeding.

12 For example, Public Counsel asserts that PSE has not conducted any targeted
13 outreach to customers with less than \$1,000.¹⁵ PSE’s outreach to customers has
14 been focused solely on assistance rather than the customer's specific arrearage and
15 consequences of inaction because that type of communication is all part of the
16 current credit and collections process that PSE has committed to maintain. PSE
17 does not have a process in place, or the technology required to do such outreach
18 outside of dunning.

¹² Dahl, Exh. CJD-1T at 24:16-17.

¹³ Dahl, Exh. CJD-1T at 17:8-9.

¹⁴ Dahl, Exh. CJD-1T at 9:6-8.

¹⁵ Dahl, Exh. CJD-1T at 10:12-14.

1 **A. Public Counsel's Proposal is Flawed**

2 **Q. Is Public Counsel's proposal to require identification of specific groups of**
3 **residential customers and additional outreach and referrals feasible?**

4 A. No, and that is a major flaw in Public Counsel's proposal. Public Counsel
5 identifies residential customers to receive additional outreach as follows:
6 Customers in households with children under five years of age, households with
7 vulnerable adults lacking the functional, mental, or physical inability to care for
8 themselves, and renters at risk of becoming homeless due to utility connection.¹⁶
9 "This applies to renters who have a lease agreement provision that requires
10 maintenance of utility connection and permits eviction for tenants who are unable
11 to maintain connection to utility service, and households in which a resident has a
12 documented medical need or is medically fragile."¹⁷

13 PSE does not have access to these types of data, nor does it store any such
14 information, which would be necessary to conduct an outreach campaign. PSE
15 does not even have the capability to store such data. Further, PSE has serious data
16 privacy concerns about capturing and storing such sensitive personal information
17 on a customer's utility account. Such data is not required for billing or providing
18 energy service, per WAC 480-90/100-108.

¹⁶ Dahl, Exh. CJD-1T at 30:21-31:4.

¹⁷ Dahl, Exh. CJD-1T at 31:4-7.

1 **Q. How does PSE respond to Public Counsel’s assertions about disparities**
2 **associated with its dunning process?**

3 A. Public Counsel asserts that survey research designed to be nationally-
4 representative, which shows disparities related to disconnections, applies to PSE
5 service territory – despite no evidence to support such claims.¹⁸ In fact, in the
6 response testimony of David Konisky, Exh. DK-1T, Public Counsel states, “The
7 survey research described above was designed to be nationally representative, not
8 representative of either the state of Washington or PSE customers.”¹⁹ And yet,
9 Public Counsel draws such conclusions about PSE without further substantiation.
10 PSE acknowledges that in society today, certain segments of the population have
11 historically experienced systematic disparities and those disparities seem likely to
12 increase energy insecurity for these individuals. This is one of the many reasons
13 to pursue equity in everything PSE does. However, when it comes to the impacts
14 of specific utility credit and collections processes, disconnection protections vary
15 widely by state, and Washington particularly has a wide array of protections
16 already in place for customers related to disconnections (see Table 1 above).

17 While PSE customers facing disconnection may share similar characteristics to
18 those found in national studies, it does not follow that those customers experience
19 the same impacts, because credit and collections protections are markedly
20 stronger in PSE’s service area. In fact, the studies referenced by David Konisky

¹⁸ Konisky, Exh. DK-1T at 15:15-18.

¹⁹ Konisky, Exh. DK-1T at 15:15-17.

1 all seem to point to the conclusion that the examination of disparities should be
2 used to target the provision of energy assistance programs, which is exactly what
3 PSE is currently doing and proposes to continue.

4 **B. PSE Meaningfully Collaborated with LIAC on Multiple Occasions**

5 **Q. Do you agree with Public Counsel’s assertion that PSE did not meaningfully**
6 **collaborate with the LIAC regarding the phased dunning approach?²⁰**

7 A. No. The phased approach was proposed as an option to mitigate impacts to
8 customers from resuming disconnections after the COVID moratorium was lifted.
9 PSE proposed this approach to allow more time to seek assistance and to manage
10 workload for PSE staff in the call center and in the field to be able to address
11 customer inquiries thoroughly. This approach was initially brought for discussion
12 with the LIAC on January 11, 2022, under the topic “Disconnection Protections
13 and Outcomes,” where the committee discussed decreasing the \$1,000 threshold
14 over time through a staggered approach.

15 As reflected in LIAC meeting notes, there was discussion of PSE’s proposal
16 during this meeting, with several members asking questions or providing
17 comments. A copy of these notes was provided in response to a data request in
18 this proceeding, as shown in Exhibit CLW-33. Staff complimented PSE for doing
19 what they could to screen customers and aid customers with the highest arrearage

²⁰ Dahl, Exh. CJD-1T at 24:16-17.

1 first.²¹ No objections were voiced during or after this meeting. PSE again
2 discussed the phased disconnection process at the July 12, 2022, meeting and
3 again at the November 8, 2022, meeting, where PSE heard the first objections to
4 the phased approach as conflicting with the settlement agreement.²² PSE decided
5 then to maintain the first phase of the collections process and not proceed further.

6 **IV. TEP'S PROPOSAL WILL NOT SUFFICIENTLY**
7 **ALLEVIATE GROWING ARREARAGES**

8 **Q. Please summarize TEP's response testimony.**

9 A. TEP argues that PSE's proposal for resuming dunning and disconnections is
10 unclear and includes contradictory information.²³ TEP also contends that PSE
11 inflated the estimated rate impacts of declining to implement PSE's proposed
12 plan.²⁴ TEP further argues that PSE's proposal would disproportionately harm its
13 most vulnerable customers.²⁵ TEP then claims that PSE incorrectly compares its
14 level of arrearages to other Washington investor-owned utilities by failing to
15 account for the number of customers served.²⁶ Finally, TEP claims that PSE's
16 forecast of arrearage growth is flawed.²⁷ For these reasons, TEP suggests that the
17 Commission should not accept PSE's proposal.

²¹ Exh. CLW-33 at 7.

²² Exh. CLW-33. *See also* Exh. CLW-27.

²³ Pfeifer-Rosenblum, Exh. APR-1T at 3:1-2.

²⁴ Pfeifer-Rosenblum, Exh. APR-1T at 7:20-21.

²⁵ Pfeifer-Rosenblum, Exh. APR-1T at 8:3-5.

²⁶ Pfeifer-Rosenblum, Exh. APR-1T at 19:12-14.

²⁷ Pfeifer-Rosenblum, Exh. APR-1T at 22:15.

1 **Q. How do you respond to TEP's claim that PSE's proposal contains**
2 **contradictory information?**

3 A. TEP contends that PSE's proposal for resuming dunning and disconnections is
4 unclear and includes information that appears contradictory. TEP's confusion is
5 apparently the result of a TEP data request asking whether the Company proposes
6 to resume dunning and disconnections on customers with arrearages over \$1,000
7 and earning below 200% FPL.²⁸ PSE has stated that its phased system represents
8 estimated *new* customers entering at each phase. Since each phase will not
9 completely process the entirety of customers in that phase before moving to the
10 next phase, there will necessarily be customers in previous phases who will still
11 go through the dunning process in subsequent phases. TEP states that PSE was
12 not clear about which phase will include customers who are below 200% FPL
13 with arrearages greater than \$1,000.²⁹ To clarify, these customers will re-enter the
14 dunning process in Phase 2, with estimated numbers of customers and total
15 arrearages shown in Table 2 below. PSE's original delineation of phases by
16 arrearage range was intended to illustrate the reduction in dollar threshold over
17 time for dunning qualification, which may have contributed to TEP's confusion.

²⁸ Pfeifer-Rosenblum, Exh. APR-1T at 3:5-7.

²⁹ Pfeifer-Rosenblum, Exh. APR-1T at 7:2-4.

Table 2: Phased Approach Including Customers > \$1000, below 200% FPL

| Phase | Dollar Threshold | Income Threshold | Est. New Customers in Dunning | Amount Past Due |
|-------------------------------|-------------------------|--------------------------|--------------------------------------|------------------------|
| 1 (Current) | > \$1000 | Above 200% FPL | 17,359 | \$43,451,691 |
| 2 (Nov 2023 –Jan 2024) | > \$1000 | Below 200% FPL | 10,658 | \$24,330,733 |
| 2 (Nov 2023 –Jan 2024) | \$750-\$999 | Above and below 200% FPL | 16,857 | \$14,684,334 |
| 3 (Jan – May 2024) | \$500-\$749 | Above and below 200% FPL | 21,262 | \$13,125,974 |
| 4 (May – June 2024) | \$250-\$499 | Above and below 200% FPL | 35,754 | \$12,827,517 |
| 5 (Jun 2024 onward) | \$150-\$249 | Above and below 200% FPL | 27,815 | \$5,411,227 |

- 1 **Q. How does PSE’s proposal protect customers whose balances are over \$1,000?**
- 2 A. For customers whose balances are simply beyond reach, even energy assistance
- 3 may not decrease the arrearage to a level they can manage. Customers who go
- 4 through the dunning and disconnection process, if disconnected, can start fresh
- 5 with a new account and services based on prior obligation rules in the state of
- 6 Washington, and all other protections described in Table 1. Without these
- 7 mechanisms, customers in the greater than \$1000, and less than 200% FPL
- 8 segment will continue to accrue larger and larger balances that they are unable
- 9 reduce by their own means. Neither TEP’s proposal, nor any other opposing party
- 10 proposal, addresses this long-term, deepening problem.

1 **Q. TEP Contends that PSE incorrectly characterizes the amount of arrearages**
2 **PSE customers face compared to other Washington investor-owned utilities.**
3 **How do you respond?**

4 A. The overall scale of arrears balances is material, as it puts a strain on the
5 Company's finances, so dismissing the overall scale of the problem by looking
6 only as per customer arrears is not accurate.

7 **Q. TEP Contends that PSE's forecast of arrearage growth is flawed.³⁰ Why,**
8 **and how do you respond?**

9 A. PSE estimates that arrearages have grown 157% from 2019 to 2023. TEP does not
10 dispute PSE's calculation but claims instead that PSE should have excluded the
11 "extraordinary" years during the COVID-19 pandemic, as well as even more
12 recent years.³¹ TEP's suggestion is inappropriate and would use a fictional
13 account of the past to create a distorted and unreliable forecast.

14 The period of analysis PSE used for projecting arrearage is appropriate because it
15 highlights the period during which normal dunning and disconnection procedures
16 were disallowed. Using a period prior to COVID would be inappropriate because
17 normal dunning operations were in effect. Even assuming, for argument's sake,
18 that TEP's claim is correct, and the COVID years were an outlier, arrearages
19 since COVID have continued to grow – even within the last year, even as the

³⁰ Pfeifer-Rosenblum, Exh. APR-1T at 22:15.

³¹ Pfeifer-Rosenblum, Exh. APR-1T at 22:20-21.

1 economic effects of COVID have subsided. See Exh. CLW-13T, Figure 2.

2 Customers' arrearages are continuing to increase, despite improving economic
3 conditions and despite receiving assistance.

4 For instance, immediately after granting emergency funds through CACAP³² 3
5 and Commerce Relief, 91% of recipients were past due again within a month. See
6 CLW-13T, Figure 1. This aid occurred well past the peak of COVID economic
7 effects and indicates that customer behavior is no longer driven by pandemic
8 conditions. It is unclear what period TEP proposes that PSE should use as a more
9 suitable analysis period for projecting arrearages. If normal dunning and
10 disconnection operations are not in effect, PSE anticipates arrearages will
11 continue to increase, as customers have no incentive to decrease their past due
12 amounts.

13 **A. TEP Calculated Incorrect Rate Impacts for PSE's Proposal and Failed to**
14 **Provide Rate Impacts for it's Own Proposal**

15 **Q. Please summarize your response to TEP's claims that PSE's estimated rate**
16 **impacts were inflated and that low-income customers tend to be low-usage.³³**

17 A: As PSE discusses in more detail below, TEP incorrectly calculated its rate impact
18 and compared that result to a range of impacts that PSE presented. TEP suggests
19 considering only one scenario of rate impacts, for which dunning is currently not
20 paused and where PSE is proposing to resume dunning, does not provide a

³² Crisis Affected Customer Assistance Program

³³ Pfeifer-Rosenblum, Exh. APR-1T at 7:20-21.

1 complete picture of possible rate impacts. Additionally, TEP fails to provide rate
2 impacts for its own proposal, which does not address current or future arrearages
3 of known low-income, deepest need, estimated low-income customers, or
4 customers in highly impacted communities. Current arrearages of these customers
5 are approximately \$74 million,³⁴ which is higher than the \$70 million of current
6 arrearages in PSE's proposed total Phases 2-5.³⁵ For every scenario of rate
7 impacts, it is important to note that ignoring arrearage amounts from a large group
8 of customers will mean higher one-time rate impacts in the future because such
9 arrearage amounts will continue to accumulate. Further, potential regular rate
10 impacts into the future could result if further ongoing arrearages need to be
11 recovered from all customers indefinitely, as customers have no incentive to
12 decrease their past due amounts.

13 Additionally, TEP claims that low-incomers tend to be low-usage.³⁶ TEP lacks
14 understanding about PSE low-income customers. The evidence TEP provides for
15 its claim is inapplicable because it is from a regional source that is not specific to
16 PSE's customers' load profiles.³⁷ On the other hand, an analysis of PSE's
17 customers shows the opposite result: PSE's most vulnerable – energy-burdened
18 low-income customers – actually have higher usage than overall low-income
19 customers, even higher than the average usage of higher-income customers.³⁸

³⁴ Latest estimate as of December 15, 2023.

³⁵ Exh. CLW-34.

³⁶ Pfeifer-Rosenblum Exh. APR-1T at 8:4-5.

³⁷ Pfeifer-Rosenblum Exh. APR-1T at 15:3-13.

³⁸ PSE's 2020 Energy Burden Analysis (Exh. BDJ-11) slide 12.

1 Additionally, energy burden tends to concentrate at lower end of the income
2 spectrum.³⁹ Almost three quarters (74%) of PSE customers with income below
3 30% AMI are energy-burdened.⁴⁰ At the same time, energy-burdened low-income
4 customers tend to use 31% more electricity and 13% more gas compared to
5 average population of customers classified as estimated low-income.⁴¹

6 **Q. Is TEP's claim that PSE substantially inflated the size of estimated bill**
7 **impacts correct?**

8 A: No. As PSE discusses below, TEP calculated incorrect rate impacts, and then
9 compared the incorrect results to a range of estimated rate impacts. TEP
10 erroneously summarized PSE's testimony, omitting important details of the
11 caveats behind PSE's estimate bill impact calculations. Like the bill impact
12 scenario calculations that TEP tried to demonstrate, depending on a bill impact
13 scenario and associated assumptions, estimated rate impacts will differ.

14 In order to present rate impacts in the simplest way possible, PSE showed
15 estimated rate impacts if total current arrearage amounts were put into rates. PSE
16 also included estimates for estimated low-income and known low-income
17 customers to provide a range of impacts and to illustrate that depending on which
18 arrearages are determined to be written off or forgiven through energy assistance,
19 rate impacts will differ.

³⁹ Exh. BDJ-11 slide 10.

⁴⁰ Exh. BDJ-11 slide 14.

⁴¹ Exh. BDJ-11 slide 14.

1 PSE transparently explained other assumptions associated with these estimated
2 rate impacts and provided detailed work-papers demonstrating how PSE
3 calculated the estimated rate impact scenarios.

4 **Q. Please explain your claim above that TEP incorrectly calculated rate**
5 **impacts.**

6 A. TEP used incorrect data to calculate rate impacts of PSE’s proposal. In Exhibit
7 APR-6, which is PSE’s Response to TEP Data Request No. 117, PSE responded
8 to TEP’s request for data “...only for those customers whose dunning/collections
9 are not currently paused and for whom the Company proposes to resume
10 dunning/collections.”⁴² TEP apparently misinterpreted PSE’s data as total
11 arrearages that PSE proposes to resume dunning/collections for (“Total Phase 2-
12 5”). However, there is another set of customers whose dunning/collections are
13 currently paused and for whom the Company proposes to resume
14 dunning/collections. TEP failed to account for those customers when it calculated
15 estimated rate impacts.

16 As such, TEP erroneously calculated estimated rate impacts using \$45 million⁴³
17 rather than \$70 million (see Table 3 below) for all customers, and for estimated
18 low-income customers, TEP should have used \$43 million instead of \$23
19 million.⁴⁴ PSE presents estimated rate impacts using correct amounts below.

⁴² Exh. APR-6 (emphasis added).

⁴³ Pfeifer-Rosenblum, Exh. APR-1T at 10:10-13.

⁴⁴ Exh. APR-6.

1 **Q. If TEP’s estimated rate impacts are incorrect, what are the correct estimated**
 2 **rate impacts of PSE’s proposal?**

3 A: The total arrearage balances for PSE’s proposal as of October 31, 2023, for all
 4 customers with arrearages between \$150 and \$1,000 and for customers in special
 5 dunning procedure with arrearages above \$1,000, are approximately \$70 million
 6 (“Total Phase 2-5 arrearages”) See Table 2 above.

7 Using these Total Phase 2-5 arrearages and forecasted revenue at rates effective
 8 November 1, 2023, estimated rate impacts for all customers and estimated low-
 9 income customers are as follows in Tables 3 and 4 below. See calculations in
 10 Exhibit CLW-34:

Table 3

| Estimated Rate Impacts of Total Phase 2-5 Arrearages | | | | | |
|--|------------------|------------------|----------------------------|------------------|----------------------------|
| Arrearages data | Total | Electric | | Gas | |
| Category of customers | Arrearages (\$M) | Arrearages (\$M) | Estimated rate impact (%)* | Arrearages (\$M) | Estimated rate impact (%)* |
| Residential | \$ 67 | \$ 53 | 3.7% | \$ 15 | 2.2% |
| Commercial & Industrial | \$ 3 | \$ 2 | 0.1% | \$ 1 | 0.2% |
| Total | \$ 70 | \$ 55 | 2.1% | \$ 15 | 1.6% |

*Based on Total Forecasted Revenue at rates effective November 1, 2023

Table 4

| Estimated Rate Impacts of Total Phase 2-5 Arrearages for Estimated Low Income Customers Only | | | | | |
|--|------------------|------------------|----------------------------|------------------|----------------------------|
| Arrearages data | Total | Electric | | Gas | |
| Category of customers | Arrearages (\$M) | Arrearages (\$M) | Estimated rate impact (%)* | Arrearages (\$M) | Estimated rate impact (%)* |
| Residential | \$ 43 | \$ 36 | 2.5% | \$ 8 | 1.2% |
| Commercial & Industrial | \$ - | \$ - | 0.0% | \$ - | 0.0% |
| Total | \$ 43 | \$ 36 | 1.4% | \$ 8 | 0.8% |

*Based on Total Forecasted Revenue at rates effective November 1, 2023

1 **Q. Are the rate impacts estimated above for Total Phase 2-5 arrearage amounts**
2 **the expected outcome?**

3 A: Not necessarily. Ultimate one-time rate impacts would depend on Commission
4 determination with respect to recovery of PSE's arrearage balances.

5 **Q. Is it reasonable to show rate impacts "...only for those customers whose**
6 **dunning/collections are not currently paused and for whom the Company**
7 **proposes to resume dunning/collections" as TEP indicates?⁴⁵**

8 A: No. There is no determination currently that only arrearages of those customers
9 for whom PSE proposed to resume dunning/collections would need to be
10 recovered. Therefore, it is more reasonable to demonstrate a range of rate impacts,
11 including for total arrearages, as PSE did in the direct testimony of Carol Wallace,
12 Exh. CLW-13T, rather than only for Phase 2-5 balances as TEP seems to suggest,
13 because PSE does not know which of these arrearage amounts will actually
14 become rate impacts to customers.

15 In fact, TEP failed to provide estimated rate impacts of its own party's proposal
16 for comparison. PSE believes this is misleading because if TEP calculated rate
17 impacts for TEP's proposal,⁴⁶ estimated rate impacts would be higher than what
18 TEP included in Table 3 of Exhibit APR-1T. PSE calculated estimated rate
19 impacts of TEP's proposal, discussed below.

⁴⁵ Pfeifer-Rosenblum, Exh. APR-1T at 10:1-4.

⁴⁶ Stokes, Exh. SNS-1T at Table 1.

1 **Q. What is the dollar amount of arrearages for which TEP’s proposal term 3**
2 **would apply to?**

3 A: TEP’s proposal’s term 3 states: “PSE will not threaten to disconnect or disconnect
4 the following protected groups of residential customers: a. Known low-income, b.
5 Customers in Deepest Need..., c. Estimated low-income, and d. In Highly
6 Impacted Communities.”⁴⁷ TEP’s proposal’s term 3 would pause dunning for
7 48% of current arrearage balances (\$67 million⁴⁸ out of \$139 million⁴⁹) – which
8 would “remain in effect unless and until the Commission orders otherwise in a
9 proceeding.”⁵⁰

10 While in Table 1 of Exhibit SNS-1T, TEP indicates that its proposal term 3 would
11 apply to about \$67 million, this value represents the number of arrearage of active
12 PSE customers in those categories. Residential arrearage amounts of both active
13 and inactive customers in the categories in TEP’s proposal’s term 3 were
14 approximately \$74 million as of October 31, 2023. See Exh. CLW-35.

⁴⁷ Stokes, Exh. SNS-1T at 33:17-23.

⁴⁸ Exh. APR-6.

⁴⁹ Exh. CLW-22.

⁵⁰ Stokes, Exh. SNS-1T at 33:11-12.

1 **Q. What are the estimated rate impacts of “TEP’s proposal term 3” and how do**
 2 **they compare to estimated rate impacts that TEP calculated for PSE’s**
 3 **proposal?**

4 A: PSE calculated the estimated rate impact of TEP’s proposal’s term 3 in Table 5
 5 below. See calculations in Exhibit CLW-35. PSE used the residential arrearage
 6 amounts for both active and inactive customers in categories of: Known Low-
 7 Income, Deepest Need, Estimated Low-Income, and In Highly Impacted
 8 Community - approximately \$74 million, as of October 31, 2023.⁵¹ Using
 9 forecasted revenues at current rates, the estimated rate impacts are as follows:

Table 5

| Estimated Rate Impacts of TEP's Proposal's Term 3 | | | | | |
|---|------------------|------------------|----------------------------|------------------|----------------------------|
| Arrearages data | Total | Electric | | Gas | |
| Category of customers | Arrearages (\$M) | Arrearages (\$M) | Estimated rate impact (%)* | Arrearages (\$M) | Estimated rate impact (%)* |
| Residential | \$ 74 | \$ 60 | 4.2% | \$ 14 | 2.1% |
| Commercial & Industrial | \$ - | \$ - | 0.0% | \$ - | 0.0% |
| Total | \$ 74 | \$ 60 | 2.3% | \$ 14 | 1.4% |

*Based on Total Forecasted Revenue at rates effective November 1, 2023

10 Compared to estimated rate impacts that TEP incorrectly calculated and presented
 11 in Table 3 of Exhibit APR-1T, the estimated rate impacts of TEP’s own
 12 proposal’s term 3 are significantly higher:

⁵¹ Exh. CLW-34.

Table 6

| One-time Estimated Rate Impacts by Customer Class | | | | |
|---|----------------|------|----------------------------|------|
| Customer Category | APR-1T Table 3 | | SNS-1T TEP Proposal term 3 | |
| | Electric | Gas | Electric | Gas |
| Residential | 2.2% | 1.7% | 4.2% | 2.1% |
| C&I | 0.1% | 0.2% | 0.0% | 0.0% |
| Weighted Average | 1.3% | 1.2% | 2.3% | 1.4% |

1 **Q. If TEP’s proposal is adopted, could rate impacts calculated by PSE be**
2 **higher?**

3 **A:** Yes. There are many reasons why the estimated rate impacts that PSE calculated
4 for TEP’s proposal’s term 3 above could be higher.

5 First, PSE’s estimated rate impacts of TEP’s proposal’s term 3 do not include
6 estimated rate impacts from TEP’s proposal’s other terms, which could lead to
7 higher costs, such as:

- 8 1) Increased credit and collections costs from term 1 where, “PSE may resume
9 any pre-pandemic credit and collections practices for commercial and
10 industrial customers.”
- 11 2) Increased outreach costs from term 2, “PSE may perform outreach to all
12 residential customers when the outreach does not threaten disconnection.”
- 13 3) Current and growing arrearages of customers in term 4 “a. child under 5, b.
14 vulnerable senior ..., c. renter at risk of becoming homeless due to

1 disconnection, and medical need for utility service,” as well as any other
2 associated implementation and administration costs.⁵²

3 Second, the estimated one-time rate impacts of “TEP proposal’s term 3” could be
4 higher overall because PSE’s arrearage balances of these customers will continue
5 to accumulate in the current situation until they are able to enter dunning process
6 or until their arrearages are addressed in some other form of recovery. The longer
7 the wait, the higher the arrearages will become. Finally, continuing to not address
8 new arrearages through dunning will lead to additional future rate impacts to all
9 customers as the future debt will need to be written off or addressed through
10 energy assistance funding.

11 **Q. Did PSE present an example of potential estimated annual rate impacts?**

12 A: Yes. PSE presented estimated annual rate impacts in PSE’s Response to TEP Data
13 Request No. 102, provided now as Exhibit CLW-36. PSE estimated annual rate
14 impacts using past-12 month accumulated arrearages to demonstrate that past-due
15 balances accumulate continuously and if arrearages are prohibited or if large
16 balances are not addressed through dunning, then regular rate increases could
17 occur for all customers.

18 PSE used the total arrearage data for 12-months (from May 31, 2022 to May 31,
19 2023) to estimate ongoing annual rate impacts. PSE calculated an estimated
20 annual rate increase for electric customers of 1% and an estimated annual rate

⁵² Stokes, Exh. SNS-1T at 33:13-31.

1 increase for gas customers of 1%, using the estimated total forecasted revenue at
2 rates effective May 1, 2023.

3 **Q. In summary, does TEP's proposal balance providing energy assistance and**
4 **customer accountability?**

5 A: No. TEP does not address customer accountability, nor does it propose or explain
6 how growing arrearages will be paid for, and system costs recovered, if the
7 moratorium is allowed to continue on a large percentage of PSE's residential
8 customers.

9 **Q. Does PSE's proposal balance providing energy assistance and customer**
10 **accountability?**

11 A. Yes, PSE's proposal limits cost increases to all customers and finds a balance
12 between providing financial assistance and accountability. PSE's proposal
13 protects all customers from large cost redistribution due to non-payment. System
14 costs must be recovered, and ensuring customers are accountable to pay their bills
15 reduces cost shifting to other customers. For those customers who require
16 financial assistance and self-attest, multiple low-income programs and robust
17 customer protections are available. This helps reduce energy burden, and provide
18 energy security and energy equity.

1 **B. PSE's Phased Return to Dunning is Superior to TEP's Proposal**

2 **Q. TEP Contends that PSE's proposal would disproportionately harm its most**
3 **vulnerable customers.⁵³ How do you respond?**

4 A: PSE disagrees with this contention. As shown above, customers face as much
5 harm from continuing to accrue past-due balances than by entering the dunning
6 process. The customer experience for those entering the dunning process and
7 disconnection queue is not comparable to other situations in which customers face
8 barriers to essential services, as they are able to regain access to energy from PSE
9 quickly after contacting us upon being disconnected. See Exh. CLW-30. Most
10 customers who are disconnected are reconnected to service within the same day
11 (60 percent) or the next day. PSE has several programs in place to make sure that
12 customers likely to be low income can receive energy assistance upon request,
13 even more so now with PSE's self-declaration process for PSE HELP and its Bill
14 Discount Rate.

15 **Q. How does PSE's proposal address the concerns raised by TEP?**

16 A. PSE's proposal addresses TEP's concerns in the same manner stated above for
17 Public Counsel and Staff's concerns. PSE has demonstrated that the number of
18 customers who are disconnected is a small percentage, the duration of loss of
19 service is short, there are no fees to reconnect, and they will be provided access to
20 assistance through the Bill Discount Rate and PSE HELP to help manage their

⁵³ Pfeifer-Rosenblum, Exh. APR-1T at 16:10.

1 bills moving forward. Customers will also be referred to PSE's CAP agency
2 partners to obtain LIHEAP benefits if they qualify.

3 PSE has described multiple forms of outreach that have been conducted and that
4 are still ongoing. PSE has instituted an emergency arrearage management plan to
5 assist customers during the interim period until the permanent arrearage
6 management plan is in place. Additionally, PSE's HELP and customer funded
7 Warm Home Fund also apply to arrearage balances. PSE initiated the CACAP 1
8 and CACAP 3 of its own volition, helping tens of thousands of low-income
9 customers.

10 **V. THE JEA'S PROPOSAL WILL NOT SUFFICIENTLY**
11 **ALLEVIATE GROWING ARREARAGES**

12 **Q. Please summarize your assessment of the JEAs' response testimony.**

13 A. The JEAs contends that disconnecting residential customers who belong to certain
14 groups results in them being disproportionately harmed by disconnections.⁵⁴

15 **Q. How does PSE's proposal address the concerns raised by the JEAs?**

16 A. PSE's phased approach continues to protect certain groups of customers while
17 outreach is being performed to recommend assistance programs. The JEAs are
18 concerned about the resulting harm to customers due to disconnects,⁵⁵ but they do
19 not recognize that continuing to allow arrearages to grow also results in harm. In

⁵⁴ Thompson, Exh. CIT-1T at 18:23-19:2.

⁵⁵ Thompson, Exh. CIT-1T at 13:13-16.

1 many cases residential customer balances exceed the maximum amount that
2 assistance can cover, resulting in customers still having a past-due balance even
3 after assistance.

4 For example, among active residential customers, the total arrearages of
5 customers who owe over \$2,000 (which is the maximum theoretical total
6 receivable from PSE HELP and LIHEAP) is \$24.5 million. Even if all these
7 customers received the theoretical maximum, they would still collectively owe
8 \$10.9 million. See Exh. CLW-38.

9 JEA witness Charlee Thompson disagrees with PSE's assertion that although
10 proving to be successful, the Bill Discount Rate and Temporary Arrearage
11 Management Program have not led to any material improvements in lowering
12 arrearages.⁵⁶ While it is correct that those programs are recently implemented
13 programs and are intended to make bills more affordable, they were not designed
14 to cover the full volume of arrearages that PSE is seeing today. PSE's proposal
15 addresses the concerns raised by the JEAs by considering the full breadth of harm
16 that growing arrearages have on customers by implementing a dunning process
17 that includes many protections and safety valves and ultimately provides an
18 option to wipe a customer's slate clean through prior obligation.

⁵⁶ Thompson, Exh. CIT-1T at 10:1-11:3

1 **Q. How does PSE respond to TEP's⁵⁷ Public Counsel's,⁵⁸ and JEA's⁵⁹ claims**
2 **that PSE's equity analysis is flawed and insufficient?**

3 A. PSE disagrees. The Company's equity analysis is sufficient to show that (a) PSE's
4 proposed plan will not disproportionately affect disadvantaged customers, (b)
5 PSE's available energy assistance programs provide a breadth of resources for
6 disadvantaged customers, and (c) the energy assistance PSE has provided to
7 customers over the past three years has been effective at reaching disadvantaged
8 customers.

9 First, PSE conducted extensive analyses to understand the proportion of
10 customers in each phase of its proposed plan who are in Highly Impacted
11 Communities, have High Vulnerability, are Energy Burdened, and are estimated
12 low-income. PSE is operating on the philosophy that an inequitable plan would
13 include a clearly disproportionate number of customers in the phased plan that is
14 found in the larger customer base (e.g., twice as many). While PSE found that
15 some subsets of customers are somewhat more likely to be included in PSE's
16 phased plan than other PSE customers, it did not find any customer subset that is
17 clearly disproportionately more likely to be included in PSE's phased plan than
18 other PSE customers. See Exh. CLW-29.

⁵⁷ Pfeifer-Rosenblum, Exh. APR-1T at 19:7-10.

⁵⁸ Dahl, Exh. CJD-1T at 28:14-15.

⁵⁹ Thompson, Exh. CIT-1T at 17:1-3.

1 Second, PSE has shown its currently available energy assistance programs are
2 uniquely situated to address the needs of disadvantaged customers, such as those
3 who are Energy Burdened, low-income, and Deepest Need.

4 Third, PSE's efforts to reduce customers' bills and lower overall arrearages have
5 been effective at focusing on disadvantaged customers. Of the roughly 100,000
6 unique residential customers that have received energy assistance since 2020,
7 40% are in Highly Impacted Communities (versus 20% overall customer base);
8 60% are High Vulnerability (versus 33% overall customer base); 52% are Energy
9 Burdened (versus 13% overall customer base), and 24% are Deepest Need (versus
10 4.3% overall customer base). See Exh. CLW-37. PSE has already paid special
11 attention to disadvantaged customers, in line with the Company's commitment to
12 equity, and it will continue to do so.

13 **VI. PSE'S PROCESSES AND STATE PROTECTIONS ARE INTENDED TO**
14 **HELP CUSTOMERS**

15 **Q. How do you respond to parties' concerns regarding disconnections?**

16 A. Multiple parties (TEP, JEA, and Public Counsel) mention harm caused by threat
17 of disconnection. PSE sees its dunning and disconnection process differently.
18 PSE's dunning process provides customers with real-time, past-due information
19 they must know to take advantage of options available to them to get back on
20 track. PSE has a variety of programs designed to avoid disconnection and exit the
21 dunning process altogether. The Company advocates for its customers so that they

1 are aware of ways to reduce their arrearage and lower or eliminate the stress of
2 carrying a large past-due balance.

3 Public Counsel expressed that “growing past-due balances are concerning.”⁶⁰ PSE
4 agrees. PSE’s customers are ultimately responsible for any past-due balances on
5 their accounts, and failure to take concerted steps to reduce arrearages threatens
6 individual customers’ abilities to become current on their bills. Large past-due
7 balances are a threat to long-term affordability and energy security.”⁶¹ That threat
8 is what PSE is attempting to resolve. Dunning procedures are not intended to
9 increase the number of customers who may face disconnection, but to get in front
10 of all customers who are past due so they are aware they must act on their account
11 or seek bill assistance.

12 **Q. What happens when a customer goes through PSE’s dunning process?**

13 A. PSE conducts many phone outreach attempts throughout the dunning process, and
14 notices also provide the customer with necessary information about their account
15 and what options are available to them. When a customer chooses not to act,
16 before PSE considers a disconnect, it sends field personnel out to talk with the
17 customer and/or leave another 24-hour notice with their options to avoid a
18 disconnection. Visiting all customers and leaving a note to provide additional time
19 for the customer is beyond what is required and, due to the situation caused by the
20 pandemic and the large number of customers and arrearages due, PSE provides

⁶⁰ Dahl, Exh. CJD-1T at 8:11.

⁶¹ Dahl, Exh. CJD-1T at 8:11-14

1 this extra level of protection for customers. If the customer takes no action after
2 the field notice, a 24-hour reminder of pending disconnection is left. If there is
3 still no action, a service disconnection may occur if it falls within PSE's ten
4 business day rule. If the disconnection does occur, the customer may call or go
5 online (web or mobile) to initiate a service reconnection, and PSE responds
6 quickly to restore power. Nearly 60% of customers initiating reconnection are
7 restored on the same day, and 70% within the following day. Disconnection is a
8 last resort. However, when customers do not act, it is a consideration that is
9 necessary to prevent the customer from continuing to accumulate an even larger
10 balance and further pushing them into financial hardship. PSE's phased approach
11 acknowledges that a few customers will be disconnected; however, more
12 customers will act to get assistance and will also take advantage of the varying
13 protections available in Washington State.

14 **Q. Does PSE believe Washington State has the right level of protections for**
15 **customers?**

16 A: Yes. Washington State has many protections available to customers. See Table 1
17 above, which shows many of the protections already issued by the State. The
18 basis of the multiple parties' testimonies is that PSE must continue to protect
19 certain classes of customers by characteristics that categorize them as Named
20 Communities, Vulnerable populations, Known Low Income, Estimated Low
21 Income. The protections in place, including specific programs PSE offers, already

1 protect these customers in a much more comprehensive manner than the proposals
2 from other parties.

3 **Q. Please explain PSE's concerns regarding customer harm.**

4 A. PSE believes the harm customers face when their balance exceeds their ability to
5 act is being underestimated. PSE arrearages have grown 157%, while the total
6 number of customers past due has stayed stable.⁶² Continuing to allow balances to
7 exceed a customer's ability to get assistance is harmful for the customer,
8 especially when assistance funding no longer reduces the arrearage burden and
9 other programs become far less beneficial for the customer simply based on how
10 large their balance is.

11 If a customer is disconnected, the process to establish service is fast, easy, and
12 requires no payment from the customer. Once the customer initiates their
13 reconnection, they establish a new account where they are not assessed a security
14 deposit or reconnection fee, and the disconnected service is moved to a closed
15 account based on Prior Obligation rules in Washington State. The closed Prior
16 Obligation account is final billed, and the customer continues to have options
17 available to them to take care of the balance. Further, phone outreach occurs and
18 notices are sent if the customer has not resolved the balance. PSE continues to be
19 very flexible with repayment options, but should the customer not resolve the
20 balance, it may be written off. The customer starts fresh with a new account, and
21 PSE's hope is that they will be able to stay current while utilizing all the available

⁶² Wallace, Exh. CLW-13T at 4:18

1 resources the Company has, such as, but not limited to, many forms of bill
2 assistance, Bill Discount Rate, budget payment plan, choose your own due date,
3 payment plans, and many energy efficiency programs. The Company can
4 introduce many options for bill assistance but, ultimately, it requires customer
5 accountability to engage and act on their account.

6 VII. CONCLUSION

7 **Q. Please summarize your testimony.**

8 A. In conclusion, while Staff and Public Counsel's response testimonies
9 acknowledge the need for modifications to PSE's collection practices, there are
10 certain aspects of PSE's proposed plan with which they disagree. The primary
11 concern raised in response testimony is the lack of provision for the protection of
12 customers in deepest need, including those in low-income categories and Named
13 Communities. PSE's proposal provides for not only consideration of equity, but
14 also will foster more equitable outcomes for low-income and named communities
15 by maintaining important customer protections while addressing current balances
16 that create harm to both PSE and the customer.

17 PSE's plan includes a phased resumption of dunning, taking into account the
18 financial stress on the Company and potential costs to all customers. The aim is to
19 safeguard customers who are unable to pay for vital services so they are not
20 disproportionately affected. PSE intends to keep all protections in Table 1 in place
21 until the Commission adopts new rules in Docket U-210800.

1 The plan also addresses the worry that restarting dunning will result in customers
2 losing access to vital services. The number of customers who are disconnected is
3 a small percentage, and the duration of the loss of service is short. PSE will not
4 charge a reconnect fee, and customers can receive access to assistance through the
5 various programs outlined in Table 1.

6 Public Counsel correctly stated that, “growing past-due balances are concerning.
7 PSE’s customers are ultimately responsible for any past-due balances on their
8 accounts and failure to take concerted steps to reduce arrearages threatens
9 individual customers’ abilities to become current on their bills. Large past-due
10 balances are a threat to long-term affordability and energy security.” It is
11 precisely for these reasons that PSE is proposing resuming dunning as a change is
12 required to get customers to act on their own behalf to gain assistance to reduce
13 arrearages and reduce their bills through PSE’s assistance programs.

14 **Q. Does that conclude your prefiled rebuttal testimony?**

15 **A.** Yes, it does.