**EXHIBIT NO. \_\_\_(TAD-1T)
DOCKET NO. U-110808 WITNESS:  TOM A. DEBOER**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

|  |  |
| --- | --- |
| **WASHINGTON UTILITIES AND****TRANSPORTATION COMMISSION,****Complainant,** **v.****PUGET SOUND ENERGY, INC.,****Respondent.** | **Docket No. U-110808** |

**PREFILED INITIAL TESTIMONY OF**

**TOM DE BOER**

**ON BEHALF OF PUGET SOUND ENERGY, INC.**

**APRIL 3, 2012**

**PUGET SOUND ENERGY, INC.**

****PREFILED INITIAL TESTIMONY OF
TOM DE BOER****

Q. Please state your name and business address.

A. My name is Tom De Boer. My business address is 10885 NE Fourth Street, P.O. Box 97034, Bellevue WA 98009-9734.

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

A. I am employed by Puget Sound Energy, Inc. ("PSE" or the "Company") as Director, Federal and State Regulatory Affairs.

Q. Have you prepared an exhibit describing your education, relevant employment experience, and other professional qualifications?

A. Yes, I have. It isExhibit No. \_\_\_(TAD-2).

Q. What are your duties as Director, Federal and State Regulatory Affairs for PSE?

A. As Director, Federal and State Regulatory Affairs, I manage PSE’s Rates and Regulatory Department. My present responsibilities include oversight of various regulatory proceedings before the Washington Utilities and Transportation Commission ("WUTC" or "Commission"), the Federal Energy Regulatory Commission ("FERC") and certain rate related issues with the Bonneville Power Administration.

Q. Please provide a brief summary of your testimony

A. The purpose of my testimony is to describe the original complaint in Docket No. U-100182 and provide an overview of the actions taken by the Company to ensure compliance with the Commission’s Order in U-100182.

Q. Please provide the background surrounding this proceeding's complaint ("Complaint"), including a description of the elements of the settlement agreement that was approved in December 2010?

A. In 2009, WUTC Consumer Division Staff ("Staff") conducted an investigation of energy utilities’ disconnection for nonpayment and the associated reconnection of the customers. During Staff’s investigation, it reviewed records of customers who had been disconnected for non-payment. As a result of the investigation, Staff filed a complaint against PSE alleging that the Company had mishandled 26 customer accounts, primarily related to the proper handling of prior obligations. The Company filed an Application for Mitigation of Penalties and requested a hearing. The Commission set the matter for hearing, but Staff and PSE arrived at a settlement prior to the hearing, filing a joint motion of settlement ("Joint Motion"). As part of the Joint Motion, the Company agreed to 1) pay a penalty in the amount of $104,300, 2) implement several process changes, 3) investigate the 26 accounts that were in question, and 4) continue to comply with the plan implementation described in an MS Power Point presentation provided as Appendix B to the Joint Motion.

 Part of the implementation plan included a commitment to file quarterly reports regarding the Company’s progress on the implementation plan developed to ensure compliance with the Commission’s prior obligation rules. The Joint Motion was granted in Order 01 on December 28, 2010 ("Order 01").

Q. Please describe what actions the Company took following approval of the Joint Motion?

A. The Company actually began to implement the process changes outlined in Appendix B to the Joint Motion prior to the Commission issuing Order 01. In his prefiled initial testimony, Exhibit No. \_\_\_(GA-1T), Mr. Gilbert Archuleta describes the specific actions PSE took immediately following the settlement of Docket No. U-100182.

Q. Please describe how PSE planned to meet the requirement to "promptly investigate" the 26 accounts?

A. PSE believed that the investigation requirement approved in Order 01 was to review the accounts and determine if there was any material impact to the customer’s account had the alleged violation not been committed. The purpose of the Company’s investigation was to evaluate an account's status as though PSE had correctly processed the prior obligation and applied any pledge to a newly-established account at the time of reconnection. PSE did not interpret this commitment as a requirement to re-process all account transactions in PSE’s billing system (CLX) dating back to October 2009.

As Mr. Archuleta explains in Exhibit No. \_\_\_(GA-1T), PSE reviewed three primary elements to determine how, if at all, a customer would be affected by a correction to his or her account. Those three primary elements involved determining whether or not the customer was still in PSE's system; whether the customer had any subsequent disconnections, and how, if at all, a pledge amount would have affected the account.

Q. Why were these three elements important?

A. These elements would help PSE determine whether there was a material impact to the customer’s account as a result of the method PSE had used to process the prior obligation and the pledge payment, or if the impact was merely an internal accounting consequence that the customer would not recognize.

Q. Do you agree that Order 01 required PSE to go back and reprocess the 26 accounts in the Company’s billing system?

A. No. Order 01, the order granting the Joint Motion, required PSE to investigate the accounts. The word "investigate" was not defined by the Joint Parties, so common usage of the word is appropriate. The Webster dictionary defines "investigate" as: "to observe or study by close examination and systematic inquiry". PSE believes that the Joint Motion called for PSE to "investigate" rather than reprocess the accounts in CLX. Further, investigating rather than completely reprocessing the accounts is consistent with the long time frame between the time of the original violation of the prior obligation rule (October 2009) to the time Order 01 was issued (December 2010). This time frame is nearly 14 months. Completely reprocessing 26 specific accounts may not be appropriate after 14 months have passed from the time a potential problem was identified. This becomes particularly true when, as explained by Mr. Archuleta, several of such accounts were not even in the system 14 months later.

Q. Do you agree with Staff that the Company was required to complete the investigation within 30 days of the Order (by Jan 27, 2011)?

A. No, I do not. Order 01 required PSE to "promptly" complete its investigation.[[1]](#footnote-1) Neither the Joint Motion nor Order 01 expressed a specific date for PSE to complete its investigation and report back to Staff on the results of the investigation. Appendix B to the Joint Motion approved in Order 01 states that the Company would provide quarterly reports and would submit the first one in April 2011.

Q. Did PSE present its first quarterly report by April 29, 2011?

A. No, it did not. PSE was prepared to present its report to Staff at a scheduled April 2011 meeting, but the April meeting was rescheduled for May 3, 2011. PSE attended the May 3, 2011 meeting and was prepared to present its report at that time, but upon meeting with Staff, it became clear that presentation of the report would have been futile because Staff and PSE had been working under different expectations regarding PSE's obligation to promptly complete its investigation into the 26 accounts.

Q. What was this misunderstanding?

A. It appears that Staff interpreted PSE's obligation "to investigate" to mean that PSE was obligated to reprocess each account through CLX, then after reprocessing was complete, to notify each customer about his or her outstanding prior obligation balance. However, neither of these requirements is explicit in either the Joint Motion or Order 01.

Q. Does this conclude your testimony?

A. Yes, it does.

1. *See* Docket No. U-100182, Order 01 at ¶ 7 (Dec. 28, 2010). [↑](#footnote-ref-1)