

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

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

<p>WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,</p> <p>Complainant,</p> <p>v.</p> <p>PUGET SOUND ENERGY, INC.,</p> <p>Respondent.</p>	<p>Docket No. U-110808</p>
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**PREFILED INITIAL TESTIMONY OF
TOM DE BOER
ON BEHALF OF PUGET SOUND ENERGY, INC.**

APRIL 3, 2012

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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 is Exhibit 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.

1 **Q. Please provide a brief summary of your testimony**

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

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

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

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

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

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

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

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

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

7 **Q. Why were these three elements important?**

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

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

14 A. No. Order 01, the order granting the Joint Motion, required PSE to investigate the
15 accounts. The word "investigate" was not defined by the Joint Parties, so
16 common usage of the word is appropriate. The Webster dictionary defines
17 "investigate" as: "to observe or study by close examination and systematic
18 inquiry". PSE believes that the Joint Motion called for PSE to "investigate" rather
19 than reprocess the accounts in CLX. Further, investigating rather than completely
20 reprocessing the accounts is consistent with the long time frame between the time
21 of the original violation of the prior obligation rule (October 2009) to the time
22 Order 01 was issued (December 2010). This time frame is nearly 14 months.

1 Completely reprocessing 26 specific accounts may not be appropriate after 14
2 months have passed from the time a potential problem was identified. This
3 becomes particularly true when, as explained by Mr. Archuleta, several of such
4 accounts were not even in the system 14 months later.

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

7 A. No, I do not. Order 01 required PSE to "promptly" complete its investigation.¹
8 Neither the Joint Motion nor Order 01 expressed a specific date for PSE to
9 complete its investigation and report back to Staff on the results of the
10 investigation. Appendix B to the Joint Motion approved in Order 01 states that
11 the Company would provide quarterly reports and would submit the first one in
12 April 2011.

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

14 A. No, it did not. PSE was prepared to present its report to Staff at a scheduled April
15 2011 meeting, but the April meeting was rescheduled for May 3, 2011. PSE
16 attended the May 3, 2011 meeting and was prepared to present its report at that
17 time, but upon meeting with Staff, it became clear that presentation of the report
18 would have been futile because Staff and PSE had been working under different
19 expectations regarding PSE's obligation to promptly complete its investigation
20 into the 26 accounts.

¹ See Docket No. U-100182, Order 01 at ¶ 7 (Dec. 28, 2010).

1 **Q. What was this misunderstanding?**

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

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

8 A. Yes, it does.