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Puget Sound Energy's data sharing under scrutiny

Utility might be violating state privacy laws

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A program by which Puget Sound Energy shares new customers' information with an outside marketing company might be violating state privacy regulations, and new customers likely do not realize the utility company has shared their private account information.

Since Oct. 18, call-center employees at PSE say they have been told to transfer nearly all new service calls they take from consumers to a business identified as PSE Connections, which is actually a separate company that tries to sell consumer home products and services such as cable TV and lawn care.

That has piqued the interest of the state Utilities and Transportation Commission, which enforces strict privacy standards based on the understanding that consumers have little choice but to do business with utility companies and therefore shouldn't have to give up their privacy to marketers by default.

Electric utilities in Washington are prohibited from disclosing for marketing purposes private consumer information, such as names, telephone numbers and addresses, to anyone, including its own affiliates or subsidiaries.

PSE officials said Monday that PSE started offering new customers the service in 2001 and designed the contractual relationship with the marketing firm in full compliance with all state regulations. Moreover, consumers are not required to speak with PSE Connections representatives after setting up new electric or gas service. "It's purely a customer-service option only," said Darren Brady, senior vice president of customer service at PSE.

Charles Smith, who represents PSE employees with the International Brotherhood of Electrical Workers Local 77, said call-center employees are uncomfortable giving out a new customer's information for marketing purposes.

Union leaders inquired about the employees' concerns but were told that call-center reps ask customers if they want to be transferred to PSE Connections and that customers can say no, Smith said.

In an e-mail to call-center employees and accounting personnel, a PSE manager wrote that not all calls were to be transferred to the other company.

"The only starts/transfers of service that qualify for PSE Connections are when the customer of record is calling for service," the e-mail said. "Please do not transfer apartment managers, real estate agents, builders, etc."

According to call-center employees and the PSE manager e-mails, representatives are supposed to use phrasing that implies that new customers must be transferred to confirm their new service.

However, the confirmation process is unnecessary, workers say.

State regulators last week sent PSE a letter of inquiry about the program, which has been worth about \$20,000 a year to the utility company's customer-service revenue. They asked the company to explain the program and its relationship with Georgia-based Allconnect, the company being referred to locally as PSE Connections.

Allconnect conducts the confirmation process with at least 20 utility companies across the country, said R. Lee Pritchard, Allconnect's founder and vice chairman.

Pritchard said he was not aware of any specific privacy restrictions in Washington and that Allconnect relies on its utility partners to know and abide by the rules regulating their industry. He said he is confident PSE would follow all local regulations strictly.

The relationship with the marketing firm was intended to provide PSE customers with the convenience of being able to sign up for other services without having to make a lot of individual phone calls, Brady told the Seattle P-I.

In addition, although it is a third party, PSE considers Allconnect an agent operating PSE's own marketing service, and therefore the sharing of private consumer information would be legal.

Still, PSE officials said the utility would adjust its program to satisfy state regulators and their own customers.

No consumers have complained to the state about PSE Connections, but the prospect of a utility sharing individual customer data is a major concern for state regulators, said Dave Pratt, assistant director for consumer affairs at the UTC.

"Privacy has become such a big issue these days," Pratt said. "It pushes a lot of buttons." He added that if PSE has been sharing information, he wonders if other electric companies are, too.

Allconnect was established in 1998 to create a one-call service for consumers who were setting up new accounts with a few Southern electric companies. Because of its success, the company has been able to expand nationwide.

Allconnect's home-services catalog on the Internet lists a variety of companies offering products and services consumers might need when moving into a new home, such as communications services from Comcast, Qwest and Earthlink, as well as companies offering pest control, check printing and appliances.

None of those companies transfers customers or their information to Allconnect as PSE does.

The Allconnect Web site also offers "great deals in your area" for Seattle Public Utilities. But Seattle City Light and Seattle Public Utilities do not join with any company for such services, and to do so would run counter to strict privacy standards the city utilities enforce for its customers, said Dan Williams, a spokesman for Seattle City Light.

Allconnect also markets newspaper services such as USA Today, and locally it joins with The Seattle Times Co., which represents the Seattle P-I.

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