

Exhibit No. ___ T (SVK-1T)
Docket U-110808
Witness: Steven V. King

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET U-110808

TESTIMONY OF

Steven V. King

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

May 3, 2012

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1 I. INTRODUCTION

2

3 **Q. Please state your name and business address.**

4 A. My name is Steven V. King. My business address is 1300 S. Evergreen Park Drive
5 SW, P.O. Box 47250, Olympia, WA 98504.

6

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

8 A. I am employed by the Washington Utilities and Transportation Commission as the
9 Director of the Safety and Consumer Protection Division.

10

11 **Q. How long have you been employed by the Commission?**

12 A. I have been employed by the Commission for 29 years.

13

14 **Q. Would you please state your educational and professional background?**

15 A. I hold a Bachelor of Arts degree from the University of Puget Sound in sociology
16 and a Masters degree in Public Policy and Administration from the University of
17 Washington. I have held five positions at the Commission in the past 29 years
18 including 20 years of experience in different management roles. I have been the
19 Commission's senior manager responsible for safety and consumer protection for the
20 past nine years.

21

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

1 A. Yes, I have. It is Exhibit No. ___ (SVK-2).

2

3

II. DISCUSSION

4

5 **Q. Please describe your role in the investigation related to Docket U-100182 and**
6 **your understanding of the violations contained in the 26 accounts identified in**
7 **the investigation report.**

8 A. The investigation in Docket U-100182 was part of a broader Staff investigation into
9 how regulated energy companies were applying the Commission's refusal of service
10 rules, WAC 480-90-123 and WAC 480-100-123. As part of this, Staff reviewed a
11 sample of account histories from each energy company to see whether it was
12 correctly applying the rule to customers whose service was disconnected for non-
13 payment. Docket U-100182 was one of five such investigations.

14 My role was one of overall supervision and review. I was involved in setting
15 up the overall investigation. I also reviewed the investigation reports on the two
16 companies, Avista Utilities (U-101169) and Puget Sound Energy (U-100182),
17 against which the Commission initiated enforcement action.

18 The 26 accounts at issue in U-100182 were taken from a sample of customer
19 accounts PSE provided in response to Staff's data request in which Staff documented
20 rule violations related to the Company's incorrectly applying the Commission's
21 refusal of service rules. The 26 accounts represented approximately 15 percent of
22 the 179 account histories reviewed by Staff as part of the investigation into PSE in
23 U-100182. The rule violations included:

- 1 • Requiring customers to pay more money for reconnection than that permitted
2 by Commission rules;
- 3 • Refusing to reconnect service until the customer paid all or part of the
4 balance due and owing; and
- 5 • Improperly applying pledge monies from low-income agencies to the
6 outstanding debt rather than to the current account thereby preventing
7 customers from getting their service reconnected.

8 Compliance Investigator Rayne Pearson provides additional detail in her
9 testimony regarding the violations documented by Staff in its investigation.

10

11 **Q. What was your understanding of how the account errors would be remedied as**
12 **a result of the settlement agreement that was reached in December 2010?**

13 A. I understood the Company had committed to review the account histories of the 26
14 accounts identified in this investigation, go back and properly apply the
15 Commission's refusal of service rules, and make needed adjustments, if any, to the
16 balance of each account, in order to make each affected customer whole.

17

18 **Q. What was your understanding of the requirement that PSE investigate these**
19 **accounts "promptly?"**

20 A. It has been my experience that a company with the staff and resources available to it,
21 such as PSE, would be able to complete such a review within a few weeks - certainly
22 within a month. In my view, the nearly six months that elapsed -- from December

1 28, 2010, to May 20, 2011 -- when PSE filed its first quarterly report, did not
2 constitute a prompt investigation of the 26 accounts.

3
4 **Q. What representations did PSE make at the May 3, 2011, meeting with Staff
5 regarding the 26 accounts when the status of the first quarterly report was
6 discussed?**

7 A. At that meeting, Company representatives made a presentation on the status of the
8 compliance plan they agreed to undertake as part of the settlement in Docket U-
9 100182, including the status of promised process improvements, quality assurance,
10 staff training and internal communication and reporting. The Company
11 representative making the presentation did not mention the account investigation, so
12 I asked about the status of the Company's report on the investigation of the 26
13 accounts.

14 At that point, the meeting participants took a break. I walked out of the
15 meeting room and Tom DeBoer told me the investigation was complete and that the
16 Company would submit its report "tomorrow."

17 Tomorrow became "Friday," and, after further conversation with Company
18 representatives, Friday became May 20, which is when the Company submitted its
19 document entitled "PSE 26 Account Review."
20

21 **Q. When did PSE represent that the investigation into the 26 accounts was
22 complete, and how did the Company submit that information?**

1 A. The Company represented that its investigation into the 26 accounts was complete in
2 a filing with the Commission under Docket U-100182, which was dated May 20,
3 2011. The cover letter stated in part:

4 Enclosed for filing in the above referenced docket is Puget Sound
5 Energy, Inc.'s first quarterly report regarding the continued
6 implementation of the plan described in Attachment B to the Joint
7 Motion to Accept Full Payment of Penalty; Require Investigation of
8 Twenty-Six Specific Accounts; Require Continued Plan
9 Implementation; and Terminate Proceeding ("Joint Motion"), dated
10 December 16, 2010, and the corrective actions taken on the twenty-
11 six accounts listed in Attachment A to the Joint Motion. [Emphasis
12 added]
13

14 Along with the referenced quarterly report, PSE enclosed a table
15 entitled "PSE 26 Account Review," which is contained in Exhibit No. ____
16 (RP-4C) to Rayne Pearson's testimony. Column number 6 of that table
17 entitled *Analysis*, and column number 7 entitled *Resolution* purport to
18 describe the actions the Company took with respect to each account. All the
19 descriptions in the *Resolutions* column are in the past tense, indicating the
20 action was completed. For example: "5/20/11 ... *Customer payments*
21 *reallocated to prior obligation balance.*" [from *Resolution* for Customer E].
22 "5/20/11 *Pledge monies reallocated to new product assignment.*" [from
23 *Resolution* for Customer H].
24

25 **Q. Was it your understanding, based on the meeting with PSE in December 2010,**
26 **that PSE was to investigate a "sample" of the 26 accounts in question?**

27 A. No. The first time I heard of an alleged agreement between Staff and the Company
28 to review a "sample" of the 26 accounts was when I read the Company's answer to

1 this complaint. My understanding of the purpose of the Company's investigation of
2 the 26 accounts ordered by the Commission was to determine how each customer
3 was affected by the Company's misapplication of the refusal of service rules and
4 then to have the Company make each customer whole, by, for example, restoring
5 money owed to each account where appropriate.

6 When a company intentionally or inadvertently overcharges a customer, it is
7 Staff's long-standing practice to require the company to refund the money to the
8 customer. It is Staff's position that the incorrect application of the prior obligation
9 rule had the same effect on the affected customer as if they had been overcharged by
10 the company. With this as background, no useful purpose would have been served
11 by having the company "sample" the accounts.

12
13 **Q. Did you expect to be notified of the results of PSE's investigation into the 26**
14 **specific accounts?**

15 A. Of course. The review and correction of these accounts was a compliance action
16 Staff requested and the Company agreed to. It is standard practice for Staff to
17 document that a company completes all promised compliance actions in any
18 enforcement action. PSE is well aware of this. This has been our practice for
19 approximately seven years. During that time, the Commission has taken
20 enforcement action against PSE five times.¹ We have documented completion of
21 promised compliance actions in each of those proceedings.

¹ The referenced dockets include:

- a. PG-041209, investigation of King County accident, 2005;
- b. PG-011624, investigation of gas explosion at residence, 2005;
- c. PG-060215, investigation of leak recordkeeping by Pilchuck Contractors, 2008;

1 **Q. Do you believe that PSE intentionally misled Staff to believe that the accounts**
2 **had been adjusted on or before May 20, 2011, as represented in the document**
3 **“PSE 26 Account Review?”**

4 A. I do not know what else to conclude. The Company has not provided any
5 explanation that fits with what I understand the facts to be. I read the Company’s
6 May 20 submission referenced above including the actions described in the cover
7 letter and resolutions documented in the “PSE 26 Account Review” table. The plain
8 language of these documents is that the Company had completed the referenced
9 actions.

10 Staff subsequently learned that the adjustments to the accounts described in
11 these documents had not been made. Moreover, the account records later provided
12 by the Company to Staff between June 2 and June 8, 2011, showed that account
13 adjustments were not made until as late as 19 days after the May 20 filing and then
14 only after Staff requested documentation of the account actions. Rayne Pearson
15 discusses this in more detail in her testimony.

16

17 **Q. Is PSE’s description, stated in Mr. DeBoer’s direct testimony, Exhibit No. TAD-**
18 **1T, page 6, lines 2-5, and Mr. Archuleta’s direct testimony, Exhibit No. GA-1T,**
19 **page 8, lines 16-20, of Staff’s interpretation of PSE’s obligation “to investigate”**
20 **accurate?**

d. U-061239, investigation of disclosure of private customer information, 2006;
e. U-100182, investigation of application of WAC 480-90/100-123, 2010.

1 A. Yes. Staff understood that PSE would reprocess each account and contact each
2 customer regarding any prior obligation balance owed or outstanding credit on their
3 account.

4

5 **Q. How do you believe PSE came to the conclusion that this was Staff's**
6 **interpretation?**

7 A. Staff's interpretation, as described by PSE in both Mr. DeBoer's and Mr. Archuleta's
8 testimony, came directly from the settlement agreement, Joint Motion, and
9 Commission Order in U-100182.

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

12 A. Yes.

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