

Exhibit No. ____ (RP-3)
Docket U-110808
Witness: Rayne Pearson

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET U-110808

**EXHIBIT TO
TESTIMONY OF**

Rayne Pearson

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Commission Order Compliance Report
for Puget Sound Energy dated August 2011*

May 3, 2012



Commission Order Compliance Report

Puget Sound Energy

U-110808

Rayne Pearson
Compliance Investigations

August 2011

PURPOSE AND SCOPE

Purpose

The purpose of this compliance progress report is to determine whether Puget Sound Energy (PSE) has met the requirements set forth in the Joint Motion approved by the commission on December 28, 2010, relating to the investigation of 26 specific accounts identified in the investigation report in Docket U-100182.

Scope

The scope of the report focuses on the document entitled "PSE 26 Account Review" filed by PSE on May 20, as well as all follow-up account detail received from PSE related to the May 20 document.

Staff

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BACKGROUND

On December 28, 2010, the commission approved a Joint Motion requiring PSE to pay the \$104,300 penalty assessed in Docket U-100182 and “promptly complete its investigations into the 26 specific accounts more fully described in Attachment A to the Joint Motion.”

PSE was also required to submit its first quarterly report by 5:00 pm on the last business day of April 2011. On or before April 29, 2011, PSE requested an extension for filing its quarterly report until May 3. PSE did not request an extension for providing information regarding the 26 accounts.

On May 3, 2011, staff was told that the account investigation would be completed by close of business on May 4. PSE failed to meet that deadline.

On May 6, staff was told that the investigation report would be submitted by close of business on May 11. PSE also failed to meet that deadline. There was no further communication from PSE regarding the investigation or its status until the “PSE 26 Account Review” document was filed on May 20.

Investigation

PSE submitted a chart that included a “resolution” portion for each of the 26 accounts. The chart did not contain enough information for staff to determine whether the resolutions described were sufficient. Staff requested additional account detail on all 26 accounts in the form of a spreadsheet showing all credits and debits to the account, as well as account notes. These were provided to staff as they were completed, between June 2 and 8.

The following is a summary of the discrepancies between the document entitled “PSE 26 Account Review” submitted on May 20, 2011, and the detailed account information subsequently provided at staff’s request:

Customer ID	“PSE 26 Account Review” Resolution	Actual Resolution
B	Pledge monies reallocated to new product assignment. Prior obligation amount owed pulled back from collection agency...customer contacted to make arrangements on current outstanding balance.	No action taken until May 31. No ability to verify action taken due to insufficient information provided by PSE.
C	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance. Customer is currently at a zero balance.	No action taken until June 1. No ability to verify action taken due to insufficient information provided by PSE.
D	Pledge monies reallocated to new	No action taken until June 1. No

	product assignment. Customer payments reallocated to prior obligation balance. No outstanding charges exist and customer is currently at a zero balance.	ability to verify action taken due to insufficient information provided by PSE.
E	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance....	No action taken until June 2. No ability to verify action taken due to insufficient information provided by PSE.
G	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance...contacted customer to offer arrangement on prior obligation balance.	No action taken until June 3. Customer had not been contacted as of June 3. No ability to verify action taken due to insufficient information provided by PSE.
H	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance...customer contacted to offer arrangement on prior obligation balance.	No attempt to contact customer until May 27, and customer could not be reached. No ability to verify action taken due to insufficient information provided by PSE.
J	No correction is necessary as customer has moved....	Customer was never reconnected because she was told she would have to pay the disconnect amount and was "ineligible" for payment arrangements. The customer was never advised about prior obligation. PSE did not state whether customer now has service at another location. Staff requires that information before any determination about correcting the account can be made.
K	Pledge monies reallocated to new product assignment. Balance transfer reversed. Customer contacted to offer arrangements on prior obligation balance.	No action taken until June 3. No ability to verify action taken due to insufficient information provided by PSE.
L	No action required...	At the time of reconnect, the customer was told he would have to pay the disconnect amount (\$156.50), plus a reconnect fee (\$37), and would be billed a deposit (\$259) on his next bill. He should have been offered a reconnection for half of the deposit (\$129.50) plus the reconnect fee (\$37), or \$166.50. The customer moved, but PSE did not indicate if he is now a customer at another location. Staff

		requires that information before any determination about correcting the account can be made.
N	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance. Contacted customer to offer arrangement on prior obligation balance.	No action taken until June 4. No ability to verify action taken due to insufficient information provided by PSE.
O	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance. No outstanding balance exists.	No action was taken until June 4. No attempt to contact the customer until June 8. No ability to verify action taken due to insufficient information provided by PSE.
P	Pledge monies reallocated to new product assignment... Contacted customer to offer arrangement on prior obligation balance.	No attempt to contact customer until May 27. Customer could not be contacted because there was no phone number on file. No further action taken until June 4. No ability to verify action taken due to insufficient information provided by PSE.
Q	Pledge monies reallocated to new product assignment. Customer payments reallocated to new product assignment.	No action taken until June 7. No ability to verify action taken due to insufficient information provided by PSE.
R	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance. Customer contacted to discuss arrangements from prior obligation balance from 2009.	No attempt to contact customer until June 6. No action taken until June 7. No ability to verify action taken due to insufficient information provided by PSE.
S	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance. Customer contacted to offer arrangement on prior obligation balance.	No attempt to contact customer until June 7. No action taken until June 7. No ability to verify action taken due to insufficient information provided by PSE.
T	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance. Customer currently at a zero balance.	No action taken until June 7, leaving a credit balance.
V	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance....	No action taken until June 7. No ability to verify action taken due to insufficient information provided by PSE.
W	Pledge monies reallocated to new product assignment. Customer payments	No action taken until June 8. No ability to verify action taken due to

	reallocated to prior obligation balance....	insufficient information provided by PSE.
X	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance....	No action taken until June 8. No ability to verify action taken due to insufficient information provided by PSE.
Y	Pledge monies reallocated to new product assignment. Customer payments reallocated to prior obligation balance....	No action taken until June 8. No ability to verify action taken due to insufficient information provided by PSE.
Z	No action required....	Investigation report cites a violation for failing to process the account as prior obligation in the amount of \$718.88 at the time service was disconnected on October 19. Instead, PSE reconnected service for \$341.55, which was \$109.36 less than the disconnect amount.

Findings

RCW 80.04.380 provides penalties of up to \$1,000 per violation per day for public service companies who violate a commission order.

The commission’s Initial Order in Docket U-100182 required PSE to “promptly investigate the 26 accounts” identified in the investigation report. Staff believes that a reasonable definition of “promptly” is within 30 days. Not only did PSE not submit its report within 30 days of the commission’s Initial Order, PSE also failed to provide the results of its investigation by the April 29 deadline for filing its first quarterly report. PSE did not submit its findings regarding the 26 accounts to staff until May 20. PSE represented that the data submitted on May 20 was a complete investigation.

On May 26, staff requested additional information from PSE to substantiate the information contained in its May 20 report. PSE acknowledged staff’s request on May 27, and began submitting the follow-up data on June 2. PSE’s response was complete on June 8, seven business days following the company’s acknowledgement of staff’s request. Given that PSE completed its investigation in such a short time, 30 days from the date of the Initial Order, or January 27, 2011, would have been more than sufficient for the company to comply with the requirement that it “promptly investigate” the 26 accounts.

Recommendation

Staff recommends the commission issue a formal complaint and assess a total penalty of up to \$515,000, as follows:

A penalty of up to \$1,000 per day for a 113-day period, which represents the number of days between January 27 – the date staff reasonably expected to receive the results of the company’s

investigation – and May 20, 2011, when the document entitled “PSE 26 Account Review” was submitted to commission staff, for a penalty of up to \$113,000.

A penalty of \$1,000 per account per day, for a penalty of up to \$402,000, for failing to correct the violations identified, as follows:

- **Customer B:** \$11,000 penalty for failing to take action on the account until May 31, 11 days following the company’s representation that corrections were made on May 20.
- **Customer C:** \$12,000 penalty for failing to take action on the account until June 1, 12 days following the company’s representation that corrections were made on May 20.
- **Customer D:** \$12,000 penalty for failing to take action on the account until June 1, 12 days following the company’s representation that corrections were made on May 20.
- **Customer E:** \$13,000 penalty for failing to take action on the account until June 2, 13 days following the company’s representation that corrections were made on May 20.
- **Customer G:** \$14,000 penalty for failing to take action on the account until June 3, 14 days following the company’s representation that corrections were made on May 20.
- **Customer H:** \$7,000 penalty for failing to take action on the account until May 27, seven business days following the company’s representation that corrections were made on May 20.
- **Customer J:** \$41,000 penalty for failing to take any action on the account as of June 30, 2011, 41 days following the company’s representation on May 20 that no correction was needed.
- **Customer K:** \$14,000 penalty for failing to take action on the account until June 3, 14 days following the company’s representation that corrections were made on May 20.
- **Customer L:** \$41,000 penalty for failing to take any action on the account as of June 30, 2011, 41 days following the company’s representation on May 20 that no correction was needed.
- **Customer N:** \$15,000 penalty for failing to take action on the account until June 4, 15 days following the company’s representation that corrections were made on May 20.
- **Customer O:** \$19,000 penalty for failing to take action on the account until June 8, 19 days following the company’s representation that corrections were made on May 20.
- **Customer P:** \$15,000 penalty for failing to take action on the account until June 4, 15 days following the company’s representation that corrections were made on May 20.
- **Customer Q:** \$18,000 penalty for failing to take action on the account until June 7, 18 days following the company’s representation that corrections were made on May 20.
- **Customer R:** \$18,000 penalty for failing to take action on the account until June 7, 18 days following the company’s representation that corrections were made on May 20.
- **Customer S:** \$18,000 penalty for failing to take action on the account until June 7, 18 days following the company’s representation that corrections were made on May 20.
- **Customer T:** \$18,000 penalty for failing to take action on the account until June 7, 18 days following the company’s representation that corrections were made on May 20.
- **Customer V:** \$18,000 penalty for failing to take action on the account until June 7, 18 days following the company’s representation that corrections were made on May 20.
- **Customer W:** \$19,000 penalty for failing to take action on the account until June 8, 19 days following the company’s representation that corrections were made on May 20.

- **Customer X:** \$19,000 penalty for failing to take action on the account until June 8, 19 days following the company's representation that corrections were made on May 20.
- **Customer Y:** \$19,000 penalty for failing to take action on the account until June 8, 19 days following the company's representation that corrections were made on May 20.
- **Customer Z:** \$41,000 penalty for failing to take any action on the account as of June 30, 2011, 41 days following the company's representation on May 20 that no correction was needed.

Staff further recommends that PSE take action on the accounts that have not yet been corrected for Customer J, Customer L, and Customer Z.

Finally, staff recommends that PSE submit additional data detailing the actual credit and debit events that occurred on each of the remaining accounts so that staff can verify whether the necessary corrections have been made.