

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of the Petition of)	
)	DOCKET NO. UE-011603
PUGET SOUND ENERGY, INC.)	
)	
For Mitigation of Penalties Incurred for)	ORDER GRANTING IN PART
Failing to Achieve Benchmark for its)	AND DENYING IN PART
Service Quality Index)	THE PETITION FOR
)	MITIGATION
.....)	

BACKGROUND

- 1 On November 30, 2001, Puget Sound Energy, Inc. (PSE or Company), filed its 2001 annual report on its compliance with the Service Quality Index (SQI) program, accepted by the Commission in the Fourteenth Supplemental Order in Docket Nos. UE-951270 and UE-960195 (merger proceeding). The report details PSE’s performance in ten customer service quality indices specified for measurement and evaluation, as fully detailed in the Supplemental Stipulation jointly recommended by Public Counsel, Commission Staff, and PSE, which was approved by the Commission by its Order Approving Supplemental Stipulation in the merger proceeding, dated July 31, 1997.
- 2 The 2001 annual report indicated that PSE met or exceeded eight of the ten SQIs. It did not achieve the benchmarks for SQI No. 1, Overall Customer Satisfaction and SQI No. 6, Customer Access Center Transaction Satisfaction.¹ There is no penalty associated with SQI No. 1. The penalty for failing to achieve the benchmark for SQI No. 6 would have been \$54,945, which was calculated using the formula specified in the parties’ Supplemental Stipulation.
- 3 In Docket UE-011603, the Company filed a Petition for Mitigation (Petition) of this penalty, on the basis that the penalties stem from call-center performance associated with the Company’s Personal Energy Management (PEM) program in May 2001. The Petition states that “the circumstances underlying below standard performance were exceptional and isolated, and, most important, the problem has been rectified”

¹ For SQI No. 1, the benchmark is a 90 percent rating, PSE’s performance was an 85 percent rating. For SQI No. 6, the benchmark is a 91 percent rating, PSE’s performance was a 90.4 percent rating, which rounds to 90% for purposes of reporting.

(Petition at 1). The Company states that the change in rate structure contributed to the May dip in ratings (86%) because of customer uncertainty about the effect on their bills. In its Petition, the Company lists examples of how Access Center information was fine-tuned and enhanced following the initiation of Time of Day billing. Thereafter, the rating was at or above the benchmark in the remaining four months of the 2001 reporting period. PSE requests that the May 2001 survey results for SQI No. 6 be excluded from the current reporting period results, thereby eliminating the associated penalty and resulting in a measurement that meets the standard.

4 Commission Staff argued that a complete review of PSE's performance shows that PSE failed to achieve the benchmark because of below-standard performance for over half of the reporting year: ratings in seven of the 12 months were below the benchmark. Staff does not believe that the Company meets the standard to be applied to a petition for mitigation, as stated in the Stipulation: "The standard to be applied for such petition is that the penalty is due to unusual or exceptional circumstances for which PSE's level of preparedness and response was reasonable" *Stipulation at 13, Fourteenth Supplemental Order*.

5 According to Staff, the pattern of below-standard performance in the first two-thirds of the reporting period does not show a reasonable level of preparedness and response by the Company in preparing the Access Center to adequately address customer questions or concerns. The purpose of the transaction-based surveys is to determine whether the Company's interactions with its customers meet those customers' reasonable expectations. The data show that the interactions did not meet the level of satisfaction, with any reasonable level of consistency, as agreed in the Supplemental Stipulation. Although the degree by which the Company failed to meet the benchmark is very small on average, Staff stated its belief that the Company should honor this agreement and urged that the penalties be imposed.

6 Public Counsel appeared at the January 9, 2002, open meeting and concurred with Staff in its opposition to PSE's Petition and supported the assessment of the penalty.

7 The Commission has reviewed the Petition and grants the Company's request for mitigation of the penalty to \$0; however, we deny the request to exclude May 2001 performance measure results from the reporting period.

8 We recognize that there were exceptional circumstances occurring in the energy industry during the first half of the reporting period that may have negatively affected the ability of the Access Center to respond satisfactorily to customer calls. In this period, wholesale electric prices skyrocketed to levels 100 times their historical average; there was a drought in the Northwest; there were increases in natural gas rates of unprecedented magnitude; there was national and regional political and media alarm over a western energy crisis emanating from California and inadequately

addressed by the Federal Regulatory Energy Commission; and the Governor declared an energy alert under his emergency powers. In response, this Commission on a highly accelerated timetable, approved nine new measures designed to reduce or shift demand for energy. One of these was Puget's time-of-use rates, which for the first time, charged different rates for use of electricity at different times of day; 283,000 residential customers were placed on the new program. If these circumstances had not occurred, it is likely that PSE would have bridged the narrow margin by which it failed the benchmark and would have achieved the 91% performance rating. We also note that the measure Puget failed was a subjective one [customer access center transaction satisfaction] that could well have been affected by the general environment at the time.

9 We reject the Company's argument to exclude the May 2001 results, which would allow the Company to claim the achievement of the benchmark. The standard agreed to in the Stipulation was not reached and should not be modified. The customer notice will convey the information that the performance benchmark for SQI No. 6 was not achieved, but that the Commission has determined that full mitigation of the penalty is warranted.

10 Lastly, we would like to advise that future standards consisting of a percentage benchmark should include a clear explication of whether and how any rounding should occur.

FINDINGS OF FACT

11 Having discussed above all matters material to our decision, and having stated general findings and conclusions, the Commission now makes the following summary findings of fact. Those portions of the preceding discussion that include findings pertaining to the ultimate decision of the Commission are incorporated by this reference.

12 (1) After careful examination of Puget Sound Energy's November 30, 2001, Petition for Mitigation in which Puget Sound Energy requests waiver of penalties incurred for failing to achieve the benchmark performance for Service Quality Index No. 6, and the exclusion of May 2001 customer satisfaction survey results, and giving consideration to all relevant matters and for good cause shown, the Commission finds that mitigating circumstances existed justifying a waiver of the penalty.

CONCLUSIONS OF LAW

13 Having discussed above all matters material to our decision, and having stated general findings and conclusions, the Commission now makes the following summary conclusions of law. Those portions of the preceding discussion that state

conclusions pertaining to the ultimate decisions of the Commission are incorporated by this reference.

- 14 (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter and the parties.
- 15 (2) The Commission retains jurisdiction to effectuate the provisions of this Order.
- 16 (3) The penalty for Puget's failure to achieve Service Quality Index No. 6 should be waived.
- 17 (4) Puget's request to recalculate the index without May 2001 data should be denied.

ORDER

18 This matter was brought before the Commission at its regularly scheduled open meeting on January 9, 2002. The Commissioners, having been fully advised in the matter, enter the following Order.

- 19 (1) THE COMMISSION GRANTS Puget Sound Energy's Petition for Mitigation of penalties to \$0, but denies the request that the May 2001 customer satisfaction survey results for SQI No. 6 be excluded from the reporting period results.

DATED at Olympia, Washington, and effective this 10th day of January, 2002.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner