

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-090704 and UG-090705
Puget Sound Energy, Inc.'s
2009 General Rate Case**

PUBLIC COUNSEL DATA REQUEST NO. 058

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Regarding all PSE cost savings programs implemented since January 2007 through the present, please:

- a. describe each program,
- b. provide the costs incurred by FERC account by month to implement each program (capital as well as expense as applicable)
- c. provide any feasibility studies supporting such program
- d. provide the anticipated savings by year, as well as any actual savings realized to date.

Response:

Puget Sound Energy, Inc. ("PSE") objects to Public Counsel Data Request No. 058 as it is overly broad and unduly burdensome. Public Counsel Data Request No. 058 purports to impose obligations upon PSE in excess of those required by the Washington Utilities and Transportation Commission's discovery rules (WAC 480-07-400 through 480-07-425). Without waiving these objections and subject thereto, PSE responds as follows:

- a. As an example of PSE cost savings programs, PSE's Purchasing Department aims to manage costs through cost avoidance, savings, or price reductions from tactics such as competitive bidding, renegotiations, volume pricing, and aggregation of spend where practical. Managing costs and providing best-value goods and services is a primary function of department members (*i.e.*, Buyers).

Representative examples of PSE cost savings programs implemented since January 2007 through the present include:

- Transmission and distribution wood pole acquisition contractual price reductions and added flexibility in obtaining poles from other suppliers in times of high-volume need.
- Field worker uniform leasing and maintenance contractual price reductions.

- Office products & supplies procurement process changes including mandatory generic brand item selection, high yield printer toner cartridge usage and contractual price reductions.
- Customer Service Department Call Center and Back Office process improvements cost savings. These process improvements were facilitated by PSE's Performance Excellence Department.

- b. Typically, any PSE cost saving program work is performed in conjunction with normal work load and costs are not tracked separately. Therefore, PSE is not able to provide the costs incurred by FERC account by month to implement each program (capital as well as expense as applicable).
- c. PSE has received input on the Customer Service Department Call Center and Back Office process improvements cost savings from an outside entity, which input is proprietary and confidential and cannot be produced without the agreement of the third party. PSE has not yet obtained such agreement.
- d. The table below provides anticipated savings by year, as well as any actual savings realized to date that are expected to offset future cost increases:

Cost Savings Item	2009 Savings (1)	Anticipated Savings (1)
Transmission & distribution wood pole acquisition	2009 savings are estimated to be approximately \$ 600,000	PSE expects annual savings of approximately \$1,500,000 per year (2)
Field worker uniform leasing and maintenance	2009 savings are estimated to be approximately \$18,000	PSE expects annual savings of approximately \$36,000 per year
Office products & supplies	2009 savings are estimated to be approximately \$60,000	PSE expects annual savings of approximately \$240,000 per year (2)
Customer Service	2009 savings are estimated to be approximately \$1,000,000	PSE expects cumulative annual savings of in the range of \$2 to \$3 million per year (3)

- (1) Includes both O&M and Capital savings.
 (2) Actual experience subject to changes in volume and commodity pricing.
 (3) Actual experience will vary depending on changing requirements, service level thresholds and implementation of enabling technology.