

**EXHIBIT NO. \_\_\_(BKG-1T)  
DOCKET NO. UE-072300/UG-072301  
2007 PSE GENERAL RATE CASE  
WITNESS: BOOGA K. GILBERTSON**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. UE-072300  
Docket No. UG-072301**

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF  
BOOGA K. GILBERTSON  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**JULY 3, 2008**

**PUGET SOUND ENERGY, INC.**

**PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF  
BOOGA K. GILBERTSON**

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1 **PUGET SOUND ENERGY, INC.**

2 **PREFILED REBUTTAL TESTIMONY (CONFIDENTIAL) OF**  
3 **BOOGA K. GILBERTSON**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address and present position with Puget**  
6 **Sound Energy, Inc.**

7 A. My name is Booga K. Gilbertson. My business address is 10885 NE 4th Street,  
8 P.O. Box 97034, Bellevue, Washington 98009-9734. I am the Director,  
9 Performance Excellence for Puget Sound Energy, Inc. (“PSE” or the  
10 “Company”).

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

13 A. Yes, I have. It is Exhibit No. \_\_\_(BKG-2).

14 **Q. What are your duties as Director, Performance Excellence for PSE?**

15 A. As Director Performance Excellence, I am responsible for enhancing service  
16 quality to customers through implementing sustainable improvements in  
17 reliability, compliance, service, and efficiency. My specific duties are to identify  
18 opportunities across key operational and customer service functions that will  
19 enhance customer responsiveness, reliability, compliance, safety and efficiency

1 and implement broad-reaching end-to-end sustainable process improvements.  
2 I report to the Executive Vice President and Chief Operating Officer.

3 **Q. Please provide a brief summary of your rebuttal testimony.**

4 A. My rebuttal testimony addresses two interrelated concerns articulated by  
5 Commission Staff, the Energy Project, and Public Counsel in this proceeding, (1)  
6 metering issues and (2) retroactive billing issues. Section II of my testimony  
7 outlines the leading causes of metering issues faced by the Company and how  
8 those issues have resulted in retroactive billing. Section III of my testimony  
9 describes the actions taken by the Company to address metering and retroactive  
10 billing issues. Section IV of my testimony details the results of the Company's  
11 efforts to address metering issues and reduce retroactive billing. Finally, in  
12 Section V I summarize a proposed Billing Performance Program for monitoring  
13 metering issues and retroactive billing.

14 **II. SUMMARY OF METER-RELATED ISSUES**

15 **Q. Commission Staff witness Thomas E. Schooley testified regarding the**  
16 **metering problems at PSE. Will you please provide a brief overview of the**  
17 **Company's meter reading and billing process?**

18 A. Yes. Historically, electric and gas utility meters were read manually. In 2000,  
19 PSE began to phase in the use of Automated Meter Reading ("AMR") to read its  
20 meters. AMR modules are added to the meter; the modules on electronic meters

1 are powered by the electricity available at the meter, the gas meter modules are  
2 powered by batteries. The AMR module transmits the energy usage recorded by  
3 the gas or electric meter back to a central data repository. The meter read data is  
4 stored in a data warehouse and is paired with a customer's account in  
5 CustomerLinX ("CLX"), the Company's billing system. Bills are then sent to  
6 customers based on the account information in CLX and the meter read data.

7 AMR is a relatively new industry practice with compelling operational benefits.  
8 It continues to be evolving technology that will enable the Company to implement  
9 demand response programs, track daily energy consumption, and provide outage  
10 and restoration information. Since late 2006, nearly all of PSE's meters have  
11 been read automatically.

12 **Q. Please provide a brief overview of the Company's metering problems.**

13 A. PSE currently has approximately 1.8 million natural gas and electric meters in  
14 service. Of those meters, a fraction of a percent currently gives rise to the  
15 Company's retroactive billing problems. The Company acknowledges – and has  
16 broadened its efforts to address – its metering and retroactive billing problems.  
17 Even though the number of meters and accounts with issues is relatively small in  
18 comparison to the total number of meters and accounts in service, the Company  
19 recognizes that even small numbers of retroactive bills is problematic and is  
20 committed to improved service quality with respect to retroactive billings.

1 **Q. What are the leading causes of metering issues faced by the Company?**

2 A. The three main meter-related issues that give rise to retroactive billing issues are:  
3 (1) stopped meters, (2) unassigned usage meters, and (3) lost/delayed meters.

4 **Q. What are stopped meters?**

5 A. A stopped meter occurs when a meter or module does not report any energy usage  
6 even though energy is being consumed. As outlined in PSE's responses to  
7 Commission Staff's data requests, there are two main causes for why a meter  
8 stops registering energy usage: (1) a meter failure and (2) an AMR module  
9 failure. A gas meter failure commonly results from friction between the module  
10 drive and the internal axle gear causing internal components to break, which  
11 causes the meter to either read slow or stop completely. An electric meter failure  
12 is most commonly the result of friction, aging, or contamination build-up in the  
13 bearing or meter dial.

14 An AMR module failure is indicated when the module transmits the same read  
15 repeatedly, or simply stops sending any read. Examples of AMR module failures  
16 include malfunctioning circuit boards and mechanical failures, which cause the  
17 module to not record and transmit the proper consumption.

18 **Q. What are unassigned usage meters?**

19 A. As described in PSE's response to a Commission Staff data request, unassigned  
20 usage meters are those meters that correctly record and transmit energy usage but

1 do not have a customer assigned to the account in CLX. This most commonly  
2 occurs with residential or commercial rental properties, for example when a  
3 tenant has moved into an apartment and has not notified the Company of current  
4 account information.

5 **Q. What are lost meters?**

6 A. As described in PSE's response to a Commission Staff data request, a lost meter,  
7 also known as a "delayed" meter, occurs when a meter is installed and is correctly  
8 recording and transmitting energy usage, but there is no customer or address  
9 associated with that meter in CLX. PSE defines a lost meter as one that does not  
10 have a related account in CLX within 60 days of installation of the meter. While  
11 this is similar to unassigned usage meters, "lost" and/or "delayed" meters most  
12 often occur when there is a delay in receiving and entering field meter installation  
13 records for new or existing accounts in CLX.

14 **Q. Please describe how these metering issues have resulted in aging bills and**  
15 **retroactive billing.**

16 A. The above-described metering issues require time to identify, research and  
17 correct, which may result in the customer not receiving a bill for energy usage in  
18 a timely fashion. Factors that may impact the resolution include fluctuating  
19 volumes of meter issues to address, ability to identify and separate valid zero-  
20 consumption energy usage readings from those meters that are malfunctioning,  
21 and resource allocation. The longer the time required to correct a metering issue,

1 the larger the potential back bill will be for the customer.

2 **III. ACTIONS THE COMPANY HAS TAKEN AND**  
3 **IS TAKING TO ADDRESS METERING AND**  
4 **RETROACTIVE BILLING ISSUES**

5 **Q. WUTC Staff witness, Thomas E. Schooley testified that PSE has taken little**  
6 **action to address metering and retroactive billing issues. Do you agree with**  
7 **Mr. Schooley's testimony?**

8 A. No. The Company has taken significant action to address meter problems and is  
9 committed to improving customer service with respect to addressing the present  
10 volume of retroactive billing problems. Given the complexities of the metering  
11 and retroactive billing issues, it is important that I first provide a brief high-level  
12 overview of the Company's history with regard to metering issues.

13 As mentioned, AMR is an evolving technology, and managing the transition from  
14 manual to automated meter reading – and properly recognizing and addressing the  
15 operational challenges and opportunities for this new technology – is complex.

16 PSE is among the first to adopt this technology and, while a number of utilities  
17 have followed PSE's lead and adopted AMR, PSE is logically among the first to  
18 work through operational challenges related to this equipment – especially as it  
19 ages. As PSE expanded the use of AMR, it began to recognize and address  
20 emerging issues, such as lost meters. Early initiatives largely targeted the  
21 customer interface, which is far downstream from the meter equipment and the  
22 meter data. PSE realized that properly addressing aging bills involves systemic



1 process improvements that begin at the meter and extend through the customer  
2 interface – the full “meter-to-cash” cycle.

3 Since late 2007, PSE has identified and implemented broad initiatives to address  
4 retroactive billing caused by metering issues such as stopped meters, unassigned  
5 usage meters, and lost or delayed meters. These processes will enable the  
6 Company to detect and correct metering issues sooner and thus minimize the  
7 billing impact to the Company’s customers. These initiatives encompass four  
8 areas:

- 9 • Technology: Includes the meter data that is stored and  
10 analyzed as a result of meter reads collected by PSE’s AMR  
11 system;
- 12 • Equipment: Includes the physical meter and AMR module  
13 that meters and transmits the energy usage from homes and  
14 businesses to PSE;
- 15 • Meter-to-Cash Process: Includes several work streams to  
16 consolidate information, detect and correct meter errors,  
17 communicate, and bill the customer; and
- 18 • Resources: Includes aligning staff, training, and other  
19 resources to manage the meter/billing work.

20 The above initiatives – as well as other actions taken by the Company to  
21 specifically address unassigned usage meters and lost/delayed meters – are  
22 discussed more thoroughly below.

1 **A. Early Initiatives the Company Developed to Address Unassigned**  
2 **Usage Meters and Lost/Delayed Meters**

3 **Q. Has the Company taken any specific actions to address unassigned usage**  
4 **meters? If yes, please describe the specific actions taken.**

5 A. Yes. Effective March 2004, the Company initiated an automated customer letter  
6 and service order process to generate letters and service orders based on  
7 accumulated energy consumption of the meter during the unassigned period. An  
8 accumulated usage threshold was established and, in the first month an account  
9 exceeds the usage threshold criteria (*see* PSE's Response to WUTC Staff Data  
10 Request No. 165), a letter is sent to the address registered in CLX informing the  
11 occupant that they need to contact PSE to resolve the unassigned account issue  
12 and avoid disconnection of service. In the second month an account exceeds the  
13 accumulated usage threshold criteria, if the customer has not yet responded to the  
14 letter, a service order is automatically generated to disconnect service. PSE field  
15 personnel perform an investigation and work with the customer to sign them up  
16 for service or, if appropriate, disconnect the service. Once the customer is signed  
17 up for service, they start receiving billing statements, including a billing from the  
18 date the customer moved into the premises.

19 **Q. Has the Company taken any specific actions to address lost/delayed meters?**  
20 **If yes, please describe the specific actions taken.**

21 A. Yes. As defined above, a lost meter is a meter installed in the field but the

1 paperwork describing the installation has been lost or delayed for more than  
2 60 days since installation. Lost/delayed meters can occur in new construction or  
3 replacement of existing meters. PSE has taken the actions described below with  
4 respect to lost/delayed meters.

5 In 2003, a “delayed meter audit” process was implemented for new construction  
6 work, and this process has significantly reduced the number of meters that have  
7 become “lost”. This process involves tracking new-service paperwork issued to  
8 the field, following up on paperwork not returned in a timely manner, and  
9 ensuring that the returned paperwork includes the installed meter identification.

10 **B. Recent Broad Initiatives the Company Implemented to Address**  
11 **Metering and Back-Billing Issues**

12 **1. Technology Initiative**

13 **Q. Please describe the technology initiative.**

14 A. The AMR technology has changed the meter reading operation from a manual  
15 monthly data exchange to a daily data-intensive operation that monitors PSE’s  
16 meter reads and metering issues. PSE is not alone in the challenges of integrating  
17 AMR and developing the new skill sets needed to analyze and monitor the data  
18 and look for other opportunities to utilize this data. Regardless of the challenges,  
19 this is the future of the industry and, as a company on the forefront of adopting  
20 the technology, PSE is also at the forefront of adopting new operational practices.

1 For example, one of the challenges PSE faces is managing the sheer volume of  
2 zero-consumption accounts that appear on AMR system reports. A very large  
3 percentage of these accounts are valid zero consumption, i.e., seasonal accounts  
4 showing no natural gas usage during the summer months. Please see Exhibit  
5 No. \_\_\_(BKG-4), which shows the seasonality of this information. Identifying  
6 which accounts are valid is a very time-consuming process. As described below,  
7 PSE has undertaken efforts to further automate this identification and expand on  
8 its existing zero-consumption reporting capabilities.

9 To this end, PSE hired a consultant to develop and pilot an analytical tool that  
10 will analyze daily metered consumption stored in PSE's Meter Data Warehouse  
11 and detect patterns to discern both "valid zero consumption" and "probable  
12 stopped meters". These algorithms are similar to those used in software designed  
13 to detect credit card fraud. The pilot was completed in May 2008, with successful  
14 results. PSE is developing a full-scale implementation in the fall of 2008 and  
15 early 2009. This initiative will reduce the number of zero-consumption meters  
16 that PSE has to manually evaluate and will therefore enhance PSE's ability to  
17 focus attention on the most likely stopped meter/module population, as opposed  
18 to spending valuable time manually evaluating each meter individually.

19 **2. Equipment Initiative**

20 **Q. Please describe the equipment initiative.**

21 A. The Company hired a consultant to conduct a root-cause analysis on failed meters

1 and AMR modules. This analysis was performed in the second quarter of 2008  
2 and identified specific meter and AMR module populations that have higher  
3 failure rates. This is an ongoing analysis; equipment populations with a higher  
4 failure rate will be further scrutinized and, if appropriate, mitigation plans will be  
5 put in place.

6 PSE is meeting approximately bi-weekly with a gas meter manufacturer and  
7 AMR vendors to ensure that action items are being resolved and other equipment  
8 issues are being proactively identified.

9 **3. Meter-to-Cash Process Initiatives**

10 **Q. Please describe the expanded meter-to-cash process initiatives.**

11 A. There are three categories of meter-to-cash process initiatives: (1) reporting;  
12 (2) customer interface; and (3) managing workload. I will detail each in turn.

13 **Q. Please describe the Company's reporting initiative.**

14 A. One of the biggest challenges the Company has faced is addressing the sheer  
15 volume of information generated by the Meter Data Warehouse ("MDW") Zero-  
16 Consumption Report.<sup>1</sup> In 2006, PSE initiated a Back Office Billing project to  
17 address back-billing processes for accounts identified as potentially having

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<sup>1</sup> Please see Exhibit No. \_\_\_(BKG-4), which shows the volume of "to be investigated" zero consumption meters. Based on sample information from the period of March through May 2008, an estimated 60% percent to 80% percent of the "to be investigated" meters will be valid zero consumption, but will nevertheless require further analysis and/or field verification to confirm. Please see Exhibit No. \_\_\_(BKG-6) that illustrates how these estimates are calculated.

1 stopped meters from the MDW zero-consumption report. Once potentially  
2 stopped meters appear on the MDW zero-consumption report, a PSE customer  
3 service representative will then review that information and in many instances a  
4 PSE meter technician will physically inspect the meter. This is a very time-  
5 consuming process, and historically resources were limited. To alleviate this  
6 backlog, PSE recently broadened the process to allocate more resources to  
7 analyze the information more quickly and to work with customers on resultant  
8 billing issues.

9 **Q. Please describe the Company's customer interface initiative.**

10 A. By early 2007, PSE implemented a process to improve the customer  
11 communication for stopped meter and lost/delayed meter issues. The process  
12 includes:

- 13 • Proactively calling the customer to notify them of the  
14 potential billing;
- 15 • Scheduling a gas meter field investigation and meter  
16 exchange with the customer, if appropriate;
- 17 • Contacting the customer with the results of the field  
18 investigation and discussing the billing impacts;
- 19 • Discussing payment arrangements with the customer; and
- 20 • Following up with written information to the customer about  
21 their meter and bill.

22 Prior to implementation of this process, customer contact consisted of a letter  
23 informing the customer of the issue and dollar amount of the retroactive bill, and

1 a request that they call the Company after they received this information.

2 **Q. Please describe the Company's management-of-workload initiative.**

3 A. Other process improvements include improved, documented workflow and  
4 increased staffing capacity in the Corporate Billing Department. The workflow  
5 was broken down into logical units of work, with dedicated personnel assigned to  
6 specific tasks within Corporate Billing. This increased the throughput to review  
7 and resolve the retroactive accounts backlog, and it increased production capacity  
8 from 1,918 reviews in 2006 to 10,500 in 2007 and 9,337 year-to-date in 2008.  
9 Currently, similar workflow and process improvements are being expanded to  
10 include field resources.

11 **4. Resource Initiative**

12 **Q. Please describe the resource initiative.**

13 A. In 2007, the Company developed workload forecasting and staffing resource  
14 models to better match resources to workload. Staff was allocated to Corporate  
15 Billing to increase staffing capacity dedicated to reducing the number of  
16 retroactive accounts. Additionally, PSE developed a shared resource plan within  
17 Customer Services to shift resources to areas experiencing peak volumes.  
18 In an effort to increase throughput and ensure consistency among staff, the  
19 Company more formally documented the retroactive billing processes and  
20 developed workflow charts, which were incorporated into its staff training

1 protocols. Please see Exhibit No. \_\_\_(BKG-3) to this Rebuttal Testimony for an  
2 example of process workflow and training documentation.

3 **IV. OVERALL RESULTS OF ACTIONS TAKEN BY THE**  
4 **COMPANY TO ADDRESS METERING**  
5 **AND RETROACTIVE BILLING ISSUES**

6 **Q. Please summarize the results of the Company’s efforts to address metering**  
7 **issues which have resulted in retroactive billing.**

8 A. The current levels of defective equipment and retroactive billing are unacceptable  
9 to the Company. Recently, PSE has significantly increased its efforts to locate  
10 and resolve metering problems, which has in turn led to a short-term increase in  
11 retroactive billing. A short-term increase in retroactive billing shows that the  
12 Company is actively seeking out and addressing these problems, including the  
13 backlog.

14 **Q. What specific results has the Company seen from its broad-based initiatives**  
15 **and actions?**

16 A. The table below illustrates Corporate Billing’s improved processing results for  
17 retroactive billing accounts:

	<b>Accounts Queued for Review</b>	<b>Actual Accounts Reviewed</b>	<b>Monthly Average of Accounts Reviewed</b>
<b>2006</b>	Data not available	1,918	Partial year
<b>2007</b>	11,090	10,500	875
<b>Through June 7, 2008</b>	10,656	9,337	1,867

18 This chart shows that the Company has nearly doubled its efforts to identify



1 accounts with potential metering issues and queue them for review. The chart  
 2 also illustrates that as of early June 2008, the Company is on pace to review twice  
 3 the number of accounts than it did the previous year. This increase in accounts  
 4 queued for review and increase in actual accounts reviewed is a result of the  
 5 Company's meter-to-cash process initiatives as well as the resource initiative  
 6 discussed above.

7 To further illustrate this point, the following chart shows the Company's increase  
 8 in field investigations with regard to stopped meters:

Result of Field Inspection	2006		2007		YTD May 2008	
	Gas	Electric	Gas	Electric	Gas	Electric
Valid Zero Consumption	158	1,119	472	893	800	831
Module OK – No Problem Found	886	219	1,370	124	941	60
Meter Replacement Scheduled	696	213	3,033	189	3,639	148
Meter Module Replaced	229		615		1260	
Meter Access/Service Issues	30	27	77	23	88	32
<b>TOTAL</b>	<b>1,999</b>	<b>1,578</b>	<b>5,567</b>	<b>1,229</b>	<b>6,728</b>	<b>1,071</b>

9 Specifically with regard to stopped meters, through May of this year, the  
 10 Company has investigated 1,161 more gas meters than it did all of last year.  
 11 Further, in 2007 the Company investigated over 3,500 more gas meters than it did  
 12 in 2006.

13 **Q. How have these increased efforts affected billing?**

14 A. As noted above, the Company's focus on identifying and resolving metering  
 15 issues has actually caused a temporary increase in retroactive billing. WUTC  
 16 Staff witness Thomas E. Schooley correctly points out that "PSE's attention to

1 meter problems [has] increased retroactive billings.” See Exhibit No. \_\_T(TES-  
2 1T) at page 7, lines 17-21. In the short term, there will likely be a high number of  
3 customers who receive retroactive bills, and this will likely continue to attract  
4 public attention. However, in the long term, the Company anticipates the number  
5 of retroactive bills will decrease as the backlog is reduced and operational  
6 processes are refined. One of PSE’s 2008 operational metrics for this area is to  
7 have 95% of customer bills no older than 60 days. PSE is confident that the  
8 processes it is putting in place are effective and that with additional refinements  
9 the Company will make further progress.

10 The Company has already seen specific improvement in the overall inventory of  
11 retroactive bills and the age of its retroactive billing inventory. For example, as  
12 illustrated below with regard to stopped meters within Corporate Billing, the  
13 Company has seen significant reduction since October 2007:

- 14 • As of October 31, 2007, 66% of the retroactive billing  
15 inventory was 60 days or less; overall inventory was 915;
- 16 • As of December 31, 2007, 97% of the retroactive billing  
17 inventory was 60 days or less; overall inventory was 790; and
- 18 • As of June 14, 2008, 99.5 % of the retroactive billing  
19 inventory was 60 days or less; overall inventory was 602.

1 **Q. In the response testimony of WUTC Staff witness Thomas E. Schooley, he**  
2 **points to several areas to suggest that the Company has made little progress**  
3 **over the last three years in dealing with these metering issues. Will you**  
4 **please address each of these allegations?**

5 A. Yes. I will address each of Mr. Schooley's allegations below.

6 **Q. On page 6, lines 15 through 19 of his response testimony, WUTC Staff**  
7 **witness Thomas E. Schooley, testifies: "The number of uninspected zero**  
8 **consumption *gas* meters has continually risen to over 11,000 at the end of**  
9 **2007, from 10,500 at year-end 2006, and 9,100 at year-end 2005. Uninspected**  
10 **zero consumption *electric* meters have increased to 4,295 at year-end 2007**  
11 **from the 2005 amount of 3,905." Is this statement accurate?**

12 A. Mr. Schooley's statement is accurate; however, it does not represent the whole  
13 story. The year-end quantity of to-be-investigated zero-consumption meters is a  
14 snapshot in time. A snapshot in time does not necessarily indicate an overall  
15 trend. Please see Exhibit No. \_\_\_(BKG-4) for a better picture of the seasonal  
16 trend in volume of to-be-investigated zero-consumption meters over time.

17 Data from 2008 has been added to the following table (included in PSE's  
18 Response to WUTC Staff Data Request No. 155), which lists the number of  
19 outstanding zero-consumption meters to be investigated as of December 31, 2005,  
20 2006 and 2007:

Categories	2005		2006		2007		YTD - June 2, 2008	
	Gas	Electric	Gas	Electric	Gas	Electric	Gas	Electric
a) 0 to 3 months	1,668	1,124	3,744	1,634	2,274	1,510	1,890	586
b) 3 to 6 months	7,488	2,781	943	876	1,282	1,027	3,682	848
c) 6 to 9 months	N/A	N/A	945	362	1,571	461	1,044	578
d) 9 to 12 months	N/A	N/A	1,297	183	1,582	254	531	294
e) 13 to 24 months	N/A	N/A	1,485	265	1,562	508	1,002	506
f) > 25 months	N/A	N/A	2,094	513	2,835	535	927	438
g) <b>TOTAL</b>	<b>9,156</b>	<b>3,905</b>	<b>10,508</b>	<b>3,833</b>	<b>11,106</b>	<b>4,295</b>	<b>9,076</b>	<b>3,250</b>

As this table shows, there has been a reduction in the aging of uninspected zero-consumption meters, indicating the Company's efforts to address the issue.

**Q. On page 7, lines 6 through 9 of his response testimony, WUTC Staff witness Thomas E. Schooley states that "PSE's gas meter repair costs have declined steadily to \$406,000 in 2007 from almost \$523,000 in 2004." Is this statement accurate?**

A. Yes; however, it is not a complete representation of the Company's overall efforts relative to testing gas meters. WUTC Staff Data Request No. 142 requested information on gas meter repair costs, which only provided one part of the accounting. When a meter is taken out of service, it is tested and subsequently either repaired and returned to stock for reissue, or retired from service without repair if it is more economical to do so. Over the period 2004-2007, increasing numbers of gas meters were retired. The following information supplements the gas meter repair costs provided in PSE's Response to WUTC Staff Data Request No. 142:

	2004	2005	2006	2007
Total # of Tested Residential Gas Meters	10,726	12,727	11,773	19,840
Total # of Tested Residential Gas Meters Retired	4,786	6,007	5,008	8,284
<b>Meter Shop Costs:</b>				
Repair – Expense (as reported on DR142)	\$ 522,853	\$ 500,443	\$ 426,952	\$ 406,380
Retire – Capital Cost of Removal	198,600	204,500	189,729	315,500
<b>TOTAL</b>	<b>\$ 721,453</b>	<b>\$ 704,943</b>	<b>\$ 616,681</b>	<b>\$ 721,880</b>

1 As indicated by the above, the Company has tested an increasing number of gas  
2 meters over the past three years. When repair costs and retire costs are viewed as  
3 a whole and matched with unit quantity information, a more constant trend is  
4 apparent.

5 **Q. On page 7, lines 11 through 15 of his response testimony, WUTC Staff**  
6 **witness Thomas E. Schooley testifies that the number of PSE’s unassigned**  
7 **energy usage meters has not reduced in recent years. Is this correct?**

8 A. No. Using data from Attachment B of PSE’s Response to WUTC Staff Data  
9 Request No. 165 as well as data from 2004, the Company has created a graph  
10 (Exhibit No. \_\_\_(BKG-5)) to illustrate that since initiatives were instituted in  
11 2004 as described earlier in my testimony, unassigned energy usage meters that  
12 exceeded the accumulated energy usage threshold, initially decreased (improved)  
13 and have remained at lower levels compared to 2004.

14 Furthermore, the below table averages monthly volumes of unassigned energy  
15 usage meters and shows that unassigned energy usage meters that exceed the  
16 energy threshold is about 50% less than in 2004 when the initiative began.

<b>Monthly average volume of Unassigned Energy Usage Meters</b>			
<b><u>Year</u></b>	<b><u>Total</u></b>	<b><u>Over Threshold</u></b>	<b><u>Under Threshold</u></b>
2004	15,491	8,439	7,052
2005	9,649	3,370	6,279
2006	10,870	4,633	6,237
2007	10,158	4,077	6,082
2008	12,241	3,858	8,392

1 PSE will continue to assess and manage the effectiveness of the Company's  
2 unassigned energy usage processes within the context of its current broadened  
3 initiatives.

4 **V. PROPOSED BILLING PERFORMANCE PROGRAM FOR**  
5 **MEASURING AND TRACKING METER-RELATED**  
6 **ISSUES AND BACK BILLING**

7 **Q. Public Counsel and the Energy Project recommend an investigation into**  
8 **metering failures and back billing. Do you agree with this recommendation?**

9 A. No. Public Counsel and the Energy Project recommend that the Commission  
10 require Staff to conduct a docketed investigation, in cooperation with the Public  
11 Counsel and other interested parties. PSE believes a docketed investigation  
12 would impede the pace of improvements already underway. The Company  
13 embraces the opportunity to work collaboratively with the WUTC and will, as it  
14 has since July 2007, continue to provide regular updates to WUTC Staff. PSE is  
15 willing to work with interested parties to develop and report on a relevant,  
16 meaningful and actionable Billing Performance Program to measure PSE's  
17 performance relative to billing service quality. The following is a brief outline of

1 PSE's proposed Billing Performance Program.

2 **Q. What is the purpose of PSE's proposed Billing Performance Program?**

3 A. The purpose of PSE's proposed Billing Performance Program is to monitor and  
4 report on the Company's service quality with respect to billing.

5 **Q. What are the elements of PSE's proposed Billing Performance Program?**

6 A. In concept, the Billing Performance Program would have an implementation  
7 component and an ongoing – steady state – component. The implementation  
8 component would account for the phase-in and stabilization of processes,  
9 systems, and reporting that are needed in the long term. Implementation would  
10 consist of agreed-upon performance milestones and would be reported on a  
11 regular basis (i.e., quarterly or as agreed). The implementation component would  
12 end at the termination of the phase-in period (i.e., 12 – 18 months or as agreed).  
13 The ongoing component of the Billing Performance Program would monitor and  
14 report on service quality with respect to billing.

15 **Q. What does PSE's proposed Billing Performance Program measure?**

16 A. In concept, the Billing Performance Program would measure the number and  
17 aging of customer bills. The metrics would be established such that no more than  
18 a fraction of a percent of bills (i.e., 0.5% or as agreed) would be older than a  
19 certain number of days (i.e., 120 – 150 days or as agreed), unless the failure to  
20 issue a timely and accurate bill is the result of a non-utility issue (such as energy

1 diversion, lack of meter access).

2 **Q. How does PSE suggest that the proposed Billing Performance Program will**  
3 **be measured?**

4 A. The proposed calculation is as follows: bills delayed due to a utility reason older  
5 than xx days divided by number of customers. The number of bills that would  
6 “count” in the Billing Performance Program would include any bill that is delayed  
7 due to a utility reason, such as stopped meters, lost meters, utility back-office  
8 processes, etc. The number of customers would be the same customer count used  
9 to measure the disconnect ratio Service Quality Index for consistency purposes.

- 10 ○ Example Ongoing Component:\* 0.5% of bills no older than 120 days
- 11 ○ Example Implementation Component:\*

  - 12 ▪ Reporting period #1 1.5% of bills no older than 120 days
  - 13 ▪ Reporting period #2 1.0% of bills no older than 120 days
  - 14 ▪ Reporting period #3 0.75% of bills no older than 120 days
  - 15 ▪ Reporting period #4 0.5% of bills no older than 120 days

16 \*percentages and days are for illustrative purposes

17 **Q. How does this proposed Billing Performance Program compare with**  
18 **industry?**

19 A. Industry comparator information for meter/billing is not readily available; the  
20 Company is very interested in the results from Commission Staff’s survey of  
21 other utilities with respect to this topic and would like to incorporate that  
22 information into the design of the Billing Performance Program. Additionally, as



1

mentioned earlier the Company embraces the opportunity to work collaboratively  
with the WUTC.

2

3

**VI. CONCLUSION**

4

**Q. Does that conclude your testimony?**

5

A. Yes, it does.