



February 13, 2004

BY FAX AND U.S. MAIL

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RECEIVED
RECORDS MANAGEMENT
04 FEB 12 AM 8:32
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

**Re: PSE Service Quality Program Filing
Docket Nos. UE-011570 and UG-011571**

Dear Ms. Washburn:

Pursuant to Exhibit J of the Settlement Stipulation Re Service Quality Index (SQI) in Docket Nos. UE-011570 and UG-011571¹, Puget Sound Energy ("PSE" or "the Company") provides herewith an original and 12 copies of PSE's Service Quality Program Report for the twelve-month period ending December 2003.

The enclosed report includes:

- Monthly data for the reporting period for each of the SQIs including calculated performance with respect to each of the SQIs together with a comparison of calculated performance to the benchmark for each of the SQIs and a description of any unusual events that had a significant effect on service quality performance;
- The number of missed appointments and missed commitments and payments to customers, by appointment and commitment category, under the Customer Service Guarantee, a listing of the promotion measures taken regarding the

¹ On November 25, 2003, PSE filed an Application for Approval of Amendment to Service Quality Index Reporting Methodology, including a multi-party settlement stipulation. As the Company is not aware of any opposition to the proposed amendment, the reporting contained herein reflects the proposed amendment as to SQI No. 11 Electric Safety Response Time reporting.

Ms. Carole J. Washburn
February 13, 2004
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Customer Service Guarantee, and an assessment of customer awareness of the Customer Service Guarantee;

- A certification by the independent survey company that all surveys conducted in accordance with the service quality program were completed in conformance with applicable procedures and guidelines and that the reported results are unbiased and valid;
- Annual statistics for the time duration from first arrival to control of gas emergencies, for incidents subject to reporting under WAC 480-93-200 and WAC 480-93-210; and
- A draft of the proposed customer report card.

If you have any questions regarding this report, please contact Colleen Paulson at 425-462-3205.

Sincerely,



Karl R. Karzmar
Director, Regulatory Relations

Enclosures

cc: Joelle Steward – Washington Utilities & Transportation Commission
Mary Kimball – Public Counsel
Chuck Eberdt – Opportunity Council

Puget Sound Energy

Annual Service Quality Program Report

Filed February 13, 2004

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PUGET SOUND ENERGY

Annual Service Quality Program Report

January 1, 2003 - December 31, 2003

This filing documents the Puget Sound Energy (PSE) Service Quality Program performance for the 12 month reporting period of January 1, 2003 through December 31, 2003.

The Service Quality Program includes eleven Service Quality Indices (SQIs). As detailed in this report, the Company has met or exceeded ten of the eleven SQIs for the current twelve month reporting period ending December 31, 2003, but did not achieve the benchmark associated with SQI No. 1, Overall Customer Satisfaction.

Background

On November 26, 2001, Puget Sound Energy, Inc. ("PSE" or the "Company") filed tariff revisions designed to effectuate a general rate increase for electric and gas services. On December 3, 2001, PSE filed a request for an interim electric rate increase. These proceedings were consolidated under Docket Nos. UE-011570 and UG-011571. The Commission established procedural schedules for an interim phase (electric) hearing and general rate phase (electric and gas) hearing.

On June 20, 2002, the Commission approved the multi-party settlement stipulation of disputed electric and common issues in PSE's pending general rate case, Docket Nos. UE-011570 and UG-011571 ("Stipulation") in its Twelfth Supplemental Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation dated June 20, 2002 ("Order"). Exhibit J to the Stipulation set forth details regarding the overall Service Quality Program including, among other things:

1. SQI Performance – Benchmarks, Reporting Mechanics and Penalty & Mitigation Provisions,
2. Customer Report Card – Reporting Mechanics and Provisions, and
3. Customer Service Guarantee – Awareness Promotions and Reporting Mechanics.

On November 25, 2003, PSE filed an Application for Approval of Amendment to Service Quality Index Reporting Methodology, including a multi-party settlement stipulation. Although the Commission has not yet acted on that Application, the Company is not aware of any opposition to the proposed amendment. Thus, the reporting contained herein reflects the proposed amendment as to SQI No. 11 Electric Safety Response Time reporting.

SQI Performance

PSE's performance on the eleven SQIs for the reporting period of January 1, 2003, through December 31, 2003, is shown in the following table. The monthly results for each index are reported in Exhibit A.

Table 1 Benchmarks & Performance for January 2003 - December 2003

| Index No. | Index Description | Index Benchmark ¹ | Index Performance | Index Penalty |
|------------------|---|--|-------------------|---------------|
| SQI No. 1 | Overall Customer Satisfaction | 90% satisfied | 86% | NA |
| SQI No. 2 | WUTC Complaint Ratio | 0.50 per 1000 Customers | 0.18 | None |
| SQI No. 3 | SAIDI | 136.0 minutes per customer per year | 134.7 | None |
| SQI No. 4 | SAIFI | 1.30 interruptions per year per customer | 0.80 | None |
| SQI No. 5 | Customer Access Center Answering Performance | 75% answered in 30 seconds | 75% | None |
| SQI No. 6 | Customer Access Center Transaction Satisfaction | 90% satisfied | 94% | None |
| SQI No. 7 | Gas Safety Response Time | Average of 55 minutes | 35 | None |
| SQI No. 8 | Field Service Operations Transactions Customer Satisfaction | 90% satisfied | 93% | None |
| SQI No. 9 | Disconnection Ratio | Disconnections per Customer - 0.030 | 0.030 | None |
| SQI No. 10 | Missed Appointments | 8% of appointments missed | 3% | None |
| SQI No. 11 | Electric Safety Response Time | Average of 55 minutes | 44 | |
| Total Penalties: | | | | None |

¹ Benchmarks expressed as 12 month or annual targets.

As shown in Table 1, above, PSE met or exceeded ten out of the eleven service-quality measures in the twelve-month period from January 2003 through December 2003.

With respect to SQI No. 1 - Overall Customer Satisfaction, the result indicates that, for the twelve-month period, 86% of surveyed customers rated their overall satisfaction at 5 or higher on a 7-point scale (as compared with the benchmark of 90%). Although still short of the benchmark, customer satisfaction has improved from 83% since last reported in 2002. The lingering impact of many external factors² continues to negatively affect all classes of customers, regardless of which utility is actually providing the service³.

The overall customer satisfaction survey also measures satisfaction of other electric utilities (from our 'gas-only' customers) and other gas utilities (from our 'electric-only' customers that say they have non-PSE natural gas service). The ratings for the other utilities, also continue to experience drops similar to those realized by PSE. Customer satisfaction for PSE's electric and natural gas customers, although lower than the benchmark, was, in fact, substantially better than other electric utilities in the region. The customer satisfaction for other electric utilities is 74% as compared with the 84% of PSE's electric customers⁴.

² These external factors may include: publicity about PSE rate case settlement and resulting rate increase/change, loss of trust and credibility in utilities in general, and general consumer pessimism due to continued soft economy;

³ The supplemental questions included in the surveys are directed towards electric and gas customer satisfaction when PSE is not the serving utility. That is, customer satisfaction with gas service in Whatcom County would pertain to Cascade Natural Gas, and customer satisfaction with electric service in the city of Seattle would relate to the customer's satisfaction with Seattle City Light.

⁴ Similar comparison of the gas customers satisfaction is PSE's 85% vs. other gas utilities' 84%. However, the contrast is not statistically significant at a confidence level of 90%. In the case of electric customer satisfaction comparison, the difference is significant at a confidence level of 95%.

The two customer transaction surveys and the overall customer satisfaction survey were performed by The Gilmore Research Group. The Gilmore Research Group's certification that the survey results are unbiased and valid and completed in conformance with applicable procedures and guidelines is provided in Exhibit B.

Exhibit A includes⁵, as Attachments A and B, supplemental reporting of all days during the reporting period on which major events or localized emergency event days occurred that resulted in suspension of SQI No. 11, Electric Safety Response Time.

Also included in Exhibit A, as Attachment C, is a report of the time duration from first arrival to control of gas emergencies, for incidents subject to reporting under WAC 480-93-200 and WAC 480-93-210.

Customer Report Card

Per the Stipulation, PSE will be providing its customers a report card of the Company's performance for the twelve-month period, January 1, 2003, through December 31, 2003. The Company will begin including this report card with its billings on or before May 15, 2004, following WUTC review and approval of this report. The proposed customer report card is provided as Exhibit C. The draft will be updated subject to the Commission's ruling.

Customer Service Guarantee

The Customer Service Guarantee provides for a \$50 billing credit to customers when the Company fails to meet a scheduled appointment. During the twelve-month reporting period of January 1, 2003, through December 31, 2003, the Company made 141,860 appointments and failed to meet 3% of these appointments. Failed

⁵ Per November 25, 2003 Application for Approval of Amendment to Service Quality Index Reporting Methodology.

appointments resulted in credits to customers totaling \$45,500. (A list of appointments made and missed by type is provided in Exhibit D.)

Pursuant to the Stipulation, PSE has promoted the \$50 service guarantee and, in turn, has assessed customer awareness levels of the guarantee resulting from these promotions. Exhibit E describes PSE's efforts to promote the Customer Service Guarantee and presents results of customer awareness levels as assessed using two separate Gilmore Research Group's surveys⁶. The table in this exhibit provides the detailed results of each survey instrument, including the number of customers surveyed in each cycle or month, and the specific questions asked each customer.

⁶ These surveys are 1) a monthly survey of field service customers (CFS), and 2), a periodic survey of new construction customers (NCC).

Puget Sound Energy

Exhibit A - SQI Performance

MONTHLY SQI PERFORMANCE

| Puget Sound Energy | | | | | | | | | | | | | | | | |
|--|---|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------------------|---------------------------|--------------------------|
| Service Quality Indices | | | | | | | | | | | | | | | | |
| For Measurement Period: January 2003 through December 2003 | | | | | | | | | | | | | | | | |
| SQI # | Benchmark | Jan 2003 | Feb 2003 | Mar 2003 | Apr 2003 | May 2003 | Jun 2003 | Jul 2003 | Aug 2003 | Sep 2003 | Oct 2003 | Nov 2003 | Dec 2003 | Overall Performance | Difference from Benchmark | Meet or Exceed Benchmark |
| 1 | Overall Customer Satisfaction | 90% satisfied (rating of 5 or higher on a 7-point scale) | 0.021 | 0.013 | 0.016 | 0.019 | 0.013 | 0.016 | 0.017 | 0.011 | 0.012 | 0.008 | 0.018 | 0.18 | -0.32 | OK |
| 2 | WUTC Complaint Ratio | 0.50 complaints per 1000 customers, including all complaints filed with WUTC | 13.2 | 5.7 | 17.9 | 3.7 | 5.5 | 5.0 | 6.7 | 9.7 | 26.7 | 20.4 | 10.5 | 133 | -3.0 | OK |
| 3 | SAIDI | 136 minutes per customer per year | 0.070 | 0.038 | 0.073 | 0.023 | 0.040 | 0.044 | 0.049 | 0.057 | 0.172 | 0.118 | 0.065 | 0.80 | -0.50 | OK |
| 4 | SAIFI | 1.30 interruptions per year per customer | 73% | 76% | 74% | 77% | 76% | 74% | 79% | 82% | 66% | 77% | 63% | 75% | 0% | OK |
| 5 | Telephone Center Answering Performance | 75% of calls answered by a live representative within 30 seconds of request to speak with live operator | 93% | 96% | 93% | 94% | 92% | 96% | 95% | 95% | 93% | 94% | 92% | 94% | 4% | OK |
| 6 | Telephone Center Transactions Customer Satisfaction | 90% satisfied (rating of 5 or higher on a 7-point scale) | 34 | 34 | 34 | 34 | 32 | 32 | 32 | 34 | 36 | 38 | 34 | 35 | -20 | OK |
| 7 | Gas Safety Response Time | Average of 55 minutes from customer call to arrival of field technician | 94% | 96% | 91% | 92% | 93% | 92% | 94% | 94% | 95% | 91% | 93% | 93% | 3% | OK |
| 8 | Field Service Operations Transactions Customer Satisfaction | 90% satisfied (rating of 5 or higher on a 7-point scale) | 0.0019 | 0.0022 | 0.0027 | 0.0034 | 0.0031 | 0.0035 | 0.0034 | 0.0026 | 0.0022 | 0.0014 | 0.0013 | 0.030 | 0.000 | OK |
| 9 | Disconnection Ratio | 0.030 disconnections / customer for non-payment of amounts due when WUTC disconnection policy would permit service curtailment | 3% | 2% | 2% | 3% | 3% | 4% | 3% | 3% | 3% | 3% | 3% | 3% | -5% | OK |
| 10 | Missed Appointments | 8% of appointments missed | 44 | 39 | 46 | 38 | 41 | 42 | 43 | 42 | 55 | 49 | 49 | 44 | -11 | OK |
| 11 | Electric Safety Response Time | Average of 55 minutes from customer call to arrival of field technician | | | | | | | | | | | | | | |



**SQI NO. 11 SUPPLEMENTAL REPORTING
MAJOR EVENT AND LOCALIZED EMERGENCY EVENT DAYS
AFFECTED LOCAL AREAS ONLY**

| Date | Type of Event | Local Area | Duration | No. of Customers Affected | No. of Customers in Area | % of Customers Affected | No. of Outage Events | Resource Utilization | >5% Customer Affected? (Yes/No) | Comments |
|------------|---------------|---------------|----------|---------------------------|--------------------------|-------------------------|----------------------|----------------------|---------------------------------|---|
| 1/2/2003 | Wind | all | 2 days | 63,147 | 962,853 | 6.6% | 161 | 59 | Yes | 59 first Responders, 30 line crews and 6 tree crews |
| 3/12/2003 | Wind | North | 2 days | 15,142 | 166,651 | 9.1% | 76 | 15 | No | 15 first responders and 18 line crews |
| 3/12/2003 | Wind | West | 2 days | 4,466 | 128,007 | 3.5% | 24 | 12 | No | 12 first responders and 4 line crews |
| 10/8/2003 | Wind | North | 2 days | 3,982 | 168,324 | 2.4% | 53 | 11 | No | 11 first responders, 8 line crews and 1 tree crew |
| 10/8/2003 | Wind | North Central | 2 days | 3,646 | 287,423 | 1.3% | 23 | 16 | No | 16 first responders and 3 line crews |
| 10/8/2003 | Wind | West | 2 days | 2,052 | 171,633 | 1.2% | 33 | 13 | No | 13 first responders and 6 line crews |
| 10/12/2003 | Wind | North Central | 2 days | 16,571 | 287,423 | 5.8% | 61 | 17 | No | 17 first responders, 7 line crews and 3 tree crews |
| 10/16/2003 | Wind | all | 4 days | 76,117 | 976,513 | 7.8% | 395 | 62 | Yes | 62 first responders, 52 line crews and 9 tree crews |
| 10/28/2003 | Wind | North | 2 days | 16,378 | 168,324 | 9.7% | 73 | 11 | No | 11 first responders and 11 line crews |
| 11/18/2003 | Wind | North Central | 2 days | 11,119 | 280,059 | 4.0% | 36 | 17 | No | 17 first responders, 10 line crews and 1 tree crews |
| 11/18/2003 | Wind | West | 2 days | 10,340 | 171,966 | 6.0% | 45 | 13 | No | 13 first responders and 7 line crews |
| 11/28/2003 | Wind | North | 1 day | 10,406 | 175,014 | 5.9% | 63 | 8 | No | 8 first responders, and 57 line crews |
| 12/4/2003 | Wind | all | 7 days | 245,210 | 980,945 | 25.0% | 313 | 67 | Yes | 67 first responders, 157 line crews and 15 tree crews |



**SQI NO. 11 SUPPLEMENTAL REPORTING
LOCALIZED EMERGENCY EVENT DAYS
NON-AFFECTED LOCAL AREAS ONLY**

| Date | Type of Event | Local Area | Duration | No. of Customers Affected | No. of Customers in Area | % of Customers Affected | No. of Outage Events | Resource Utilization | >5% Customer Affected? (Yes/No) | Comments |
|------------|---------------|---------------|----------|---------------------------|--------------------------|-------------------------|----------------------|----------------------|---------------------------------|----------|
| 3/12/2003 | | North Central | n/a | 13 | 284,799 | 0.0% | 6 | 7 | No | |
| 3/12/2003 | | South Central | n/a | 1321 | 193,070 | 0.7% | 5 | 5 | No | |
| 3/12/2003 | | South | n/a | 27 | 193,149 | 0.0% | 4 | 8 | No | |
| 10/8/2003 | | South Central | n/a | 73 | 195,520 | 0.0% | 23 | 8 | No | |
| 10/8/2003 | | South | n/a | 43 | 195,515 | 0.0% | 15 | 7 | No | |
| 10/12/2003 | | North | n/a | 3,160 | 168,598 | 1.9% | 39 | 9 | No | |
| 10/12/2003 | | South Central | n/a | 826 | 195,520 | 0.4% | 17 | 5 | No | |
| 10/12/2003 | | South | n/a | 236 | 915,515 | 0.0% | 14 | 6 | No | |
| 10/12/2003 | | West | n/a | 1,558 | 129,139 | 1.2% | 43 | 10 | No | |
| 10/28/2003 | | North Central | n/a | 5,721 | 287,741 | 2.0% | 35 | 9 | No | |
| 10/28/2003 | | South Central | n/a | 504 | 195,520 | 0.3% | 12 | 7 | No | |
| 10/28/2003 | | South | n/a | 2,654 | 195,515 | 1.4% | 25 | 14 | No | |
| 10/28/2003 | | West | n/a | 8,011 | 129,139 | 6.2% | 22 | 9 | Yes | |
| 11/18/2003 | | North | n/a | 524 | 169,008 | 0.3% | 21 | 7 | No | |
| 11/18/2003 | | South Central | n/a | 2,217 | 195,993 | 1.1% | 19 | 11 | No | |
| 11/18/2003 | | South | n/a | 324 | 199,033 | 0.2% | 24 | 13 | No | |
| 11/28/2003 | | North Central | n/a | 59 | 288,422 | 0.0% | 7 | 9 | No | |
| 11/28/2003 | | South Central | n/a | 29 | 195,993 | 0.0% | 5 | 5 | No | |
| 11/28/2003 | | South | n/a | 57 | 196,033 | 0.0% | 4 | 3 | No | |
| 11/28/2003 | | West | n/a | 3986 | 129370 | 3.1% | 23 | 11 | No | |

Puget Sound Energy
Reportable Incident Duration Report (1)
12 Months Ended December 31, 2003

| No. | Date | Address | City | 1st Notice to PSE | First PSE Arrival | Situation Controlled | Response Time | Situation Control - First Arrival |
|-----------------|----------|-----------------------------------|------------------|-------------------|-------------------|----------------------|---------------|-----------------------------------|
| 1 | 01/31/03 | 1318 37 St | Everett | 11:40 | 11:52 | 12:04 | 0:12 | 0:12 |
| 2 | 03/03/03 | 1903 Terrace Ave | Bothell | 8:20 | 8:23 | 9:35 | 0:03 | 1:12 |
| 3 | 03/14/03 | 24602 Pacific Highway South | Kent | 10:27 | 10:40 | 11:26 | 0:13 | 0:46 |
| 4 | 03/24/03 | 4500 25 Av NE | Seattle | 13:04 | 13:24 | 14:00 | 0:20 | 0:36 |
| 5 | 03/27/03 | 7400 133 Av SE | Newcastle | 14:55 | 15:09 | 16:35 | 0:14 | 1:26 |
| 6 | 04/02/03 | 1128 SW Spokane ST | Seattle | 10:08 | 10:31 | 10:48 | 0:23 | 0:17 |
| 7 | 04/05/03 | 9217 Aurora Av N | Seattle | 18:23 | 18:45 | 19:00 | 0:22 | 0:15 |
| 8 | 04/12/03 | 32400 35 Av SW | Federal Way | 10:02 | 10:30 | 19:37 | 0:28 | 9:07 |
| 9 | 04/28/03 | 5618 128 Pl SE | NE of Mill Creek | 11:47 | 12:03 | 12:48 | 0:16 | 0:45 |
| 10 | 04/30/03 | 2001 W. Garfield ST | Seattle | 12:38 | 12:45 | 13:32 | 0:07 | 0:47 |
| 11 | 05/15/03 | 600 Bell Street | Edmonds | 10:18 | 10:37 | 10:37 | 0:19 | 0:00 |
| 12 | 05/22/03 | 4000 block 148 Ave NE | Redmond | 11:25 | 11:25 | 12:32 | 0:00 | 1:07 |
| 13 | 05/28/03 | 12527 Mukilteo Speedway | Mukilteo | 14:33 | 14:38 | 15:15 | 0:05 | 0:37 |
| 14 | 06/02/03 | 9737 31 Av SE | Everett | 10:31 | 10:46 | 11:21 | 0:15 | 0:35 |
| 15 | 06/04/03 | 14420 Bothell-Everett Hwy | Mill Creek | 13:36 | 13:56 | 14:20 | 0:20 | 0:24 |
| 16 | 06/25/03 | 506 186 Av E | Bonney Lake | 9:09 | 9:30 | 9:30 | 0:21 | 0:00 |
| 17 | 06/26/03 | 42 Av S and S Bateman ST | Seattle | 9:36 | 9:41 | 11:44 | 0:05 | 2:03 |
| 18 | 06/27/03 | 6900 E. Greenlake Way N | Seattle | 18:56 | 19:15 | 19:15 | 0:19 | 0:00 |
| 19 | 06/30/03 | 3402 132 St SW | Mukilteo | 7:39 | 7:59 | 8:08 | 0:20 | 0:09 |
| 20 | 07/03/03 | 141 Pl SE and SE 362 Pl | Auburn | 16:01 | 17:00 | No Emergency | 0:59 | |
| 21 | 07/23/03 | 14406 Pacific Highway S | Tukwila | 8:57 | 9:20 | 9:40 | 0:23 | 0:20 |
| 22 | 07/30/03 | 9100 blk Far West Drive W | Steilacoom | 10:38 | 10:53 | 12:43 | 0:15 | 1:50 |
| 23 | 09/05/03 | 7410 133 Av SE | Newcastle | 14:29 | 14:39 | 17:21 | 0:10 | 2:42 |
| 24 | 09/09/03 | 7342 E Marginal Way S. | Seattle | 10:26 | 11:04 | 11:05 | 0:38 | 0:01 |
| 25 | 09/09/03 | 7909 159 Pl NE | Redmond | 11:56 | 12:15 | 13:33 | 0:19 | 1:18 |
| 26 | 10/17/03 | 3704 Pioneer Way E | Tacoma | 11:46 | 12:09 | 13:15 | 0:23 | 1:06 |
| 27 | 11/04/03 | 9501 39 Loop NE | Olympia | 10:36 | 10:48 | 11:00 | 0:12 | 0:12 |
| 28 | 11/06/03 | 24th Av W & 190th Pl SW | Lynnwood | 6:50 | 7:00 | No Emergency | 0:10 | |
| 29 | 11/21/03 | 9800 Airport Way S | Seattle | 7:25 | 7:49 | 9:23 | 0:24 | 1:34 |
| 30 | 12/10/03 | Viewmont Way W | Seattle | 11:58 | 12:31 | 13:16 | 0:33 | 0:45 |
| 31 | 12/30/03 | Gig Harbor IP System (Pt Fosdick) | Gig Harbor | 9:34 | 9:34 | No Emergency | 0:00 | |
| Averages | | | | | | | 0:17 | 1:04 |

(1) Report of the time duration from first arrival to control of gas emergencies, for incidents subject to reporting under WAC-480-93-200 and WAC 480-93-210.

Puget Sound Energy

Exhibit B - Certification of Survey Results

Puget Sound Energy
One Bellevue Center-03N
P.O. Box 97034
Bellevue, WA. 98009-9734

January 5, 2004

Dear Mr. William S. Hopkins,

This letter constitutes certification by The Gilmore Research Group that the attached report and the underlying surveys were conducted and prepared in accordance with the procedures established in Docket No. UE-960195. These procedures, the data collection methods and the quality controls are consistent with industry practices and, we believe, ensure that the information produced in the surveys is unbiased and valid.

We would be glad to answer any questions or provide any additional information that you may need.

Sincerely,



The Gilmore Research Group

Puget Sound Energy

Exhibit C - Proposed Customer Report Card

Feb 13, 2004 Final
<front panel of 1-fold bill insert>

PUGET SOUND ENERGY ANNUAL PERFORMANCE REPORT CARD

Puget Sound Energy focuses on providing you with high levels of customer service in 11 specific areas—from how quickly we answer your call to how quickly we restore power outages — in which our performance is measured and reported to you every year.

In addition to measuring our performance against 11 service-quality benchmarks—established in cooperation with the Washington Utilities and Transportation Commission, the Public Counsel section of the state Attorney General's Office and other parties—we also commit to providing a specified level of service through our *Customer Service Guarantee* program. Our customer service guarantee provides a \$50 billing credit to you if we ever fail to meet a scheduled appointment.

Puget Sound Energy finished 2003 by achieving 10 out of the 11 service-quality measures. We are proud to show you our performance results. (See other side).

2003 Customer Service Performance Highlights

- For 2003, we set the performance bar higher in three areas—frequency of outages, customer satisfaction with field services and percent of customers disconnected for non-payment of bills—and met the benchmark in all three areas.
- Our results showed improvement in six areas compared to 2002.
- The one area where we missed meeting the target was in your satisfaction with our overall performance. While the 86-percent rating improved over 2002 and as 2003 went on, it fell short of our 90-percent customer-satisfaction benchmark.
- Through our *Customer Service Guarantee* program, we credited customers a total of \$45,500 from missing 3 percent of our total 141,860 appointments scheduled in 2003.

We know that our customers have high expectations of Puget Sound Energy. We are gratified to be meeting those expectations, but dedicated to working hard at finding more ways to continually improve our performance.

<back panel of 1-fold bill insert>

Puget Sound Energy Performance Report Card – 2003

| KEY MEASUREMENT | BENCHMARK | 2003 PERFORMANCE | ACHIEVED |
|---|--------------------------|------------------|--------------------------|
| 1. Percent of customers satisfied with our performance, based on survey | 90 percent | 86 percent | <input type="checkbox"/> |
| 2. Number of complaints to the WUTC per 1,000 customers | Less than 0.50 | 0.18 | ✓ |
| 3. Length of non-storm power outages per year | Less than 136.0 minutes | 134.7 minutes | ✓ |
| 4. Frequency of non-storm power outages, per year, per customer | Less than 1.30 outages | 0.80 outages | ✓ |
| 5. Percent of calls answered live within 30 seconds by our Customer Access Center | At least 75 percent | 75 percent | ✓ |
| 6. Percent of customers more than satisfied with our Customer Access Center, based on survey | 90 percent | 94 percent | ✓ |
| 7. Time from customer call to arrival of field technicians in response to gas emergencies | No more than 55 minutes | 35 minutes | ✓ |
| 8. Percent of customers more than satisfied with field services, based on survey | At least 90 percent | 93 percent | ✓ |
| 9. Percent of customers disconnected for non-payment | No more than 3.0 percent | 3.0 percent | ✓ |
| 10. Percent of appointments kept, as promised | At least 92 percent | 97 percent | ✓ |
| 11. Time from customer call to arrival of field technicians in response to power system emergencies | No more than 55 minutes | 44 minutes | ✓ |

Puget Sound Energy

Exhibit D - Customer Service Guarantee Performance Detail

CUSTOMER SERVICE GUARANTEE PERFORMANCE DETAIL
Summary Missed Appointments Report

| 12 Months All Service Type: | | January 2003 | - | December 2003 | | | | | Service | |
|--------------------------------|----------------|-----------------|---------------|---------------|--------------|--------------|----------------|----------------|---------------|-------------------|
| Total Appis (Exclude Canceled) | | Missed Approved | Missed Denied | Missed Open | Total Missed | Manual Kept | System Kept | Total Kept | Canceled | Guarantee Payment |
| Electric | | | | | | | | | | |
| Permanent SVC | 14,847 | 346 | - | 454 | 800 | 2,162 | 11,885 | 14,047 | - | 17,300 |
| Reconnection | 34,997 | 74 | - | 1,967 | 2,041 | - | 32,956 | 32,956 | 3,771 | 3,700 |
| Sub-total | 49,844 | 420 | - | 2,421 | 2,841 | 2,162 | 44,841 | 47,003 | 3,771 | \$21,000 |
| Gas | | | | | | | | | | |
| Diagnostic | 42,373 | 222 | - | 44 | 266 | - | 42,107 | 42,107 | 5,427 | 11,100 |
| Permanent SVC | 16,625 | 182 | - | 395 | 577 | 2,821 | 13,227 | 16,048 | - | 9,100 |
| Reconnection | 33,018 | 86 | - | 211 | 297 | - | 32,721 | 32,721 | 2,460 | 4,300 |
| Sub-total | 92,016 | 490 | - | 650 | 1,140 | 2,821 | 88,055 | 90,876 | 7,887 | \$24,500 |
| Grand Total | 141,860 | 910 | - | 3,071 | 3,981 | 4,983 | 132,896 | 137,879 | 11,658 | \$45,500 |

CUSTOMER SERVICE GUARANTEE PERFORMANCE
Detail Missed Appointments Report

| Month | Fuel | Type | Total Appts (Exclude Canceled) | Missed Approved | Missed Denied | Missed Open | Total Missed | Manual Kept | System Kept | Total Kept | Canceled | Service Guarantee Payment |
|---------------------|----------|---------------|--------------------------------------|--------------------|------------------|----------------|-----------------|----------------|----------------|------------|----------|---------------------------------|
| Jan-03 | Electric | Permanent SVC | 1,138 | 13 | - | 45 | 58 | 153 | 927 | 1,080 | - | \$650 |
| Jan-03 | Electric | Reconnection | 2,238 | | | 114 | 114 | | 2,124 | 2,124 | 257 | \$0 |
| Jan-03 | Gas | Diagnostic | 2,961 | | | 23 | 23 | | 2,938 | 2,938 | 489 | \$0 |
| Jan-03 | Gas | Permanent SVC | 1,387 | 6 | - | 36 | 42 | 249 | 1,096 | 1,345 | - | \$300 |
| Jan-03 | Gas | Reconnection | 1,732 | | | 11 | 11 | | 1,721 | 1,721 | 189 | \$0 |
| Jan-03 Total | | | 9,456 | 19 | - | 229 | 248 | 402 | 8,806 | 9,208 | 935 | \$950 |
| Feb-03 | Electric | Permanent SVC | 1,194 | 31 | - | 12 | 43 | 164 | 987 | 1,151 | - | \$1,550 |
| Feb-03 | Electric | Reconnection | 2,435 | | | 120 | 120 | | 2,315 | 2,315 | 233 | \$0 |
| Feb-03 | Gas | Diagnostic | 3,462 | 12 | | 14 | 26 | | 3,436 | 3,436 | 446 | \$600 |
| Feb-03 | Gas | Permanent SVC | 1,291 | 19 | - | 16 | 35 | 223 | 1,033 | 1,256 | - | \$950 |
| Feb-03 | Gas | Reconnection | 2,254 | 1 | | 24 | 25 | | 2,229 | 2,229 | 189 | \$50 |
| Feb-03 Total | | | 10,636 | 63 | - | 186 | 249 | 387 | 10,000 | 10,387 | 868 | \$3,150 |
| Mar-03 | Electric | Permanent SVC | 1,232 | 13 | - | 52 | 65 | 166 | 1,001 | 1,167 | - | \$650 |
| Mar-03 | Electric | Reconnection | 2,795 | | | 90 | 90 | | 2,705 | 2,705 | 254 | \$0 |
| Mar-03 | Gas | Diagnostic | 3,209 | 10 | | 9 | 19 | | 3,190 | 3,190 | 396 | \$500 |
| Mar-03 | Gas | Permanent SVC | 1,417 | 16 | - | 30 | 46 | 256 | 1,115 | 1,371 | - | \$800 |
| Mar-03 | Gas | Reconnection | 2,305 | | | 29 | 29 | | 2,276 | 2,276 | 200 | \$0 |
| Mar-03 Total | | | 10,958 | 39 | - | 210 | 249 | 422 | 10,287 | 10,709 | 850 | \$1,950 |
| Apr-03 | Electric | Permanent SVC | 1,275 | 26 | - | 22 | 48 | 168 | 1,059 | 1,227 | - | \$1,300 |
| Apr-03 | Electric | Reconnection | 3,598 | | | 203 | 203 | | 3,395 | 3,395 | 287 | \$0 |
| Apr-03 | Gas | Diagnostic | 2,314 | 11 | 5 | - | 16 | | 2,298 | 2,298 | 313 | \$550 |
| Apr-03 | Gas | Permanent SVC | 1,432 | 27 | - | 27 | 54 | 207 | 1,171 | 1,378 | - | \$1,350 |
| Apr-03 | Gas | Reconnection | 2,803 | 1 | 13 | 4 | 18 | | 2,785 | 2,785 | 209 | \$50 |
| Apr-03 Total | | | 11,422 | 65 | 18 | 256 | 339 | 375 | 10,708 | 11,083 | 809 | \$3,250 |
| May-03 | Electric | Permanent SVC | 1,129 | 9 | - | 11 | 20 | 119 | 990 | 1,109 | - | \$450 |
| May-03 | Electric | Reconnection | 3,495 | | | 207 | 207 | | 3,288 | 3,288 | 290 | \$0 |
| May-03 | Gas | Diagnostic | 1,902 | 3 | 12 | - | 15 | | 1,887 | 1,887 | 210 | \$150 |
| May-03 | Gas | Permanent SVC | 1,360 | 7 | - | 10 | 17 | 193 | 1,150 | 1,343 | - | \$350 |
| May-03 | Gas | Reconnection | 3,160 | | | 29 | 29 | | 3,131 | 3,131 | 222 | \$0 |
| May-03 Total | | | 11,046 | 19 | 12 | 257 | 288 | 312 | 10,446 | 10,758 | 722 | \$950 |

CUSTOMER SERVICE GUARANTEE PERFORMANCE
Detail Missed Appointments Report

| Month | Fuel | Type | Total Appis (Exclude Canceled) | Missed Approved | Missed Denied | Missed Open | Total Missed | Manual Kept | System Kept | Total Kept | Canceled | Service Guarantee Payment |
|---------------------|----------|---------------|--------------------------------------|--------------------|------------------|----------------|-----------------|----------------|----------------|------------|----------|---------------------------------|
| Jun-03 | Electric | Permanent SVC | 1,281 | 41 | - | 58 | 99 | 131 | 1,051 | 1,182 | - | \$2,050 |
| Jun-03 | Electric | Reconnection | 3,646 | | | 208 | 208 | | 3,438 | 3,438 | 310 | \$0 |
| Jun-03 | Gas | Diagnostic | 1,592 | 13 | - | | 13 | | 1,579 | 1,579 | 177 | \$650 |
| Jun-03 | Gas | Permanent SVC | 1,361 | 6 | - | 75 | 81 | 121 | 1,159 | 1,280 | - | \$300 |
| Jun-03 | Gas | Reconnection | 2,928 | 5 | - | 19 | 24 | | 2,904 | 2,904 | 162 | \$250 |
| Jun-03 Total | | | 10,808 | 65 | - | 360 | 425 | 252 | 10,131 | 10,383 | 649 | \$3,250 |
| Jul-03 | Electric | Permanent SVC | 1,295 | 26 | - | 4 | 30 | 172 | 1,093 | 1,265 | 261 | \$1,300 |
| Jul-03 | Electric | Reconnection | 3,538 | | | 223 | 223 | | 3,315 | 3,315 | | \$0 |
| Jul-03 | Gas | Diagnostic | 1,596 | 19 | - | 3 | 22 | | 1,574 | 1,574 | 132 | \$950 |
| Jul-03 | Gas | Permanent SVC | 1,375 | 9 | - | 23 | 32 | 223 | 1,120 | 1,343 | | \$450 |
| Jul-03 | Gas | Reconnection | 2,458 | 9 | - | 9 | 18 | | 2,440 | 2,440 | 159 | \$450 |
| Jul-03 Total | | | 10,262 | 63 | - | 262 | 325 | 395 | 9,542 | 9,937 | 552 | \$3,150 |
| Aug-03 | Electric | Permanent SVC | 1,333 | 34 | - | 26 | 60 | 194 | 1,079 | 1,273 | - | \$1,700 |
| Aug-03 | Electric | Reconnection | 3,270 | | | 175 | 175 | | 3,095 | 3,095 | 281 | \$0 |
| Aug-03 | Gas | Diagnostic | 2,106 | | | 13 | 13 | | 2,093 | 2,093 | 156 | \$0 |
| Aug-03 | Gas | Permanent SVC | 1,341 | 10 | - | 4 | 14 | 250 | 1,077 | 1,327 | - | \$500 |
| Aug-03 | Gas | Reconnection | 2,087 | 3 | - | 13 | 16 | | 2,071 | 2,071 | 122 | \$150 |
| Aug-03 Total | | | 10,137 | 47 | - | 231 | 278 | 444 | 9,415 | 9,859 | 559 | \$2,350 |
| Sep-03 | Electric | Permanent SVC | 1,303 | 41 | - | 26 | 67 | 213 | 1,023 | 1,236 | - | \$2,050 |
| Sep-03 | Electric | Reconnection | 2,750 | | | 174 | 174 | | 2,576 | 2,576 | 320 | \$0 |
| Sep-03 | Gas | Diagnostic | 3,805 | 1 | - | 14 | 15 | | 3,790 | 3,790 | 395 | \$50 |
| Sep-03 | Gas | Permanent SVC | 1,515 | 21 | - | 13 | 34 | 320 | 1,161 | 1,481 | - | \$1,050 |
| Sep-03 | Gas | Reconnection | 2,048 | | | 17 | 17 | | 2,031 | 2,031 | 181 | \$0 |
| Sep-03 Total | | | 11,421 | 63 | - | 244 | 307 | 533 | 10,581 | 11,114 | 896 | \$3,150 |
| Oct-03 | Electric | Permanent SVC | 1,516 | 46 | - | 80 | 126 | 294 | 1,096 | 1,390 | | \$2,300 |
| Oct-03 | Electric | Reconnection | 3,167 | | | 203 | 203 | | 2,964 | 2,964 | 407 | \$0 |
| Oct-03 | Gas | Diagnostic | 4,475 | 19 | - | 7 | 26 | | 4,449 | 4,449 | 793 | \$950 |
| Oct-03 | Gas | Permanent SVC | 1,743 | 43 | - | 45 | 88 | 392 | 1,263 | 1,655 | | \$2,150 |
| Oct-03 | Gas | Reconnection | 2,555 | 7 | - | 10 | 17 | | 2,538 | 2,538 | 304 | \$350 |
| Oct-03 Total | | | 13,456 | 115 | - | 345 | 460 | 686 | 12,310 | 12,996 | 1,504 | \$5,750 |

CUSTOMER SERVICE GUARANTEE PERFORMANCE
Detail Missed Appointments Report

| Month | Fuel | Type | Total Apts (Exclude Canceled) | Missed Approved | Missed Denied | Missed Open | Total Missed | Manual Kept | System Kept | Total Kept | Canceled | Service Guarantee Payment |
|---------------------|----------|---------------|-------------------------------------|--------------------|------------------|----------------|-----------------|----------------|----------------|---------------|--------------|---------------------------------|
| Nov-03 | Electric | Permanent SVC | 1,197 | 57 | | 37 | 94 | 193 | 910 | 1,103 | | \$2,850 |
| Nov-03 | Electric | Reconnection | 2,081 | | | 146 | 146 | | 1,935 | 1,935 | 568 | \$0 |
| Nov-03 | Gas | Diagnostic | 4,512 | 15 | | 11 | 26 | | 4,486 | 4,486 | 1,042 | \$750 |
| Nov-03 | Gas | Permanent SVC | 1,276 | 15 | | 24 | 39 | 254 | 983 | 1,237 | | \$750 |
| Nov-03 | Gas | Reconnection | 2,191 | 5 | | 24 | 29 | | 2,162 | 2,162 | 250 | \$250 |
| Nov-03 Total | | | 11,257 | 92 | - | 242 | 334 | 447 | 10,476 | 10,923 | 1,860 | \$4,600 |
| Dec-03 | Electric | Permanent SVC | 909 | 9 | | 80 | 89 | 195 | 625 | 820 | | \$450 |
| Dec-03 | Electric | Reconnection | 1,733 | | | 121 | 121 | | 1,612 | 1,612 | 228 | \$0 |
| Dec-03 | Gas | Diagnostic | 3,461 | 2 | | 13 | 15 | | 3,446 | 3,446 | 655 | \$100 |
| Dec-03 | Gas | Permanent SVC | 1,126 | 3 | | 91 | 94 | 133 | 899 | 1,032 | | \$150 |
| Dec-03 | Gas | Reconnection | 1,618 | | | 10 | 10 | | 1,608 | 1,608 | 240 | \$0 |
| Dec-03 Total | | | 8,847 | 14 | - | 315 | 329 | 328 | 8,190 | 8,518 | 1,123 | \$700 |

Puget Sound Energy

Exhibit E - Customer Awareness of Customer Service Guarantee

Customer Awareness of Service Guarantee

Pursuant to Exhibit J of the Settlement Stipulation Re Service Quality Index (SQI) in Docket Nos. UE-011570 and UG-011571, PSE initiated the following actions in 2003 to promote customer awareness of the customer service guarantee (Schedule 130) for both electric and natural gas service:

1. Articles that advertised customer service guarantee were included in the February, May, and December 2003 issues of customer newsletter, "EnergyWise".
2. The text of the service guarantee appeared on the back of the bill-stock beginning in Fall 2002.
3. PSE began the process of updating and revising the "rights and responsibilities" brochure in 2003. Edits planned include standardizing to one form for gas and electric and including a description of the service guarantee. PSE will consult with Commission Staff and Public Counsel as to form and content of this brochure before it is finalized.
4. Also, PSE continued to promote the customer service guarantee in the following ways:
 - On relevant paths where a qualifying appointment will be generated, the Access Center phone tree invites customers to ask about the Company's service guarantee program – before directly speaking with an agent.
 - Access Center employees are provided training and scripting on the service guarantee program.
 - Information about the service guarantee program is included in PSE's on-line Quick Reference Manual. This data is accessible 24 hours per day on PSE's Intranet and is available to all customer service, CFS and new construction employees within the Company.
 - The Energy Efficiency Hotline, which facilitates setting up the bulk of customer appointments for The Checkup program for CFS, notifies customers of the service guarantee at the time the appoint is made.

- Other measures used to inform customers of the service guarantee include the Gas & Electric Service Handbooks (inside cover page), the Builder Fax Order Form (bottom of form), and the PSE web site at www.PSE.com.

The Company is taking measures to ensure that agents are trained on its policy to advise customers of the guarantee before the end of any call in which an eligible appointment or commitment is made.

The results of customer awareness surveys as assessed using two separate Gilmore Research Group's surveys are presented in the following table.

Customer Awareness of Service Guarantee

CFS Survey

Q26A. When you called to make the appointment for a service technician to come out, did the customer service representative tell you about PSE \$50 Service Guarantee?

| | Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Jun-03 | Jul-03 | Aug-03 | Sep-03 | Oct-03 | Nov-03 | Dec-03 | Total |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| Yes (Continue to Q.2) | 18 | 9 | 12 | 16 | 7 | 11 | 20 | 4 | 16 | 15 | 12 | 13 | 153 |
| No | 59 | 66 | 66 | 64 | 71 | 70 | 70 | 82 | 74 | 60 | 80 | 67 | 829 |
| Don't Know | 22 | 26 | 22 | 20 | 23 | 19 | 9 | 14 | 10 | 24 | 8 | 20 | 217 |
| Refused | 1 | - | - | - | - | - | 1 | - | - | 1 | - | - | 3 |
| Total Customers Surveyed | 100 | 101 | 100 | 100 | 101 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1,202 |

Q26B. Did a PSE representative call you to reschedule your appointment?

| | Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Jun-03 | Jul-03 | Aug-03 | Sep-03 | Oct-03 | Nov-03 | Dec-03 | Total |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| Yes (Continue to Q.3) | - | - | 1 | - | - | 1 | - | - | 1 | - | - | - | 3 |
| No | 18 | 9 | 11 | 16 | 7 | 10 | 20 | 4 | 15 | 15 | 12 | 13 | 150 |
| Don't Know | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Customers Surveyed | 18 | 9 | 12 | 16 | 7 | 11 | 20 | 4 | 16 | 15 | 12 | 13 | 153 |

Q26C. Which of the following best fits your understanding of how the service guarantee works if a scheduled appointment has to be changed by PSE.

| | Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Jun-03 | Jul-03 | Aug-03 | Sep-03 | Oct-03 | Nov-03 | Dec-03 | Total |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| A. You are given the \$50.00 service guarantee if the rescheduled time causes you inconvenience. | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 |
| B. Whenever PSE changes an appointment, you are given the \$50.00 | - | - | - | - | - | 1 | - | - | 1 | - | - | - | 2 |
| C. You have no understanding or expectations about this part of the service guarantee plan. | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Don't Know | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Customers Surveyed | - | - | 1 | - | - | 1 | - | - | 1 | - | - | - | 3 |

NCC Survey

Q12. Are you aware of Puget Sound Energy's \$50 service guarantee to meet scheduled work dates?

| | Jan-03 | Feb-03 | Mar-03 | Apr-03 | May-03 | Jun-03 | Jul-03 | Aug-03 | Sep-03 | Oct-03 | Nov-03 | Dec-03 | Total |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| Yes: | - | - | - | - | 95 | - | - | - | 101 | - | - | 121 | 317 |
| No | - | - | - | - | 91 | - | - | - | 97 | - | - | 91 | 279 |
| Refused Response: | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Don't Know | - | - | - | - | 1 | - | - | 2 | 2 | - | 3 | 6 | 6 |
| Total Customers Surveyed | - | - | - | - | 187 | - | - | 200 | 200 | - | 215 | 215 | 602 |