

Exhibit ___ (RK-2)
Dockets UE-111048/UG-111049
Witness: Roger Kouchi

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET UE-111048
DOCKET UG-111049
(Consolidated)**

**EXHIBIT TO
TESTIMONY OF**

ROGER KOUCHI

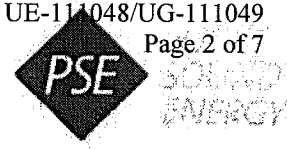
**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Section 2 (UTC Complaint Ratio – SQI-2) of
2010 Annual Puget Sound Energy SQI and Electric Service Reliability Report
filed on March 31, 2011*

December 7, 2011

***2010 Annual
Puget Sound Energy
SQI and Electric Service
Reliability Report***

Filed on March 31, 2011



2 UTC complaint ratio (SQI #2)

Overview

Each year the UTC receives complaints from PSE customers on a variety of topics, such as bill disputes and disconnects for non-payment.

In 2010, while serving more than 1 million electric and 750,000 natural gas customers, the UTC received 541 complaints concerning PSE, a decrease of 79 complaints from 2009, which results in an improvement of 13 percent in the UTC complaint ratio. Key reasons for the change in complaint frequency and cause are addressed in this report.

Table 1: UTC complaint ratio for 2010

Key measurement	Benchmark	2010 Results	Achieved
UTC complaint ratio (SQI #2)	No more than 0.40 complaints per 1,000 customers, including all complaints filed with UTC	0.30	<input checked="" type="checkbox"/>

About the benchmark

The UTC complaint ratio is calculated by dividing the sum of all gas and electric complaints reported to the UTC by the average monthly number of PSE customers. The quotient is then multiplied by 1,000. The formula follows:

$$UTC \text{ complaint ratio} = \frac{\text{electric and gas complaints recorded by UTC}}{\text{average monthly number of electric and gas customers}} \times 1,000$$

The average monthly customer count is the average of the total number of PSE customers, per month, during the reporting period.

What influences the UTC complaint ratio?

In 2010, a majority of customer complaints were related to high bills, disputed bills or disconnects. See Table 2 and Table 3. In 2010, the UTC added "High Bill" as a new complaint type. Previously, high bills were categorized as disputed bills. Effective in 2010, high bill complaints are separated in complaint count and percentages.

High bill complaints are often the result retroactive billing usually caused by a stopped meter or municipal annexation.



Stopped meters

In 2008 PSE began a project to actively identify and resolve meter and billing problems associated with stopped meters. A set of resolution targets was approved by the UTC in October 2008. The first target of replacing more than 100,000 meter modules was completed in June 2009 but created a high volume of complaints that were classified as “Disputed Bills” in 2009. These disputed bills peaked at a level of over 2,000 per month in the first half of 2009.

Once the first retroactive bill process target was achieved in June 2009, the number of disputed bills decreased.

The reduction in retroactive bills in 2010 from 2009 saw a corresponding reduction of Disputed Bill complaints for the same period. The reduction of 31 percent in complaints (319 to 219) is comparable to the 38 percent (21,306 to 13,315) decrease in stopped meter retroactive bills issued from 2009 to 2010. (See *Municipal annexation* section that follows.)

Municipal annexation

Retroactive billing for city utility taxes increased the number of disputed bill complaints. This type of retroactive billing typically occurs when a municipality annexes an area or when a new service was assigned an incorrect tax code due to PSE error or the inconsistency in the annexation database maintained by Washington State Department of Revenue (DOR). Also, cities are not required to notify PSE of annexations, which may delay the implementation of new tax billing. However, PSE has several methods of discovering annexations and confirms tax codes quarterly with state, county and city government authorities.

Beginning in May 2010, PSE initiated the review of utility tax billing which resulted in over 400 retroactive bills per month, up from less than 20 per month early in 2010. Another increase resulted from annexations in several municipalities. The largest was the annexation of part of Kitsap County by the City of Port Orchard on September 28, 2009.

Disconnects

The number of disconnect complaints increased from 167 in 2009 to 176 in 2010, a five percent increase. The primary trigger for a disconnect complaint is receipt of a service disconnection notice:

- Sixty-two percent of disconnect complaints are a result of a customer receiving a disconnect notice. The number of disconnect notices issued in 2009 and 2010 remained virtually constant.
- Thirty-eight percent of disconnection complains followed the occurrence of the actual service disconnection.

The number of disconnect complaints remained relatively stable from 2009 to 2010 even with the significant increase in completed disconnects—from 53,500 in 2009 to 70,500 in 2010. This suggests that suspension of the disconnect “cap” (formerly SQI #9) may not have a significant impact on total disconnect complaints in 2011.



Deposits

The number of complaints about deposit requirements to start or continue energy service in 2010 was nearly double that of 2009 and triple that of any of the previous three years. PSE is monitoring these complaints and believes the increased volume is a result of the weak economy. A greater number of accounts must be secured with deposits, and the deposit requirement aggravates an already challenging situation for the customer. PSE is committed to working with the customers who need extra help to set up installment payment plans or make other arrangements.

Table 2: Percentage of UTC complaints related to disconnects and disputed bills from 2006 to 2010

	2006	2007	2008	2009	2010
Disconnect	19%	24%	23%	27%	32%
Disputed bill	40%	38%	53%	51%	40%

Table 3: Number of UTC complaints by type

Complaint type	Complaints				
	2006	2007	2008	2009	2010
Construction	12	7	9	15	7
Customer service	71	58	34	45	33
Deposit	13	17	11	26	48
Disconnect	91	117	102	167	176
Disputed bill	192	184	235	319	219
High bill ¹⁵	0	0	0	0	20
Quality of service	66	64	30	24	20
Other	40	37	21	26	18
Total	485	484	442	622	541

¹⁵ The high bill category was added in 2010.



Historical trend for the UTC complaint ratio

PSE is committed to managing UTC complaints to identify root causes and to initiate corrective and preventive actions. Successful management of complaints includes integration of the complaints with other SQI measures to assure success in all areas.

Table 4: UTC complaint ratio from 2006 to 2010

	2006	2007	2008	2009	2010
Actual complaint ratio	0.28	0.27	0.25	0.34	0.30
Benchmark complaint ratio	0.50 complaints per 1,000 customers, including all complaints filed with UTC			0.40 complaints per 1,000 customers, including all complaints filed with UTC	

Working to prevent and reduce customer complaints

PSE reviews each UTC complaint and classifies it by the same type assigned by the UTC examiner. Each complaint is assigned further type codes and other identifiers so that common complaints can be reviewed as a group.

In addition to categorizing by group, each complaint is also reviewed for unique attributes that may help determine its root cause so that PSE can address the root cause, thereby reducing the number of future complaints of this type.

ECMS

In 2010 PSE implemented a web-based Escalated Complaint Management System (ECMS) that captures complaint data on issues escalated to a Supervisor or higher. PSE is able to analyze the ECMS data to gain insight into complaints that are resolved by supervision before they escalate further.

- The system allows complaints to be categorized more consistently and enables the data to be analyzed and reported in greater detail. The system supports:
 - Discovering the root cause of the complaints so that the actions designed to prevent further escalation of a complaint can be implemented.
 - Measuring the effectiveness of preventive actions so that resources are directed to those remedies that are the most effective.
- The ECMS now is being used by all customer care organizations and will be expanded to other PSE groups in 2011.



In addition to formalizing the complaint management process, PSE has also enhanced the following areas of customer outreach and support in 2010.

- Customer Service training processes established in 2009 were enhanced and expanded in 2010.
 - Re-qualification of a selected group of agents on customer fraud definition and action, so action taken by PSE in cases of possible fraud is accurate, consistent and fair, resulting in minimized effect on our other customers.
 - Established a formal method of documenting customer contacts in which PSE records the Background, Action and Results (BAR). This improved documentation provides a more accurate and consistent record of customer contacts and aids in conversations with the customer.
- A new phone conversation analytics system was implemented in 2010 that records calls and identifies key words. This system helps to analyze calls by type as well as provides the actual content of phone conversations so that any customer concerns can be resolved more easily.
- In 2010, PSE upgraded the Quick Reference Manual (QRM), a web-based tool that provides timely and accurate technical information to Customer Access Center agents. Focused efforts to improve customer service with tools such as the new phone system, QRM and individual training and coaching have shown results. There has been continuous improvement in reducing the number of Customer Service-related UTC customer complaints over the past five years. Table 3 reflects the reduction in Customer Service complaints from 71 in 2006 to less than half that number in 2010.
- Continuous focus on PSE system operations has resulted in significant reductions in Quality of Service-related UTC customer complaints over the past five years. Customer complaints about outage frequency and outage duration would be included in this category.
- Customers are provided with information on how PSE can assist customers with paying PSE bills. PSE offers a variety of programs, including the Home Energy Lifeline Program (HELP), which assist low-income customers.
- Review of PSE's processes for city utility tax billing found gaps in the municipalities' and PSE's areas of responsibility. As a result, PSE has changed processes to ensure timely and accurate billing of these taxes.



Going forward

PSE customer service staff work to resolve issues with customers before a complaint is made to the UTC. In 2010, the Escalated Complaints Management System was implemented and is in full use as of the end of the year. Formalizing the Root Cause identification process will be a critical aspect of 2011 plans.

For example, there is an opportunity to review the root cause of disconnect complaints resulting from receipt of notices. This research may afford the opportunity to reduce complaints and, more importantly, support customers with energy assistance, payment arrangements and other plans to reduce the possibility of service interruption.

In addition, more focus will be placed on using the determined root causes to define, implement and measure effective preventive actions to reduce the number of future complaints.