

**Exhibit Joint-6T**  
**Dockets UE-072300/UG-072301**  
**Witnesses: Susan McLain**  
**Booga Gilbertson**  
**Karl R. Karzmar**  
**Steven V. King**  
**Barbara R. Alexander**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent**

**DOCKET UE-072300**  
**DOCKET UG-072301**  
*(consolidated)*

**JOINT TESTIMONY OF SUSAN MCLAIN, BOOGA K. GILBERTSON,  
KARL R. KARZMAR, STEVEN V. KING AND BARBARA R. ALEXANDER**

**SUPPORTING PARTIAL STIPULATION REGARDING**

**SERVICE QUALITY, BILLING AND METERING PERFORMANCE, AND  
LOW- INCOME BILL ASSISTANCE**

**AUGUST 20, 2008**

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1 Qualifications of Barbara R. Alexander

2 **Q. Please state your name and the party for whom you are appearing.**

3 A. My name is Barbara R. Alexander, and I am appearing on behalf of Public  
4 Counsel and the Energy Project. My qualifications are presented in Exhibit BRA-  
5 2.

6  
7 **Q. What is the purpose of this Joint Testimony?**

8 A. The purpose of this Joint Testimony is to present the common recommendation of  
9 PSE, Commission Staff, the Energy Project and the Public Counsel Section of the  
10 Attorney General's Office (collectively referred to hereinafter as the "Parties" and  
11 each individually as a "Party") on the following:

- 12 1. revisions to PSE's existing Service Quality Index ("SQI") program;
- 13 2. a Meter and Billing Performance plan; and
- 14 3. enhancements to the Company's low-income bill assistance program.

15 The Parties' recommendations are contained in the Partial Settlement filed for  
16 Commission approval on August 20, 2008 (the "Partial Settlement").

17  
18 **Q. Please briefly describe the Parties' Partial Settlement.**

19 A. The Partial Settlement proposes changes to certain existing SQI benchmarks, and  
20 addresses the manner in which the SQI program will function starting in 2009,  
21 including SQI filing requirements and the information to be included in the  
22 Company's annual reliability report filing with the Commission.

1           The Partial Settlement also describes how meter and billing problems will  
2 be resolved, tracked and reported to the Commission. The Partial Settlement also  
3 provides an agreed-upon adjustment to test year revenues to offset billing  
4 discounts the Company provided to customers during the test year.

5           Finally, the Partial Settlement recommends increased funding for the  
6 Company's low-income energy bill assistance program.

7  
8           **II. JOINT TESTIMONY REGARDING SQI PROVISIONS**

9  
10   **Q. How does the Partial Settlement treat issues related to PSE's SQI?**

11   **A.** The Partial Settlement in Section IV lists various SQI topics and the Parties'  
12 proposed resolution for each issue. Some of the more significant changes to the  
13 current SQI program reflected in this Partial Settlement include, 1) additional  
14 reporting requirements related to certain SQI performance areas; 2) an increase in  
15 the maximum penalty for SQIs that are not achieved from \$10 million to \$15  
16 million and an additional penalty that will apply if PSE fails to meet a  
17 performance requirement in two consecutive years; 3) the elimination of SQI No.  
18 1, overall customer satisfaction; 4) a requirement to meet a higher level of  
19 performance on SQI No. 2 regarding customer complaints per 1,000 customers;  
20 and 5) the addition of a new customer service guarantee for lengthy outage  
21 duration events.

1 **Q. Please explain the differences between the SQI provisions proposed by the**  
2 **parties and those included in the Partial Settlement.**

3 A. In PSE's direct testimony, the Company initially addressed its challenges related  
4 to meeting one SQI in particular - SQI No. 3, the System Average Interruption  
5 Duration Index ("SAIDI") - but it did not propose specific adjustments to any of  
6 the performance standards under the current SQI program. In response testimony,  
7 Commission Staff proposed revisions to four SQI measures. Public Counsel and  
8 The Energy Project, in their response testimony, proposed to add new SQIs,  
9 modify several existing SQIs, increase the maximum penalties payout amount,  
10 and add new penalties when the Company did not meet any SQI for two or more  
11 consecutive years. On rebuttal, PSE suggested a more global review of the SQI  
12 program, but provided several adjustment examples it was willing to implement.  
13 See Exhibit SML-16T at page 8, line 18; page 14, line 16; page 19, line 15; page  
14 20, lines 3 and 13. PSE proposed to revisit all the SQIs in a collaborative forum,  
15 in which all interested parties could participate.

16 In the Partial Settlement, the Parties focused on changes to the SQI that  
17 should be adopted at this time as reflected in the Partial Settlement.

18  
19 **Q. Please explain why the Parties believe the Partial Settlement regarding SQI**  
20 **provisions is in the public interest.**

21 A. The Partial Settlement on PSE's SQI program recognizes that there has been  
22 disagreement in this proceeding surrounding some of the individual metrics and

1 whether other metrics should be changed or updated to reflect revised  
2 expectations of performance or PSE's recent actual performance.

3 While there were differences of opinion regarding these matters, the  
4 Parties found some consistent threads they could use to create fair and reasonable  
5 SQI provisions. The Partial Settlement includes improvements to the SQI  
6 metrics, providing a higher minimum threshold of service to customers.  
7 Additionally, the Partial Settlement increases potential penalty and service  
8 guarantee provisions to incent the Company to perform to a higher future level.  
9 Finally, it encourages transparency on the Company's decision-making processes  
10 through more detailed reporting.

11 Taken together, the recommended SQI provisions are in the public interest  
12 because they more accurately reflect service metrics that customers may value,  
13 they provide increased incentive to ensure PSE's continued performance to  
14 comply with the performance standards, and they provide for improved  
15 communication between the Commission, Public Counsel and PSE regarding the  
16 Company's service quality performance. Further, the Partial Settlement provides a  
17 means for parties to analyze and review certain SQI metrics over time by requiring  
18 some additional reporting requirements and the analysis of those results prior to  
19 making additional changes to the SQI program.

20



1           The Company and the other parties to the Partial Settlement have come to  
2 an agreement that implements an operating standard to identify and resolve  
3 existing and future meter problems and resulting retroactive billing problems.  
4 The agreement includes a phase-in period, quarterly reporting requirements, a  
5 ratemaking adjustment to revenues in this proceeding, and performance standards  
6 for identifying and resolving meter-related problems.

7  
8 **Q. Please explain why the Parties believe the Partial Settlement regarding meter  
9 and billing performance is in the public interest.**

10 A. The Meter and Billing Performance Plan is in the public interest because it will  
11 identify and correct metering problems that have resulted in retroactive customer  
12 bills and it establishes standards to address these problems on an ongoing basis.  
13 Further, the Partial Settlement includes reporting requirements that allow for a  
14 more transparent process so the Commission can more effectively monitor PSE's  
15 performance in addressing meter issues and retroactive billing. The Partial  
16 Settlement also recognizes the inconvenience to customers caused by retroactive  
17 billing and provides an adjustment of \$1,335,354 to PSE's proforma revenues to  
18 hold ratepayers harmless for discounts given by PSE during the test year.

19  
20 **IV. JOINT TESTIMONY ON LOW INCOME ASSISTANCE**

21  
22 **Q. Are there any other matters where the Joint Parties have reached a  
23 consensus?**

1 A. Yes. The Joint Parties have agreed to two provisions regarding PSE's low-income  
2 energy bill assistance program, known as HELP. First, PSE will increase the  
3 aggregate funding cap of its low-income bill assistance program nearly \$5 million  
4 to \$15 million, including benefits and administrative costs. Second, PSE will  
5 carry over to the following year aggregate benefit funds not distributed to  
6 qualifying customers in a given year.

7  
8 **Q. Please explain why this provision is in the public interest.**

9 A. The agreement to increase the low-income energy bill assistance cap accepts  
10 generally individual testimony recommending that PSE increase its low-income  
11 energy bill assistance. This Partial Settlement provision recognizes those groups  
12 that are especially susceptible to rate increases and provides assistance in a  
13 manner that is fair to all qualifying customers. The proposed increase in funding  
14 will reduce the adverse impact of the rate increase proposed in this proceeding and  
15 extend benefits to a greater number of eligible customers, improving the  
16 programs' penetration rate.

17

18 **V. INDIVIDUAL STATEMENTS OF SUPPORT FOR THE**  
19 **PARTIAL SETTLEMENT**  
20

21 **Q. Please explain why the Partial Settlement satisfies the interests of PSE.**

22 A. PSE believes the Partial Settlement reflects a true compromise of several  
23 significant issues in this proceeding.

1           The Partial Settlement provides PSE with increased certainty surrounding  
2 customer performance expectations and measurements, reporting requirements  
3 and low-income funding. With respect to all the provisions agreed upon in the  
4 Partial Settlement, resolution of contentious issues benefits PSE and its customers  
5 by eliminating the cost, and inconvenience and delay of continued litigation. At  
6 the same time, the Partial Settlement provides PSE with clear expectations and an  
7 increased level of certainty on these issues.

8  
9 **Q. Please explain why the Partial Settlement satisfies the interests of Staff.**

10 A. Staff supports the Partial Settlement on service quality, meter and billing  
11 performance, and low-income assistance because PSE's customers will be better  
12 protected in the following ways:

- 13 1. Strengthening PSE's SQI program will refine PSE's service expectations,  
14 improve Commission oversight of PSE's customer service performance, and  
15 enhance customer service through a new service guarantee related to extended  
16 outages.
- 17 2. The proposed Meter and Billing Performance plan establishes meaningful and  
18 measurable standards for PSE to meet its obligation for proper and timely  
19 customer billing; provides specific time lines for implementing the plan; and  
20 provides quarterly reporting of PSE's success in meeting the new  
21 standards. The standards proposed for PSE in this settlement also will bring  
22 PSE's results in line with those of neighboring investor-owned gas and  
23 electric utilities.

1           3. The Partial Settlement also mitigates the impacts of rate increases on PSE's  
2           low-income customers by increasing the cap on funds provided to those most  
3           in need.

4           Staff recommends approval of the Partial Settlement on service quality, metering  
5           and billing, and low-income assistance.

6  
7   **Q.    Please explain why the Partial Settlement satisfies the interest of Public**  
8   **Counsel and the Energy Project.**

9   A.    I submitted testimony on behalf of Public Counsel and Energy Project concerning  
10   PSE's service quality performance, the design and funding of low income  
11   programs, and PSE's metering and billing problems as revealed by customer  
12   complaints. The Partial Stipulation fairly responds to the issues and concerns that  
13   I set forth in my Direct Testimony. Although this Partial Stipulation does not  
14   reflect all of my recommendations, it does reflect my most important concerns,  
15   particularly with respect to the increase in maximum penalty amount applicable to  
16   SQI performance to reflect PSE's increased retail revenues and a new penalty  
17   requirement that doubles the otherwise applicable penalty when PSE misses the  
18   benchmark for one or more SQI items in two consecutive years. The additional  
19   reporting items relating to Gas Response Time and Customer Call Center  
20   Performance will allow for a structured discussion of other issues I raised in my  
21   testimony in the future. I am particularly pleased to see the proposed increase in  
22   funding for PSE's HELP program for low-income customers in light of the  
23   pending rate increases and increased costs for other essentials that strain the low-

1 income household's budget and ability to afford essential gas and electric service.

2 This increase in funding, while modest, will allow for a continuing effort to enroll

3 additional eligible customers in this program, thus improving its penetration rate.

4

5 **Q. Does this conclude your joint testimony?**

6 **A. Yes.**