

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-072300 and UG-072301
(Consolidated)

RESPONSE OF COMMISSION STAFF TO
PSE APPLICATION FOR APPROVAL OF
AMENDMENT TO SERVICE QUALITY
INDEX BENCHMARK: DISCONNECTION
RATIO

I. INTRODUCTION

1 On October 16, 2009, Puget Sound Energy, Inc. (“PSE” or “the Company”) filed with the Washington Utilities and Transportation Commission (“Commission”) an “Application for Approval of Amendment to Service Quality Index Benchmark: Disconnection Ratio.” The Company’s filing proposes to revise the Service Quality Index (“SQI”) annual benchmark for the Disconnection Ratio (“SQI-9”) from 0.030 to 0.038 disconnections per customer for non-payment of amounts due when the Commission’s disconnection policy would permit service curtailment.¹ PSE requests Commission approval of the revised benchmark to become effective January 1, 2010.

¹ PSE currently has 1.87 million total customers. Increasing the SQI-9 annual benchmark as PSE requests increases the number of allowable disconnections from 56,034 disconnections to 72,168 disconnections.

2 The effect of PSE’s application is to request the Commission to amend Order 12 in Docket Nos. UE-072300 and UG-072301 (“Order 12”).² The Commission has allowed all parties the opportunity to comment on PSE’s application, including comment on whether a hearing should be required to consider the application.

3 The Company’s request to raise the benchmark for SQI-9 from 0.030 to 0.038 disconnections per customer is in the public interest. Staff, therefore, recommends that the Commission approve the Company’s application. Staff does not recommend a hearing on the application.

II. REASONS TO GRANT THE COMPANY’S APPLICATION

1. Increasing the Annual Benchmark for SQI-9 Will Not Undermine Customer Service Quality Because SQI-9 Does Not Measure Company Performance

4 As a condition of the 1997 merger between Puget Sound Power & Light Company and Washington Natural Gas Company, the Commission ordered the merged company (PSE) to meet ten customer service quality indices, or benchmarks, regarding:

1. Overall Customer Satisfaction
2. Commission Complaint Ratio
3. System Average Interruption Duration Index (SAIDI)
4. System Average Frequency Duration Index (SAIFI)
5. Customer Access Center Answering Performance
6. Customer Access Center Transaction Satisfaction
7. Gas Safety Response Time

² Order 12 authorized the continuation of the Company’s SQI with certain revisions and new terms and conditions. *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-072300 and UG-072301, Order 12 at Appendix D, Partial Settlement Re: Service Quality, Meter and Billing Performance and Low Income Assistance (November 1, 2008). SQI-9 was not amended by Order 12.

8. Field Service Operations Transaction Customer Satisfaction
9. Disconnection Ratio
10. Missed Appointments.³

Associated penalties up to \$1.5 million for failure to achieve each benchmark were established and PSE was required to file an annual service quality report regarding its performance under the SQI mechanism. An eleventh service quality benchmark regarding electric safety response time was added in 2002 and a number of minimum performance levels were enhanced.⁴ In 2008, the SQI was further revised, and new terms and conditions added, by Order 12.

5 The SQI mechanism, therefore, was established to ensure that the quality of PSE's customer service did not decline following the merger of Washington Natural Gas and Puget Sound Power & Light.⁵ In 2002 and 2008, the Commission continued its effort to ensure that customer service by PSE remained a focus of regulation. All but one of the SQI measures supports that important public policy goal because they relate directly to the quality of customer service.

6 In contrast, establishing a cap for customer disconnections bears no relationship to the quality of service rendered by PSE to its customers. Raising the annual benchmark for SQI-9 or, for that matter, eliminating SQI-9 in its entirety, will have no detrimental effect on customer service.

³ *In re Application of Puget Sound Power & Light Company and Washington Natural Gas Company*, Docket UE-951270 and UE-960195, Fourteenth Supp. Order Accepting Stipulation; Approving Merger (February 5, 1997).

⁴ *WUTC v. Puget Sound Energy, Inc.*, Docket UE-11570, Twelfth Supp. Order Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications and Conditions (June 20, 2002). For example, the benchmark for SQI-9, at issue in this petition, was lowered from 0.038 per customer to 0.03 per customer.

⁵ *In re Application of Puget Sound Power & Light Company and Washington Natural Gas Company*, Docket UE-951270 and UE-960195, Fourteenth Supp. Order Accepting Stipulation; Approving Merger at 13 (February 5, 1997).

2. Increasing the Annual Benchmark for SQI-9 Will Not Harm Customers Because Commission Rules Already Offer Meaningful Customer Protections

7 As the Commission is well aware, numerous rules already exist governing the continuation of utility service to PSE's electricity and natural gas customers. For example, customers have the right to regularly receive a printed bill stating the amount they owe and the date payment is expected.⁶ Customers also have the right to have billing and service disputes investigated by the Company and Commission Staff, and customers may not be disconnected while these investigations are underway.⁷

8 Customers have the right to advance, written notice of the Company's intent to disconnect service for non-payment of bills.⁸ They may re-establish service upon paying a reconnection charge and one-half of a deposit. The Company may not require payment of the outstanding "prior obligation" before reconnecting service, but it may seek collection through other means.⁹

9 Thus, the Commission's existing electricity and natural gas rules already offer thorough and meaningful protections for customers, including customers facing disconnection. Allowing the Company to increase the annual benchmark for SQI-9 will not undermine or interfere with those existing protections.

3. The Current Disconnection Cap Prevents the Commission's Prior Obligation Rule From Working as Intended to the Detriment of All Ratepayers

10 Not only will granting PSE's application have no negative effect on existing customer protections, maintaining the existing SQI-9 annual benchmark will, in fact,

⁶ WAC 480-90-178 / WAC 480-100-178.

⁷ WAC 480-90-173 / WAC 480-100-173.

⁸ WAC 480-90-128 / WAC 480-100-128.

⁹ WAC 480-90-123 / WAC 480-100-123.

interfere with the proper application of those protections. Commission credit rules are premised on the notion that a company should move promptly to disconnect customers who cannot pay for service or will not pay for service because this is the best way to protect *all* ratepayers from potentially high levels of uncollectible revenues. Therefore, rather than limiting the utility's ability to disconnect customers for non-payment, the rules prescribe specific steps a company must first follow before it can disconnect a customer. Moreover, the rules recognize that energy services are essential to the public health and welfare by providing a specific mechanism for disconnected customers to resume service without the burden of first having to repay their prior obligation.

11 Neither of these important public policies will be implemented as intended if the Company is unable, simply because of a limitation in the annual benchmark, to promptly disconnect customers that fall behind on their bills. The Company's request to increase the annual benchmark for SQI-9 does not rectify that situation, but it certainly alleviates the detrimental effects of the current benchmark.

4. The Current Cap Has the Potential to Result in the Equitable Treatment of Customers

12 Finally, the current annual benchmark for SQI-9 limits the overall number of customers that can be disconnected for non-payment, even if application of the Commission's consumer rules alone would allow PSE to disconnect a larger number of customers and, thereby, reduce uncollectible revenues for the benefit of all customers. The current annual benchmark, therefore, requires the Company to select those customers to disconnect from a larger pool of customers eligible for disconnection. The inevitable result is inequitable and unfair treatment of customers, unwittingly at the discretion of PSE.

13 The Company's request to increase the SQI-9 annual benchmark does not mean that the potential for inequity will be eliminated. It does mean, however, that instances of unfair treatment among customers that have unpaid bills will be reduced to the benefit of the entire body of PSE's customers.

III. A HEARING SHOULD NOT BE REQUIRED TO CONSIDER THE APPLICATION

14 The Company's application requests amendment to the Commission's Order 12. WAC 480-07-875(1) states that the commission may alter, amend, or rescind any order that it has entered,

after notice to the public service company or companies affected and to all parties in the underlying proceeding, and after allowing an opportunity for hearing as in the case of complaints.

The rule does not require that a hearing be held. It only requires an opportunity for a hearing.¹⁰

15 In Staff's opinion, the issues raised by the Company's application can be decided on a paper record. Staff, therefore, does not request the opportunity for a hearing. Nor has PSE in its application requested the opportunity for hearing.

16 Other parties may comment on the Company's application and may argue that a hearing is required before the Commission can decide the application. Any party making such a request should be required to show good cause that a hearing is justified. Absent a showing of good cause, no hearing should be convened.

¹⁰ See also, RCW 80.04.210:

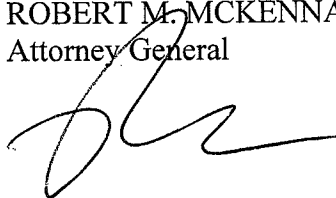
The commission may at any time, upon notice to the public service company affected, and after opportunity to be heard as provided in the case of complaints rescind, alter or amend any order or rule made, issued or promulgated by it . . .

For the reasons stated above, the Commission should grant the Company's application and it should do so without a hearing.

DATED this 2nd day of September, 2009.

Respectfully submitted,

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