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February 16, 2010

VIA ELECTRONIC FILING AND REGULAR MAIL

Mr. David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

**Re: PSE Service Quality Program Filing – Service Provider SQI Performance
Docket Nos. UE-072300 and UG-072301**

Dear Mr. Danner:

Pursuant to Appendix D to Order 12 in consolidated Docket Nos. UE-072300 and UG-072301, the Partial Settlement Stipulation of Service Quality, Meter and Billing Performance, and Low-Income Bill Assistance, Puget Sound Energy, Inc. ("PSE") provides an original and twelve copies of PSE's Service Quality Program Filing - Service Provider SQI Performance for the reporting period January through December 2009.

This reporting requirement was set forth originally in Docket Nos. UE-011570 and UG-011571, but was modified in Docket Nos. UE-072300 and UG-072301.

Attachment A, 2009 Service Provider SQI Performance Report, shows Service Provider Index ("SPI") performance and new customer construction-related penalties paid by PSE's service providers, Quanta and Pilchuck, and applicable service quality metrics for the reporting period. The report also shows the actions taken by PSE or its service providers to improve customer satisfaction with the new customer construction process.

Attachment B, 2009 Supplemental Service Provider SQI Performance Report, includes supplemental and overview information about PSE's New Customer Construction Services Department and service providers, Pilchuck and Quanta.

Mr. David Danner
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Please contact Mei Cass at (425) 462-3800 for additional information about this filing.
If you have any other questions, please contact me at 425-462-3495.

Sincerely,

A handwritten signature in black ink that reads "Tom DeBoer". The signature is written in a cursive, slightly slanted style.

Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosures

cc: Deborah Reynolds – WUTC
Mary Kimball – Public Counsel

Puget Sound Energy

2009 Service Quality Program Filing – Service Provider SQI Performance

Attachment A: 2009 Service Provider SQI Performance Report

Puget Sound Energy

2009 Service Quality Program Filing

2009 Service Provider SQI Performance Report

Filed February 16, 2010

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Introduction

This report presents the Service Quality Index (“SQI”) performance of Puget Sound Energy, Inc.’s (“PSE’s” or the “Company’s”) two predominant service providers, Pilchuck and Quanta, for the annual reporting period January 1 through December 31, 2009. As detailed in this report, the two service providers met or exceeded all four applicable service quality metrics and paid PSE customers a total of \$2,500 in Customer Service Guarantee payments for missing 50 new construction SQI appointments.

Background

PSE’s Service Quality Program (the “Program”) includes a Service Guarantee component and a Service Quality Index (“SQI”) component. When the Program was modified in consolidated Docket Nos. UE-011570 and UG-011571, one of the new requirements was the reporting of the performance of PSE’s service providers tracked against relevant service quality benchmarks. The Company has been reporting the results in its semi-annual and annual SQI filings with the Commission since 2003.

On October 18, 2008, the Commission approved further SQI revisions in consolidated Docket Nos. UE-072300 and UG-072301. The SQI Program modifications were set forth in Appendix D: Partial Settlement Stipulation of Service Quality, Meter and Billing Performance, and Low-Income Bill Assistance (the “Stipulation”); in Order 12 of the consolidated Dockets. The changes pertaining to PSE’s service provider SQI performance are:

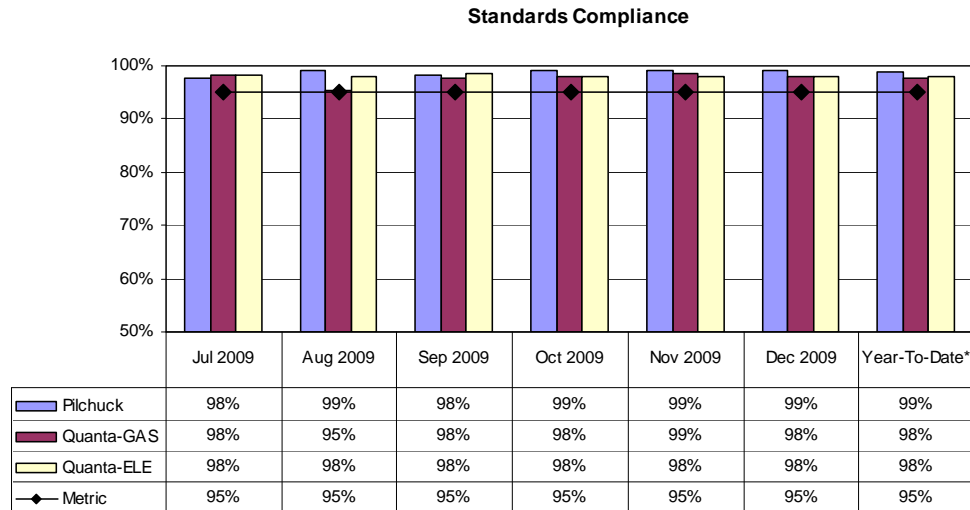
“The Parties agree that, starting with the 2009 SQI performance year, the Company will report in its annual SQI filing with the Commission new customer construction-related penalties paid by its two predominant service provider contractors. The Company will include in its service provider performance report actions the Company or its service providers have taken to improve customer satisfaction with the new customer construction process.” (Stipulation, page 9, section I. Reporting of Outside Contractor Penalties)

This annual report contains all the original requirements established in Docket Nos. UE-011570 and UG-011571 and the additional elements set forth in Docket Nos. UE-072300 and UG-072301.

Service Provider SQI Performance

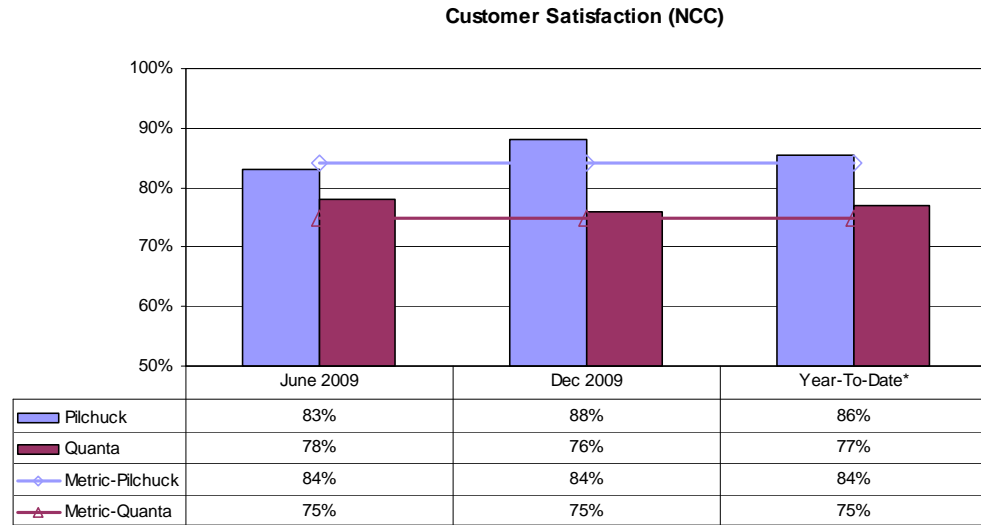
Four Service Provider Indices (“SPIs”) have been tracked against relevant PSE’s service quality benchmarks. The thresholds and the overall performance of the two service providers, Quanta and Pilchuck, for the reporting period are outlined below:

SPI No. 1 Standards Compliance – Receive at least 95% compliance with site audit check list points for Pilchuck and Quanta. The service providers met the benchmark for the reporting period. The 2009 annual results were: Pilchuck at 99%, Quanta-Gas at 98%, and Quanta-Electric at 98%.



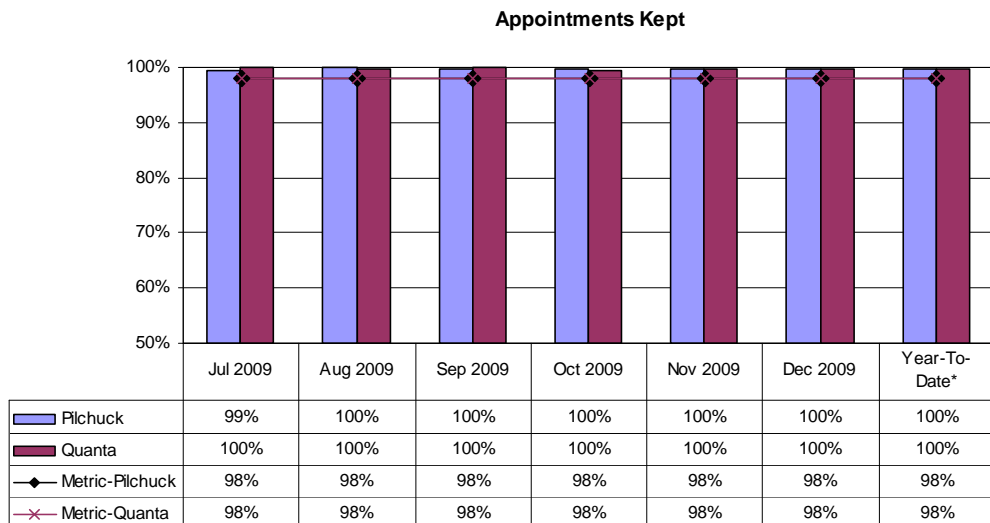
Note: Service Provider performance should be Equal to or Greater Than the Metric

SPI No. 2 Customer Satisfaction – Achieve a minimum of 84% satisfactory rating for Pilchuck and a minimum of 75% for Quanta from the new construction customers (“NCC”) survey regarding contractor engineering and construction activities. The customer satisfaction survey 2009 annual results were: Pilchuck at 86% and Quanta 77%. Both service providers met their benchmark.



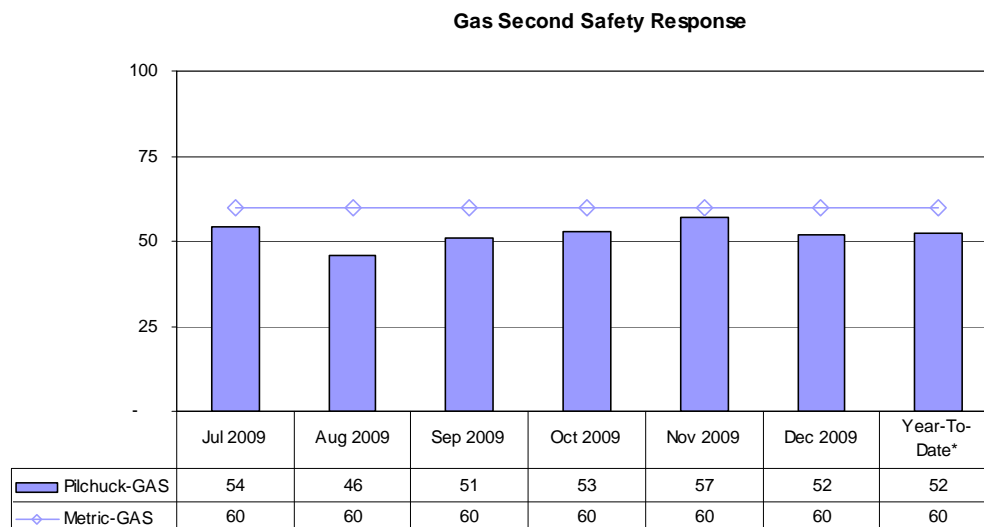
Note: Service Provider Year-To-Date Average performance should be Equal to or Greater Than the Metric

SPI No. 3 Appointments Kept – Meet at least 98% of all NCC commitment dates relative to service guaranteed appointments. Pilchuck and Quanta were responsible for 14,896 of service guaranteed appointments in 2009. The two service providers kept 14,824 of the appointments and missed 72 of the appointments, which constitute less than 0.005 %. Both service providers met their benchmark of 98%.



Note: Service Provider performance should be Equal to or Greater Than the Metric

SPI No. 4 Gas Second Safety Response – Response within an average of 60 minutes from first response assessment completion to second response arrival. This index pertains only to Pilchuck. The response time of the service provider for this reporting period was 52 minutes, 8 minutes quicker than the threshold.



Note: Service Provider performance should be Equal to or Less Than the Metric

New Customer Construction-related Penalties Paid by Service Providers

For 2009, the only new customer construction-related penalties paid by service providers were related to the service guarantee appointments (SPI No. 3). Among the 72 missed appointments, the two service providers, Quanta and Pilchuck, have reviewed and approved a \$50 service guaranteed payment to 50 appointments. The following table summarizes the payment by energy type and service provider.

Service Provider	Approved Appointments Count			Service Guarantee Payment to Customers		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Quanta	17	14	31	\$850	\$700	\$1,550
Pilchuck	0	19	19	\$0	\$950	\$950
Total	17	33	50	\$850	\$1,650	\$2,500

Actions taken to Improve Customer Satisfaction with New Customer Construction Process

PSE and its service providers took the following initiatives in 2009 to improve customer satisfaction with new customer construction:

1. PSE expanded its task tracking capability in its work management system to include both customer inquiries and job requests and to provide a central storage for the information. Customers no longer have to retell the story every time they call the Company. PSE and its service providers can proactively follow up with the customers at a later date.
2. PSE updated all customer construction request forms to a PDF format and modified the language to be consistent across all request forms and to be easily understandable to customers. The forms are now available on the PSE website allowing customers to access the forms electronically at their convenience.
3. PSE worked with its service providers to improve the project manager handbook and to update business procedures and natural gas tariffs and rules information. The handbook enables all personnel who handle new service construction requests to provide consistent response and assistance to customers.

Puget Sound Energy

2009 Service Quality Program Filing – Service Provider SQI Performance

Attachment B: 2009 Supplemental Service Provider SQI Performance Report

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1 Customer Construction Services Department

Overview

The Customer Construction Services Department partners with PSE's service providers (Pilchuck and Quanta/Potelco) who provide project management, design and construction services for routine projects.

The primary responsibility of PSE's Customer Construction Services Department is to facilitate the provision of natural gas and electric service to new residential, commercial and industrial customers. The department manages four areas of service:

- **The New Customer Construction Support Team**—Responsible for processing applications for natural gas and electric installations, scheduling temporary electric services for new customer construction projects, initiating new customers' accounts and applying applicable credits and refunds to customers' accounts. These employees process over 87,000 customer calls and e-mails annually and guide customers through the construction process.
- **Pre-Engineering Services**—Provides gas and electric pre-application assistance to builders, developers, electricians, gas equipment dealers and other potential customers. This includes collaborating with customers to provide "ballpark" job cost estimates and assistance with PSE standards, tariffs and potential alternatives to unique project requirements.
- **Contract Management Services**—Coordinates with PSE service providers who perform design, permitting and construction work on PSE's behalf. Contract Management Services also works with PSE's rate department to address rate and tariff clarifications, performs design audits and resolves customer concerns with service provider performance.
- **Builder Relations**—Focuses on enhancing relationships and communications with new home builders and industry leaders while promoting energy efficiency opportunities and new customer process standards.

Changes in 2009

Effective for 2009, the UTC approved several changes to PSE's SQI program.

- The service provider report includes the penalties incurred in new customer construction, as well as the amount of reimbursements paid by the two principal service providers to PSE for missing the service guarantee.
- The report also details the actions that PSE or its two service providers have taken to improve customer satisfaction with the new service construction process.



2 Service delivery performance

Overview

PSE monitors 21 metrics that measure the performance of its service providers (Pilchuck and Quanta/Potelco). These metrics address compliance to the Company's standards, customer satisfaction, reliability/restoration, efficiencies and safety targets. The target metrics consist of a number of measures that are meant to stretch, challenge and improve customer service. Overall, the service providers achieved 95 percent of the goals for these metrics in 2009.

Service Provider Indexes

Four service provider metrics are applicable to PSE's service quality indexes (SQIs). These service provider indexes (SPIs), which have previously been reported semi-annually in the *Service Provider Report*, are:

- Standards compliance (SPI #1)
- Customer satisfaction (SPI #2)
- Appointments kept (SPI #3)
- Gas safety—second response (SPI #4)

The service provider benchmarks for the four SPIs for the upcoming year are based on achievable improvement over past years' performance.

Standards compliance (SPI #1)

Service Providers must meet at least 95 percent compliance with PSE site audit checklists. The service providers met this SPI for the reporting period. The overall 2009 results were:

- Pilchuck—99 percent
- Quanta/Potelco Gas—98 percent
- Quanta/Potelco Electric—98 percent

The following figure shows service provider standards compliance for the years 2005 to 2009:

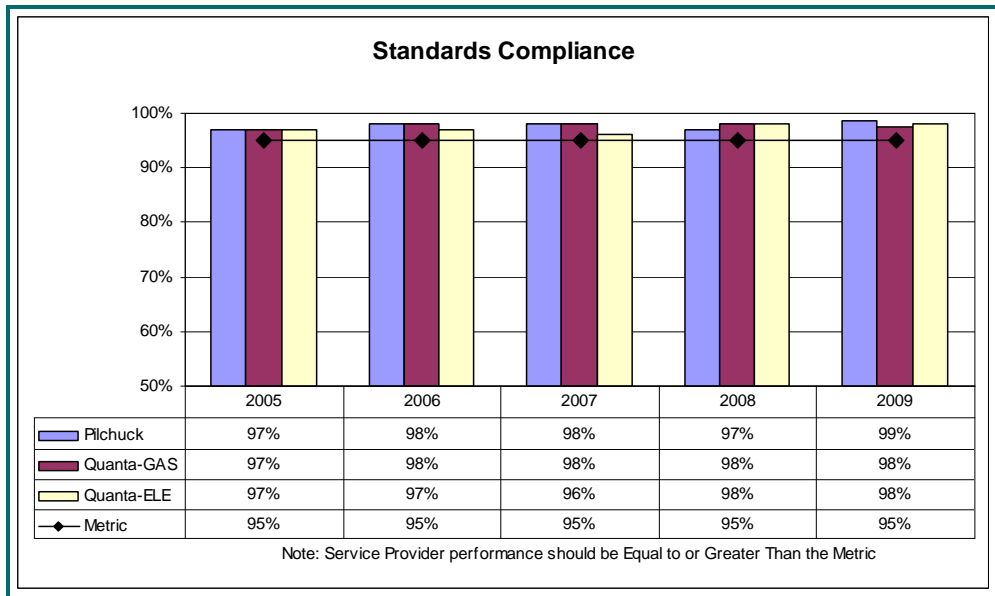


Figure 1: Service provider standards compliance for the years 2005–2009

Customer satisfaction (SPI #2)

In 2009, the customer satisfaction level thresholds were: Pilchuck must achieve a minimum of 84 percent satisfactory rating (rating 5 or higher on a 7-point survey scale) and Quanta/Potelco must meet a minimum of 75 percent satisfactory rating of the new construction customers (NCC) surveyed regarding contractor engineering and construction activities.

- Pilchuck’s 2009 performance was 86 percent and met its metric requirement.
- Quanta/Potelco’s 2009 performance was 77 percent and met its metric requirement.

The following figure shows service provider customer satisfaction for the years 2005 to 2009:

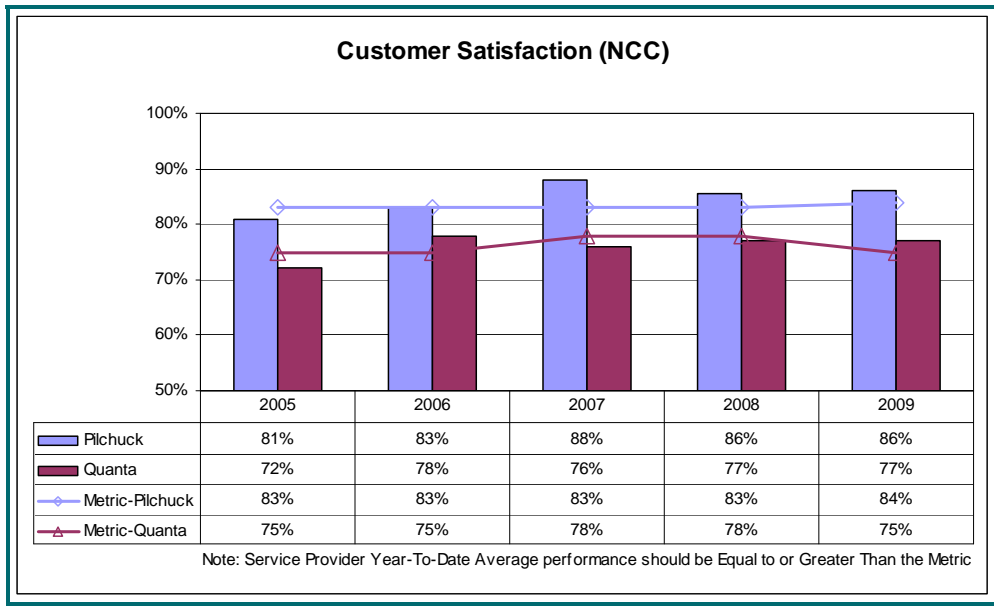


Figure 2: Service provider customer satisfaction performance for the years 2005–2009

Appointments kept (SPI #3)

Both Pilchuck and Quanta/Potelco must keep at least 98 percent of their appointments on new customer construction commitment dates relative to service guarantees.

- In 2009, both service providers kept more than 99 percent of their new customer construction service guarantee appointment dates and exceeded the benchmark.

The following figure shows service provider appointments kept for the years 2005 to 2009:

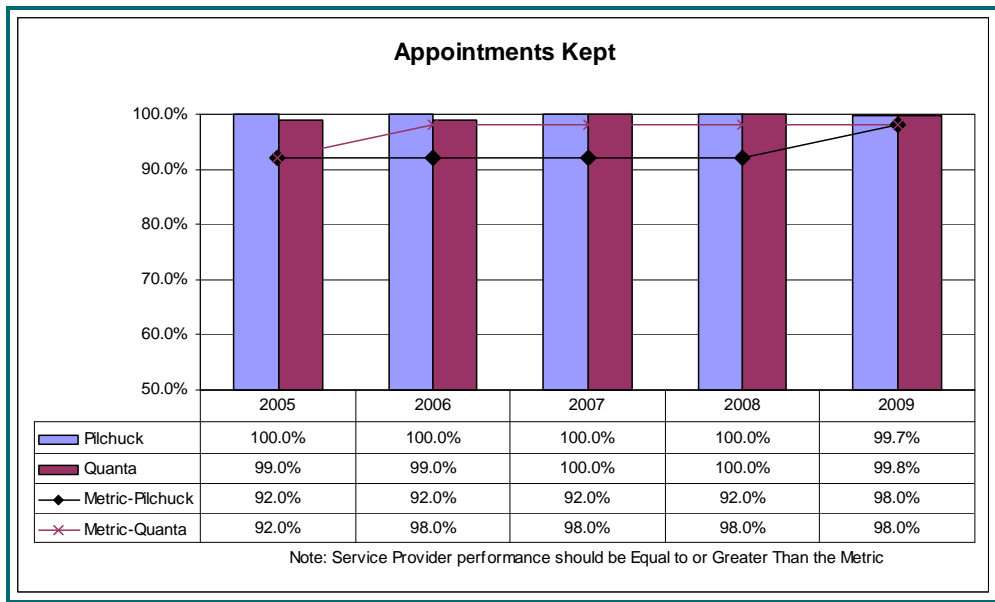


Figure 3: Service provider appointments kept performance for the years 2005–2009

The following table shows the number of appointments missed and penalties paid by our service providers:

Table 1: Service provider missed appointment penalties for 2009

	Total appointments	Appointments missed	Percent appointments missed	Penalties paid
Quanta: Permanent service—electric	7,102	17	0.24%	\$850
Quanta: Permanent service—gas	4,166	14	0.34%	\$700
Pilchuck: Permanent service—gas	3,628	19	0.52%	\$950
Total	14,896	50	0.34%	\$2,500

An additional 371 missed appointments were as a result of activities performed by PSE employees, such as

- Electric and gas reconnections following move-out, move-in or disconnect for non-payment.
- Natural gas diagnostic service for water heaters, furnace check-ups, furnace not operating or other diagnostic or repair or follow-up appointments.

Gas Safety—Second Response (SPI #4)

Pilchuck must respond within an average of 60 minutes from First Response assessment completion to Second Response arrival. Pilchuck had an average 2009 response time of 52 minutes, improving upon their 2008 performance.

The following figure shows service provider gas second safety response performance for the years 2005 to 2009:

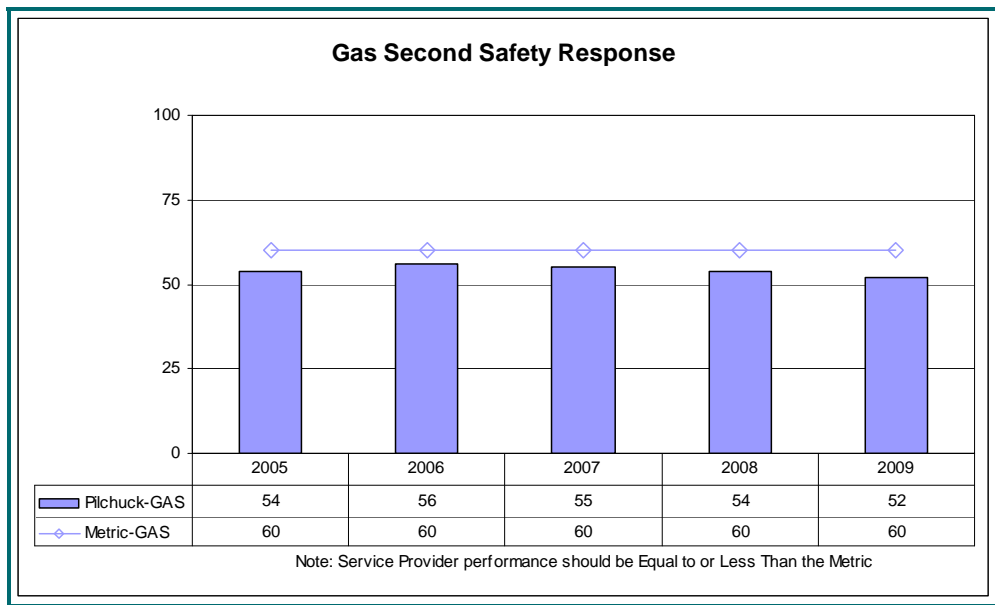


Figure 4: Pilchuck gas second safety response performance in minutes for the years 2005–2009



3 Working to improve service delivery

Overview

To improve service delivery, PSE and the service providers have partnered to develop or advance process improvement initiatives. For example, in 2009 PSE has

- Expanded its task tracking capability in its SAP software to include feasibility requests from potential customers. Task tracking gives PSE the ability to track the number of requests received, the nature of the requests and the average processing time. It provides a central location for information for either PSE or service provider representatives to view the history and status of a particular request or project. Customers are better served because they no longer have to retell the story every time they call with either a question or a status check.
- Updated customer construction forms to a PDF format and changed the language to be consistent across all forms and more understandable to the customer. These forms were modified with input from customers and are now available on the PSE website allowing customers to access them electronically.
- Developed North American Industrial Classification System (NAICS) code data base to improve the cost estimating process for commercial gas customers. The codes are used to determine the load multiplier for commercial accounts which assists in determining anticipated revenue. The database streamlined a manual four-step process to a one-step electronic search.
- Improved the project manager handbook for service provider and PSE representatives. The handbook provides updated process and rules information for natural gas work not found elsewhere. This includes, for example: estimating, tariff calculations, SAP inputs and CLX inputs to name a few. The handbook has also been added to the PSE Customer Construction website.
- Implemented a revised customer letter for complex electric projects that includes overall project costs, including an estimated tariff charge for secondary services. In the past project and secondary service costs were separated, which often caused customer confusion or frustration.

Builder/developer initiatives

To better serve builders and developers, PSE and service providers regularly met with large developers, builders and electricians to gather feedback and share tariff information, operating standards and installation requirements. PSE initiatives in this area for 2009 included:

- Improved *PSE.com: For Construction Projects*, providing process guidelines, installation requirements, updated customer applications and similar customer tools and aids. This work will continue in 2010.

- Produced and distributed regular issues of *PSE Builder News* to about 2,800 building industry associates as well as posted each newsletter to PSE.com. The publication includes information on standards, tariff changes, energy efficiency and PSE contact information.
- Participated as active members in eight local home builder associations and participated in association trade shows and educational events to increase operational understanding of PSE processes and to garner industry input.
- Updated and improved PSE's Customer Handbooks. These publications outline PSE's processes and installation requirements to provide necessary information in a new and efficient format. This work will continue into 2010.

Customer surveys

Gilmore Research Group conducted two phone surveys with over 900 randomly selected customers, builders, developers and electricians. The surveys showed that overall customer satisfaction was improved over 2008 with an average overall satisfaction rating of over 82 percent compared to an overall average of 81 percent in 2008.

Service provider and PSE employee development

To better serve customers, PSE has developed a training plan to target improvement in

- Technical skills
- Role definition and responsibilities
- Customer communications

This program includes formal classroom training, phone monitoring and coaching, job shadowing and field training. During 2009 PSE:

- Developed a Quick Reference Guide on the internal Customer Construction Services department Website.
- Provided PSE personnel training in the areas of Right-of-Way, Green Power and Net Metering.
- Pursued service provider and PSE shared job shadowing opportunities.
- Developed permit tasks in SAP task tracking and updated reference materials.
- Provided increased "phone pro" training.
- Provided weekly classroom training, using in-house gas and electric trainers.
- Used customer inquiries and complaints to identify and focus training opportunities.
- Completed task tracking training on new definitions and use.



4 Going forward

New for 2010

PSE has several new customer construction initiatives for 2010 including:

- Continuing to research the viability and cost/benefit of adding a scheduling tool that would enable PSE to give the customer a more precise construction schedule date.
- Moving forward on the e-forms application project to provide additional transparency and self service to the customer.
- Revising the CLX/SAP billing statement to include more detailed information in regard to construction costs.
- Researching features of other customer information systems and how they might accommodate or improve customer communications and/or billing tools for customers involved in construction service.