PUGET SOUND ENERGY
The Energy To Do Great Things

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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 - PSE 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 (the "Stipulation"), Puget Sound Energy, Inc. ("PSE" or the "Company") provides an original and twelve copies of PSE's Service Quality Program Filing-PSE SQI Performance for the twelve-month period ending December 31, 2009.

Attachment A, 2009 PSE SQI Performance Report, includes PSE's annual and monthly performance results regarding the ten Service Quality Indices ("SQIs") and the Customer Service Guarantee for the period January 2009 through December 2009. PSE met or exceeded nine out of the ten SQIs but fell short of its benchmark for SQI No. 3 SAIDI. PSE is seeking a partial mitigation of the penalties (see Attachment B to this filing) associated with failure to meet the benchmark of SQI No. 3. A proposed customer report card is included in this report and the penalty amount presented in the card is with and without the potential effect of the mitigation. The Company intends to provide the customer report card with its billings beginning on May 17, 2010, subject to the Commission approval of the mitgation and the Commission Staff's and the Public Counsel's consultation on the report card.

Attached to this filing as Attachment B is PSE's petition for mitigation of SQI penalties for its 2009 performance (the "Petition"). The Petition includes a proposed order and supporting documents regarding exceptional circumstances that led to the Petition. The penalties pertaining to SQI No. 3 SAIDI stem, in part, from lack of safe access due to the circumstances caused by unusual and exceptional weather and subsequent hazardous events that occurred in early January 2009. Some PSE customers experienced prolonged outages due to the usual circumstances. The Company proposes in the Petition to exclude nine SAIDI minutes from the reporting period results and a corresponding penalty reduction of $223,346.

In Attachment C, 2009 Supplemental PSE SQI Performance Report, PSE provides additional information on each index including background, unique events which may have influenced PSE's achievement level, the environment in which the Company operated, and the actions PSE has taken or will be taking to improve performance.

SQI No. 5 Benchmark Evaluation Report, Attachment D to this filing, is a one-time report that is required for the 2009 SQI filing under the Stipulation. In the Stipulation, PSE was asked to evaluate the costs and customer impact of changing the benchmark for SQI No. 5, Customer Access Center Answering Performance. In accordance with the Stipulation, the Company sent a copy of this report, on January 20, 2010, to the parties who entered into the Stipulation; the Commission Staff, the Energy Project, and the Public Counsel; for their consultation. In the event that there are updates to this report, PSE will submit the revised report in its future semi-annual or annual SQI filing.

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,

Tom DeBoer
Director, Federal & State Regulatory Affairs

Enclosure

cc: Chuck Eberdt - Energy Project
Deborah Reynolds – WUTC
Robert D. Cedarbaum – WUTC
Mike Parvinen – WUTC
Simon J. ffitch – Public Counsel
Mary Kimball – Public Counsel

Puget Sound Energy

2009 Service Quality Program Filing - PSE SQI Performance

Attachment A: 2009 PSE SQI Performance Report

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Filed February 16, 2010

PUGET SOUND ENERGY
The Energy To Do Great Things

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Introduction

This report presents Puget Sound Energy, Inc.'s ("PSE's" or the "Company's") performance of ten Service Quality Indices ("SQIs") and the results of Customer and Restoration Service Guarantees for the annual reporting period January 1 through December 31, 2009. As detailed in this report, the Company has met or exceeded nine of the ten SQIs for this reporting period, but did not achieve the benchmark associated with SQI No. 3 - SAIDI.

PSE requests the Washington Utilities and Transportation Commission, in the Mitigation Petition (the "Mitigation Petition") that is filed along with this report, for an exclusion of nine SAIDI minutes from the SQI performance calculation and for a reduction of penalty associated with that 9 SAIDI minutes. The SAIDI minutes PSE seeks to mitigate stem directly from lack of safe access due to circumstances caused by unusual and exceptional weather events and hazardous conditions that occurred in the first half of January 2009. The overlapping severe storms, flooding, avalanches, mudslides, and road closures prevented PSE crews from reaching the affected areas and caused extensive delay in power restoration for some customers despite PSE's advance preparations for the storm season and its restoration efforts. Therefore, the Company believes a clear basis exists for the requested mitigation.

Background

PSE's Service Quality Program (the "Program") includes a Service Guarantee component and a Service Quality Index component. The Program was originally implemented pursuant to Docket Nos. UE-951270 and UE-960195, the dockets merging Washington Natural Gas Company and Puget Sound Power & Light Company. The purpose of the Program is to "provide a specific mechanism to assure customers that they will not experience deterioration in quality of service"[1]. The Washington Utilities and Transportation Commission (the "WUTC" or the "Commission") approved the Program on July 31, 1997. On November 16, 1997, PSE, the combined entity of the two companies, filed its first SQI filing for the reporting period of April 1997 through September 1997 and has been filing semi-annual reports and annual reports thereafter.

The Program has been modified twice as part of PSE's general rate case settlement agreements with certain amendments and additional conditions in consolidated Docket Nos. UE-011570 and UG-011571 and in consolidated Docket Nos. UE-072300 and UG-072301. In addition, Docket No. UE-031946 revised the reporting mechanic pertaining to SQI No. 11 - Electric Safety Response Time.

On October 18, 2008, the Commission approved the consolidated Docket Nos. UE-072300 and UG-072301. Specifically, the SQI and Service Guarantee related 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. Starting on January 1, 2009, the beginning of the 2009 SQI program year, the following changes became effective, among other terms in the Stipulation:

[1] Docket Nos. UE-951270 and UE-960195, page 11 of Appendix "A" to Fourteenth Supplemental Order Accepting Stipulation; Approving merger.

- Reorganization of SQI customer report card by category of service, which are customer satisfaction, customer services, and operations services
- Increase in the maximum total annual SQI penalty amount to $15 million from $10 million
- Doubling of the otherwise applicable penalty amount if an individual SQI performance benchmark is not met in two or more consecutive years starting in 2009 and the years after 2009
- New process of returning SQI penalty amount to customers
- Establishment of Restoration Service Guarantee, electric Schedule 131
- Elimination of SQI No. 1 - Overall Customer Satisfaction
- Decreasing the SQI No. 2 - WUTC Complaint Ratio benchmark to 0.40 from 0.50 per 1,000 customers
- Addendum of certain information-only reporting requirements concerning SQI No. 5 - Customer Access Center Answering Performance and SQI No. 7 - Gas Safety Response Time
- Renaming of SQI No. 10 to "Appointments Kept" from "Missed Appointments"

This annual report contains information and performance calculations that meet all the requirements and standards established in the original 1997 merger dockets and reflect all the subsequent amendments and additional conditions approved by the WUTC in the aforementioned 2001, 2003, and 2007 dockets for the 2009 performance year and after.

PSE SQI Performance

PSE's annual performance on the ten SQIs for the reporting period January 1 through December 31, 2009, is summarized in the following table. The monthly results for each index are reported in Exhibit A. The SQI No. 3 - SAIDI performance results shown in the table and Exhibit A are without the potential effect of the Mitigation Petition.

Category of Service	Index No.	Description	Performance		Calculated Penalty
Customer Satisfaction	SQI No. 6	Customer Access Center Transaction Satisfaction	93%	satisfied	None
	SQI No. 8	Field Service Operations Transactions Customer Satisfaction	95%	satisfied	None
	SQI No. 2	WUTC Complaint Ratio	0.34	per 1,000 Customers	None
Customer Services	SQI No. 5	Customer Access Center Answering Performance	78%	answered in 30 Seconds	None
	SQI No. 9	Disconnection Ratio	0.029	Disconnections per Customer	None
Operations Services	SQI No. 4	SAIFI	1.09	interruptions per customer	None
	SQI No. 3	SAIDI	190	minutes per customer	$1,340,074
	SQI No. 11	Electric Safety Response Time	51	Minutes	None
	SQI No. 7	Gas Safety Response Time	33	minutes	None
	SQI No. 10	Kept Appointments	99%	Of appointments	None
		Total Calculated Penalty			$1,340,074

Attachments A and B to Exhibit A detail the days on which a major event[2] or a localized emergency event[3] occurred that resulted in suspension of SQI No. 11 - Electric Safety Response Time during this annual reporting period.

[2]A major event includes the days when 5% or more of PSE electric customers experience an electric service outage and the additional days until when those customers have their service restored. These days are excluded from the calculations of SQI No. 3 - SAIDI, SQI No. 5 - SAIFI, and SQI No. 11 - Electric Safety Response Time performance.

Also included in Exhibit A is Attachment C, which reports the time duration, from first arrival to control of gas emergency incidents that are subject to reporting under the currently effective WAC 480-93-200 (Docket PG-070975, General Order R-549, filed 5/30/08, effective 6/30/08).

Certification of Survey Results

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.

Penalty Calculation and Request for Mitigation

The total amount of penalty due to missing the SQI No. 3 - SAIDI benchmark is $1,340,074. The Stipulation and all prior SQI settlement agreements allow the Company to file a mitigation petition for relief from a financial penalty. In the Mitigation Petition filed along with this report as part of PSE's 2009 annual SQI filing, the Company is seeking mitigation for part of the penalty because of access issues due to the unusual and exceptional dangerous circumstances occurred in January 2009. PSE's SQI No. 3 performance for January was prolonged by 9 SAIDI minutes from lack of safe access. The potential penalty amount due to the exclusion of that 9 SAIDI minutes is $223,346. If the WUTC approves PSE's mitigation petition as is, the total penalty will be reduced to $1,116,728. Exhibit C shows the penalty calculation with and without the WUTC approval of the Mitigation Petition.

[3]A localized emergency event includes the days when all available electric first responders in a pre-defined area have been deployed to respond to electric emergencies in that area.

Neither the potential $1,116,728 nor the $1,340,074 penalty will result in an equivalent of $12 or more per electric customer[4]. In accordance with the new process[5] of returning penalty dollars to customers approved in the Stipulation, PSE will be paying the penalty amount as approved by the WUTC in the coming months to the electric Home Energy Lifeline Program ("HELP") as an additional amount of program funding. PSE's disbursement of the applicable penalty will be coincident with the next regularly scheduled update annual and true-up of the HELP tariff Schedule 129 in October 2010.

The penalty, with or without the granting of the Mitigation Petition, does not have any impact on rates for each electric customer class as the penalty will directly benefit individual electric qualified HELP customers per the new process mentioned above. Natural gas customers are not affected by SQI No. 3 - SAIDI, therefore, will not be impacted by the SAIDI penalty.

Proposed Customer Report Card

PSE will begin to provide customers a report card of the Company's 2009 SQI performance on or before May 17, 2010, contingent upon the WUTC ruling on PSE's Mitigation Petition. Meanwhile, the Company will consult the WUTC Staff and the Public Counsel in preparation of the final customer report card. PSE's proposed customer notice is provided as Exhibit D. Extra language is added should the Commission approve or not the Mitigation Petition. The draft will be updated to reflect the Commission's ruling.

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[4] As of December 31, 2009, there were 1,074,992 electric customers. The per customer equivalent of the potential 2009 SQI penalty amount returned to an electric customer would be $1.04 or $1.25.

[5] The Stipulation, pages 5-6, section C: Return of Penalty Amounts to Customers, paragraph 14, "The Parties agree that when annual penalty dollars are less than the equivalent of $12 per customer, the annual penalty will be allocated to PSE's low income bill assistance program, the Home Energy Lifeline Program ("HELP"). If the annual penalty amount exceeds $12 per customer, the Company will place an SQI credit on each customer's bill, rather than allocating the penalty dollars to HELP."

SQI No. 3 - SAIDI (System Average Interruption Duration Index)

The overall 2009 SQI No. 3 - SAIDI performance[6] is 190 system outage minutes per customer, as compared with the annual benchmark of 136 minutes and the 2008 performance of 163 minutes. The year of extreme weather[7] not only triggered more outages than 2008 but also hindered PSE's power restoration efforts. The significant events that impacted PSE's 2009 SAIDI performance include:

- In January, a La Niña event brought more precipitation into the month after a record cold and wet December 2008. Relentless rain melted the heavy snow left behind by December storms which led to extreme flooding throughout the state. In addition to the severe flooding, the heavy rainfall triggered almost 600 major and minor landslides, mostly in western Washington. Many highways and roads were closed due to flooding, mud slide, and avalanche hazard.[8] The series of extraordinary events and perilous conditions greatly hindered PSE's electric outage restoration efforts. 5,000 Customers in certain areas experienced extended outages because the Company was not able to safely access its facilities and customer sites due to the usual circumstances. But, because fewer than 5 percent of PSE electric customers were impacted, all outage minutes with access issues were included in the SAIDI performance calculation and contributed 9 SAIDI minutes to January's total of 41 SAIDI minutes. PSE is seeking mitigation of the 9 SAIDI minutes in its Mitigation Petition.

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[6] Major event days and associated carry-forward days, which are days when 5% or more of PSE customers are out and those additional days to when those customers have service restored, are excluded from the SAIDI and SAIFI performance calculations.

[7] http://seattletimes.nwsource.com/html/localnews/2010668414_yearsweather02m.html

[8] Weather and estimated flooding damage information is from Office of the Washington State Climatologist January and February. 2009 newsletters:
http://www.climate.washington.edu/newsletter/2009Jan.pdf
http://www.climate.washington.edu/newsletter/2009Feb.pdf

- In May, substation outages caused by squirrels and substation equipment failure combined with several car-pole accidents contributed to more than 4 SAIDI minutes.

- In July, an all-time high of 171 planned outage events related to capital improvements and maintenance activities contributed 2 SAIDI minutes. In late July, a heat wave brought record-breaking high temperatures to the Pacific Northwest region and resulted in more outages than an average July due to the surge in air conditioning usage and the overload PSE equipment. When customers installed an air conditioner, they often do not notify PSE so that the Company's system was no longer properly sized for their increased air conditioning load. The outages associated with the equipment failures contributed 4 SAIDI minutes.

- In August, tree-related outages impacted transmission lines and circuits and contributed 6 SAIDI minutes.

- In October, tree-related outages from various minor wind events throughout PSE's service territory contributed 11 SAIDI minutes. High autumn winds caused many outages as trees and limbs that had not fully shed their leaves broke and damaged distribution lines. A car-pole accident added another 2 SAIDI minutes.

- In November, tree-related outages from two wind storms that impacted PSE's northern, southern and western service area accounted for most of the monthly results of 29 SAIDI minutes.

Detailed analysis and overview of PSE's 2009 reliability performance will be provided on or before March 31, 2010 in the Company's Electric Reliability and Reporting Plan, in compliance with WAC 480-100-393.

PSE has been meeting with representatives from the WUTC Staff and the Public Counsel since early 2009 to review and discuss the drivers that affect PSE's SAIDI performance. The parties have not yet reached a conclusion or agreed upon course of action to revise any part of the SAIDI metric but the Company will be continuing the discussion and working on proposing SAIDI changes in the near future.

SQI No. 5 - Customer Access Center Answering Performance

The following supplementary information regarding the numbers of busy calls and calls abandoned by customers within 30 seconds of holding does not have a benchmark or any penalties associated with the reporting.

Reporting of Call Abandonment and Busy Calls

Number of busy calls

None of the customers who called the Company's main toll free numbers, including 1-888-Call-PSE (1-888-2255-5773), in 2009 experienced any busy signal. Exhibit E is a letter from PSE's telecommunications provider, Qwest, that confirms the outcome.

Number of calls abandoned by customers within 30 seconds of holding[9]

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	2009
9,979	4,312	8,079	5,825	6,174	7,177	3,866	3,990	2,450	4,193	5,295	3,107	64,447

Change in Data Reporting

In 2010, PSE will be implementing two changes to its calculation of daily calls answered results. The combined effect of these two changes does not impact the

[9] Calls abandoned after 30 seconds are included in the SQI No. 5 calculation as calls were not answered live by a Customer Access Center agent within 30 seconds.

overall performance of the index. The calculations of month and annual performance stay the same as prescribed in the SQI agreements.

The first change pertains to the calls that are transferred between or among Customer Access Center ("CAC") agents. Improvements to PSE's Automatic Call Distributor reporting system allow calls to be tracked from beginning to end, including multiple transfers from an agent to another agent and from an agent to a supervisor, with greater detail and accuracy. These internal CAC call transfers occur after a customer has spoken to an agent but the customer requires further assistance by another agent/supervisor. Currently each call transfer is included in the calculation dataset as a new request to speak to a CAC agent. In 2010, only the initial request to speak to an agent will be included.

The second change pertains to the calls that customers abandon within 30 seconds of holding. PSE will change how the calls abandoned within 30 seconds are handled in the daily performance calculation. Previously, these calls were included in the daily service level as calls not answered by the CAC agents. However, the CAC agents actually were not given the opportunity to answer these calls within the 30-second time limit as the calls had already been abandoned prior to the time limit. In the revised methodology, these abandoned calls will be considered canceled and be excluded from the daily performance calculation.

The following table shows the 2009 monthly and annual SQI No. 5, Customer Access Center Answering Performance results using the current and revised daily performance calculations. Based upon the 2009 daily call activities, these two revisions do not change the overall SQI No. 5 annual performance but have either small positive or negative impact to the performance level for some of the months.

SQI No. 5	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	2009
Current	69%	80%	78%	79%	65%	61%	88%	86%	83%	83%	85%	79%	78%
Recast	68%	79%	78%	80%	66%	61%	89%	88%	84%	85%	87%	79%	78%
Difference	-1%	-1%	0%	1%	1%	0%	1%	2%	1%	2%	2%	0%	0%

PSE believes that these two changes in calculation of the number of the calls answered daily better represent the actual PSE daily performance and will be implementing these changes in 2010.

SQI No. 7 - Gas Safety Response Time

The following supplementary information regarding the percentage of responses to gas emergencies that are met within 60 minutes does not have a benchmark or any penalties associated with the reporting.

Percentage of Gas Emergency Responses within 60 Minutes

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	2009
89%	91%	93%	93%	93%	94%	94%	94%	94%	92%	92%	91%	92%

Customer Service Guarantee

The Customer Service Guarantee program provides for a $50 billing credit to customers when the Company fails to meet a scheduled appointment. During the 2009 annual reporting period, the Company made 127,330 appointments and failed to meet 1% of these appointments. The Service Guarantee payment associated with the missed-approved appointments as of December 31, 2009, is $7,300. Some of the

missed appointments have yet been reviewed. Summarized and detailed monthly results of the appointments made and missed by service type are provided in Exhibit F.

In 2009, PSE took the following actions to reduce the number of missed appointments that were pending for the Service Guarantee payment review, i.e. missed-open appointments:

1. Procedures that emphasizing timely completion of review.
2. Monthly checking for eligible appointments from prior months.
3. Quarterly evaluation of missed-open appointments.

The Company is committed to improving its customer service and will continue the effort to ensure that all missed-open appointments are reviewed in a timely manner.

PSE has continued to promote the $50 service guarantee and, in turn, has assessed customer awareness levels of the guarantee resulting from these promotions. Exhibit G 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 surveys.[10] The table in this exhibit provides the results of each survey instrument, including the number of customers surveyed in each cycle or month, and the specific questions asked each customer.

Restoration Service Guarantee

In January 2009, PSE customers experienced 25[11] prolonged outages due to the unusual circumstances described above and detailed in the Mitigation Petition. 11 of those 25 outages lasted longer than 120 consecutive hours and affected 6 circuits and

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

[11] It was stated as 26 outages in the semi-annual report. The difference is one of the 25 outages was considered as two outages at the time because of its unique impact on two groups of customers.

1,233 customers. Among those customers, 501 customers called to report their outage and 64 customers called after their service was restored to request a credit under the electric Schedule 131, Restoration Service Guarantee (the "Schedule" or "RSG").

These 565 (501 plus 64) customers who called were considered as eligible customers for a RSG credit per Section 3, Eligibility, of the Schedule. An eligible customer may receive a $50 RSG credit subject to PSE's review and validation and to Section 5, Conditions of Guarantee, of the Schedule. One of the conditions in Section 5 is the suspension of the RSG when "the Company does not have safe access to its facilities in order to perform the needed repair". The subsequent outage duration for each of those eligible customers after the dangerous conditions receded and the safe access became available was less than 120 consecutive hours therefore no Restoration Service Guarantee credit was granted.

Besides the 25 prolonged outages occurred in January 2009 due the series of extraordinary events, there is not other outage that may have eligible RSG customers.

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit A - Monthly SQI Performance

EXHIBIT A

Monthly Service Quality Program Performance

as of December 31, 2009

Category of Service	SQI #		Benchmark	Jan 2009	Feb 2009	Mar 2009	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sep 2009	Oct 2009	Nov 2009	Dec 2009	Annual Performance
Customer Satisfaction	6	Telephone Center Transactions Customer Satisfaction	90% satisfied (rating of 5 or higher on a 7-point scale)	93%	92%	91%	94%	90%	94%	93%	94%	96%	94%	94%	98%	93%
	8	Field Service Operations Transactions Customer Satisfaction	90% satisfied (rating of 5 or higher on a 7-point scale)	94%	90%	92%	95%	96%	98%	97%	97%	96%	97%	93%	99%	95%
	2	WUTC Complaint Ratio	0.40 complaints per 1000 customers, including all complaints filed with WUTC	0.022	0.018	0.038	0.034	0.026	0.043	0.038	0.024	0.026	0.032	0.015	0.025	0.34
Customer Services	5	Customer Access Center Answering Performance	75% of calls answered by a live representative within 30 seconds of request to speak with live operator	69%	80%	78%	79%	65%	61%	88%	86%	83%	83%	85%	79%	78%
	9	Disconnection Ratio	0.030 disconnections / customer for non-payment of amounts due when WUTC disconnection policy would permit service curtailment	0.0016	0.0019	0.0027	0.0035	0.0035	0.0044	0.0035	0.0032	0.0032	0.0009	0.0009	0.0001	0.029
Operations Services	4	SAIFI	1.30 interruptions per year per customer	0.139	0.031	0.094	0.055	0.096	0.071	0.084	0.089	0.050	0.124	0.159	0.098	1.09
	3	SAIDI	136 minutes per customer per year	41	4	15	6	13	9	14	13	7	21	29	17	190
	11	Electric Safety Response Time	Average of 55 minutes from customer call to arrival of field technician	59	39	48	41	45	49	52	46	48	61	54	58	51
	7	Gas Safety Response Time	Average of 55 minutes from customer call to arrival of field technician	36	34	34	33	33	32	32	31	32	34	33	35	33
	10	Kept Appointments	92% of appointments kept	99%	100%	99%	100%	100%	100%	100%	100%	100%	99%	99%	99%	99%

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit A - Monthly SQI Performance

Attachment A to Exhibit A - Major Event and Localized Emergency Event Days (Affected Local Areas Only)

PUGET SOUND ENERGY

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 (for the event, EFR Count only)	>5% Customer Affected? (Yes/No)	Comments
1/4/2009	Wind/Flood	West	3 days	26,395	139,667	18.9%	149	13 (of 13)	No	13 EFRs Event Duty + 5 Tree Crews
3/15/2009	Wind	Central South	2 days	9,782	213,980	4.6%	43	9 (of 12)	No	9 EFRs Event Duty + 3 EFRs Regular Day Off + 1 Tree Crew
3/15/2009	Wind	West	2 days	9,216	139,716	6.6%	68	10 (of 13)	No	10 EFRs Event Duty + 3 EFRs PTO/STD + 3 Tree Crews
4/23/2009	Transmission Lines Interruption	South	2 days	42	220,828	0.0%	6	0 (of 15)	Yes	14 EFRs Regular Duty + 1 EFR PTO
4/23/2009	Transmission Lines Interruption	Central South	2 days	90	213,851	0.0%	6	0 (of 13)	Yes	11 EFRs Regular Duty + 1 EFR Regular Day Off + 1 EFR PTO/STD
4/23/2009	Transmission Lines Interruption	Central North	2 days	166	313,660	0.1%	11	0 (of 24)	Yes	21 EFRs Regular Duty + 3 EFRs PTO/PHOL/STD
4/23/2009	Transmission Lines Interruption	West	2 days	151	139,812	0.1%	14	0 (of 14)	Yes	11 EFRs Regular Duty + 3 EFRs PTO/STD
4/23/2009	Transmission Lines Interruption	North	2 days	93,308	188,489	49.5%	12	1 (of 13)	Yes	1 EFR Event Duty + 12 EFRs Regular Duty +5 Substations Inspectors + 1 SP Crew
10/13/2009	Wind	Central South	2 days	6,612	213,368	3.1%	63	10 (of 13)	No	10 EFRs Event Duty + 3 EFRs PTO/PHOL/STD + 1 Tree Crew
10/13/2009	Wind	Central North	2 days	14,482	303,315	4.8%	78	21 (of 22)	No	21 EFRs Event Duty + 1 EFR PTO/PHOL/STD
11/5/2009	Wind	North	2 days	14,781	188,729	7.8%	83	12 (of 14)	No	12 EFRs Event Duty + 2 EFRs PTO/PHOL/STD +10 SP Crews
11/5/2009	Wind	West	2 days	14,942	139,363	10.7%	79	14 (of 14)	No	14 EFRs Event Duty + 11 SP Crews
11/16/2009	Wind	Central South	2 days	1,766	213,487	0.8%	29	0 (of 13)	Yes	11 EFRs Regular Duty + 2 EFRs Off
11/16/2009	Wind	Central North	2 days	12,096	303,597	4.0%	40	0 (of 22)	Yes	22 EFRs Regular Duty
11/16/2009	Wind	South	2 days	17,023	221,340	7.7%	44	0 (of 15)	Yes	14 EFRs Regular Duty + 1 EFR Off
11/16/2009	Wind	North	2 days	25,048	188,893	13.3%	186	13 (of 14)	Yes	13 EFRs Event Duty + 1 EFR PTO/PHOL/STD + 22 SP Crews
11/16/2009	Wind	West	2 days	19,741	139,358	14.2%	93	13 (of 14)	Yes	13 EFRs Event Duty + 1 EFR PTO/PHOL/STD + 10 SP Crews
11/18/2009	Wind	West	2 days	1,571	139,358	1.1%	24	9 (of 14)	No	9 EFRs Event Duty + 1 EFR PTO + 4 EFR Regular Duty + 11 SP Crews
11/18/2009	Wind	North	2 days	6,265	188,893	3.3%	91	12 (of 13)	No	12 EFRs Event Duty + 1 EFR PTO + 14 SP Crews
11/18/2009	Wind	South	2 days	32,426	221,340	14.6%	60	14 (of 15)	No	14 EFRs Event Duty + 1 EFR PTO + 7 SP Crews
12/26/2009	Wind	Central South	1 days	725	213,650	0.3%	19	8 (of 13)	No	8 EFRs Event Duty + 2 EFRs STD + 3 EFRs Regular Day Off

Abbreviations:
EFR - Electric First Responder
PTO - Paid Time Off
STD - Short-Term Disablity

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit A - Monthly SQI Performance

Attachment B to Exhibit A - Major Event and Localized Emergency Event Days
(Non-Affected Local Areas Only)

PUGET SOUND ENERGY

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
1/4/2009	Wind/Flood	North	3 days	4,391	188,200	2.3%	60	13	No	
1/4/2009	Wind/Flood	Central North	3 days	22,601	312,362	7.2%	73	22	No	
1/4/2009	Wind/Flood	Central South	3 days	4,011	213,948	1.9%	30	13	No	
1/4/2009	Wind/Flood	South	3 days	6,809	220,389	3.1%	44	15	No	
3/15/2009	Wind	North	2 days	177	188,473	0.1%	11	13	No	
3/15/2009	Wind	Central North	2 days	8,305	313,230	2.7%	44	22	No	
3/15/2009	Wind	South	2 days	12,208	220,763	5.5%	49	15	No	
10/13/2009	Wind	North	2 days	2,751	188,729	1.5%	30	13	No	
10/13/2009	Wind	South	2 days	8,941	221,236	4.0%	25	15	No	
10/13/2009	Wind	West	2 days	3,217	139,363	2.3%	27	14	No	
11/5/2009	Wind	Central North	2 days	5,640	303,315	1.9%	45	22	No	
11/5/2009	Wind	Central South	2 days	778	213,368	0.4%	27	13	No	
11/5/2009	Wind	South	2 days	18,683	221,236	8.4%	41	15	No	
11/18/2009	Wind	Central North	2 days	4,289	303,597	1.4%	35	22	No	
11/18/2009	Wind	Central South	2 days	380	213,487	0.2%	17	13	No	
12/26/2009	Wind	North	1 days	75	189,053	0.0%	7	13	No	
12/26/2009	Wind	Central North	1 days	658	315,833	0.2%	16	22	No	
12/26/2009	Wind	South	1 days	30	221,566	0.0%	4	15	No	
12/26/2009	Wind	West	1 days	19	139,428	0.0%	2	14	No	

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit A – Monthly SQI Performance

Attachment C to Exhibit A - Gas Reportable Incidents and Control Time

Puget Sound Energy

Attachment C to Exhibit A

2009 Reportable Incident Report

(Duration from first arrival to control of gas emergencies)

No.	Date	City	Address	1st Notice to PSE	First PSE Arrival	Incident Controlled	Response Time	Control Time
1	1/6/09	Lynnwood	929 185th St SW	5:17	6:32	10:07	1:15	3:35
2	1/12/09	Seattle	1126 Hiawatha Pl S	12:57	13:14	13:27	0:17	0:13
3	1/18/09	Bellevue	5915 149th Ave SE	7:49	8:28	9:50	0:39	1:22
4	1/28/09	Auburn	4100 A St SE	11:30	11:47	14:50	0:17	3:03
5	2/3/09	Burien	400 SW 152nd St	11:23	11:37	11:56	0:14	0:19
6	2/9/09	Seattle	1001 Alaskan Way	14:40	14:45	16:00	0:05	1:15
7	2/11/09	Mercer Island	4236 W Mercer Way	16:41	16:59	17:10	0:18	0:11
8	2/16/09	Granite Falls	502 Eagle View Dr	17:02	17:36	19:29	0:34	1:53
9	2/18/09	Kent	21214 84th Ave S	11:22	11:57	14:30	0:35	2:33
10	2/22/09	Tacoma	6525 E N St	14:45	15:09	15:18	0:24	0:09
11	2/26/09	Renton	11840 148th Ave SE	16:10	16:30	16:30	0:20	0:00
12	3/5/09	Tacoma	14121 Yakima Ave S	15:50	16:20	20:30	0:30	4:10
13	4/7/09	Seattle	509 N 66th St.	12:16	12:29	13:28	0:13	0:59
14	4/15/09	Duvall	14801 Dougherty Place	16:11	16:40	18:27	0:29	1:47
15	4/19/09	Puyallup	15015 95th Ave E	14:41	15:17	16:50	0:36	1:33
16	4/28/09	Kent	2114 S 249th Pl	14:07	14:35	16:15	0:28	1:40
17	4/29/09	Seattle	4135 Stone Way N	11:05	11:14	11:20	0:09	0:06
18	5/4/09	Bellevue	2420 161st Ave SE	8:42	8:55	9:05	0:13	0:10
19	5/10/09	Tumwater	920 Irving St SW	11:36	11:48	13:45	0:12	1:57
20	5/19/09	Burien	16905 33rd Ave SW	10:24	10:44	13:24	0:20	2:40
21	6/1/09	Sammamish	1700 248th Ave SE	18:52	19:20	21:09	0:28	1:49
22	6/12/09	Marysville	14716 Smokey Point Blvd	13:10	13:10	16:00	0:00	2:50
23	6/16/09	Puyallup	1827 5th ST. SE	10:50	11:28	16:01	0:38	4:33
24	7/13/09	Lake Stevens	215 91st Ave NE	10:07	10:27	10:43	0:20	0:16
25	7/13/09	Federal Way	2122 S 314th St #C	15:42	15:51	16:40	0:09	0:49
26	7/22/09	Everett	917 134th St. SW	16:48	16:49	17:18	0:01	0:29
27	7/29/09	Federal Way	32619 39th PL. SW	21:39	22:40	0:20	1:01	0:40
28	7/30/09	Lynwood	4215 144th court SW (Lot 13)	23:58	0:03	2:08	0:05	2:05
29	8/4/09	Centralia	812 E Main St	8:23	8:49	9:30	0:26	0:41
30	8/10/09	Auburn	620 M Street NE	14:14	14:21	14:40	0:07	0:19
31	8/10/09	Lynwood	5827 172 Pl SW	12:17	12:44	14:19	0:27	1:35
32	8/13/09	Lacey	3947 8th Ave SE	9:28	9:49	9:49	0:21	0:00
33	8/13/09	Sammamish	23303 NE 22nd St	13:07	13:21	13:32	0:14	0:11
34	8/18/09	Olympia	Intersection of Log Cabin RD and Boulavard RD	11:41	12:02	13:13	0:21	1:11
35	8/19/09	Kent	450' of West Valley HWY on S 277th S	9:10	9:20	13:15	0:10	3:55
36	8/27/09	Seattle	1823 Terry Ave	14:00	14:28	15:09	0:28	0:41
37	9/1/09	Mill Creek	14732 29TH CT SE	19:17	19:33	20:00	0:16	0:27
38	9/10/09	Auburn	5110 Frontage RD	10:15	10:30	13:55	0:15	3:25
39	9/16/09	Lynnwood	16405 65th Ave West	10:13	10:37	12:40	0:24	2:03
40	9/18/09	Auburn	11525 SE 321st Pl	10:24	10:56	12:07	0:32	1:11
41	9/24/09	Auburn	202 13th St. SE	9:10	9:27	9:51	0:17	0:24
42	9/30/09	Gig Harbor	16 Swede Hill Road	12:13	12:13	14:57	0:00	2:44
43	10/6/09	Seattle	11646 4th Ave S	11:10	11:51	13:56	0:41	2:05
44	10/7/09	Lynnwood	20504 61 PL W	18:16	18:42	18:51	0:26	0:09
45	10/21/09	Seattle	4600 Block of MLK	15:50	16:02	18:37	0:12	2:35
46	10/22/09	Everett	3628 Serene Way	13:02	13:24	14:34	0:22	1:10
47	10/24/09	Puyallup	160 th St E and Woodland Ave E	9:50	10:24	11:45	0:34	1:21
48	10/29/09	Seattle	2507 E Roy ST	10:16	10:21	10:35	0:05	0:14
49	11/3/09	Redmond	9805 159th Pl. NE	9:35	9:55	11:15	0:20	1:20
50	11/4/09	Newcastle	14229 SE 83rd St.	15:40	16:08	16:36	0:28	0:28
51	11/12/09	Edmonds	24032 101st Ave. W.	17:44	18:05	18:46	0:21	1:02
52	11/29/09	Seattle	8042 Crest Drive NE	12:49	13:05	13:20	0:16	0:31
53	12/5/09	Lynwood	14322 Admiralty Way #7	15:25	15:38	16:23	0:13	0:45
54	12/26/09	Tacoma	4502 S. Steel St. Tac. Mall Suit 500	18:45	18:59	20:15	0:14	1:16
55	12/30/09	Renton	4415 NE 20th St.	12:15	12:44	14:25	0:29	1:41

Puget Sound Energy
2009 Reportable Incident Report
(Duration from first arrival to control of gas emergencies)

No	Date	City	Address	1st Notice to PSE	First PSE Arrival	Incident Controlled	Response Time	Control Time
						Averages	0:21	1:23

(1) Report of the time duration from first arrival to control of gas emergencies, for incidents subject to reporting under the currently

Incident types with response and control times information

WAC 480-93-200(1)(a)	Personal injury requiring hospitalization, or death
WAC 480-93-200(1)(b)	Property damage - $50000 or greater
WAC 480-93-200(1)(c)	Evacuation
WAC 480-93-200(1)(d)	unintentional ignition of gas
WAC 480-93-200(1)(e)	Customer outage - 25 or more affected
WAC 480-93-200(1)(g)	Significant incident in opinion of PSE
WAC 480-93-200(2)(a)	Uncontrolled release - 2 hours or more

Control time information is not applicable the following incident types therefore they are not included in this attachment.

WAC 480-93-200(1)(f)	Pressure related - MAOP violation
WAC 480-93-200(1)(f)	Pressure related - MOP violation
WAC 480-93-200(2)(b)	Pressure related - supply main taken out of service
WAC 480-93-200(2)(c)	Pressure related - System dropped below utilization pressure
WAC 480-93-200(2)(d)	Pressure related - System exceeds the MAOP
Leaks and odor calls	

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit B - Certification of Survey Results

THE GILMORE RESEARCH GROUP
SIXTY YEARS OF STRAIGHT ANSWERS

Puget Sound Energy
P.O. Box 97034
MS: EST-09E
Bellevue, WA. 98009-9734

January 5, 2010

Dear Mr. Robert Yetter,

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 Nos. UE-011570 and UG-011571. 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

2101 4th Avenue, Suite 800 ■ Seattle, WA 98121
Voice: (206) 726-5555 ■ Fax: (206) 726-5620 ■ Email: info@gilmore-research.com

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit C - Penalty Calculation

Exhibit C

Penalty Calculation

SQI No. 3: SAIDI (System Average Interruption Duration Index)

Penalty = ((Annual SAIDI - benchmark) / benchmark) * 10 * penalty per point

Without WUTC's Approval of Mitigation Petition of 9 SAIDI Minutes

Annual SAIDI =		190	minutes / customer
Benchmark =		136	minutes / customer
Penalty Per Point =		$337,500	
Penalty =	((190 - 136) / 136) * 10 * $337,500		(Maximum Penalty is $1,500,000)
Penalty =		$1,340,074	

With WUTC's Approval of Mitigation Petition of 9 SAIDI Minutes

Annual SAIDI =		181	minutes / customer
Benchmark =		136	minutes / customer
Penalty Per Point =		$337,500	
Penalty =	((181 - 136) / 136) * 10 * $337,500		(Maximum Penalty is $1,500,000)
Penalty =		$1,116,728	

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit D - Proposed Customer Notice with and without Mitigation

DRAFT – 2009 Puget Sound Energy Performance Report Card
(Report card to appear on PSE.com and as a bill insert; 2008-09 energy efficiency report card to be included on other side of printed bill-insert page)

Each year Puget Sound Energy measures how well we deliver our services to you and all of our customers in three key areas: Customer Satisfaction, Customer Services and Operations Services. Combined, these areas represent 10 specific service-quality indexes. Based on customer surveys and other measurements, we match our performance against a set of benchmarks. (See chart.)

2009 Puget Sound Energy Performance Report Card

KEY MEASUREMENT	BENCHMARK	2009 PERFORMANCE	ACHIEVED
CUSTOMER SATISFACTION			
Percent of customers satisfied with our Customer Access Center services, based on survey	At least 90 percent	93 percent	✓
Percent of customers satisfied with field services, based on survey	At least 90 percent	95 percent	✓
Number of complaints to the WUTC per 1,000 customers, per year	Less than 0.40	0.34	✓
CUSTOMER SERVICES			
Percent of calls answered live within 30 seconds by our Customer Access Center	At least 75 percent	78 percent	✓
Number of disconnections per year, per customer for non-payment	No more than 0.030	0.029	✓
OPERATIONS SERVICES			
Frequency of non-major-storm power outages, per year, per customer	Less than 1.30 outages	1.09 outages	✓
Length of non-major-storm power outages per year, per customer	Less than 2 hours, 16 minutes	3 hours, 10 minutes	☐
Time from customer call to arrival of field technicians in response to electric system emergencies	No more than 55 minutes	51 minutes	✓
Time from customer call to arrival of field technicians in response to natural gas emergencies	No more than 55 minutes	33 minutes	✓
Percent of service appointments kept	At least 92 percent	99 percent	✓

2009 customer service performance summary

In addition to meeting nine of the 10 service metrics in 2009, we are pleased to report improvements from the prior year in four areas: 1) more calls were answered live within 30 seconds or less; 2) faster response time to natural gas emergencies; 3) greater satisfaction on how we responded and completed your field-service request and 4) faster response time to electric-service emergencies.

The area where we fell short in meeting our target was in the amount of time it took us to restore power outages. The year of extreme weather not only triggered more outages than in 2008, but also hindered PSE's power restoration efforts. Particularly, the January 2009 floods and landslides prevented our crews' immediate access to areas where washouts had knocked down power poles and trees into power lines. PSE's power-outage restoration performance for the month of January was 41 minutes; a 19 minute-increase from January 2008.

PSE incurred a $1,340,074 [or $1,116,728 if Washington Utilities and Transportation Commission approves PSE's mitigation petition] penalty for missing the benchmark for the average outage duration per electric customer in 2009. PSE's investors will pay the penalty amount to the Home Energy Lifeline Program, or HELP, to provide qualified low-income electric customers with payment assistance on their PSE electric bills. HELP funds are administered by nonprofit community service agencies.

Through our two Service Guarantees, we commit to keeping scheduled appointments and to restoring power outages as soon as we can. If we don't keep an appointment or if electric service is out for 120 consecutive hours or longer, subject to certain conditions, PSE credits $50 to the affected customer's bill.

In 2009, we credited customers a total of $7,300 for missing about 1 percent of our total 127,330 scheduled appointments. There were no qualifying customers under the power restoration guarantee.

Every PSE employee is focused on improving the performance of each of these service metrics to meet your expectation of a high level of service from us. We aim to continue our success in maintaining and improving our scores.

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit E – Letter from Qwest Re 2009 Busy Calls

January 13, 2010

Qwest BUSINESS

Puget Sound Energy
355 110th Avenue Northeast
Bellevue, Washington 98004

RE: 2009 CALL RECORDS

Dear PSE,

Upon careful review of all our call records and statistics for 2009, Qwest has determined that your EZ Route service has been performing as designed. We have specifically confirmed that during the four months in question (April, July, August, and October), all calls to your toll free numbers (800-859-6093, 866-817-8793, 888-225-5773, and 800-321-4123) either completed, or overflowed to the EZ Route system, and no busy signals were given out to any callers.

We assure you that your EZ Route service is fully functional and operational, and none of your customers have or will receive busy signals when calling your toll free numbers. Thank you for choosing Qwest as your telecommunications provider.

Sincerely,

Kyle Stansberry
Service Manager
Qwest Communications

This message has been printed on recycled paper.

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit F - Customer Service Guarantee Performance Detail

Definition of the categories

Total Appointments (Excludes Canceled): the total of Total Missed and Total Kept

Missed Approved: appointments missed due to PSE reasons and customers are paid the $50 Service Guarantee payment for each missed approved appointment.

Missed Denied: appointments missed due to customer reasons or due to major events

Missed Open: appointments not yet reviewed by PSE for the $50 Service Guarantee payment

Total Missed: the total number of Missed Approved, Missed Denied, and Missed Open

Manual Kept: adjusted missed appointments resulting from the review by the PSE personnel

System Kept: appointments in which PSE arrived at the customer site as promised

Total Kept: the total number of Manual Kept and System Kept

Canceled: appointments canceled by either customers or PSE

Service Guarantee Payments: the total of the $50 Service Guarantee payments made to customers

Exhibit F
Missed Appointments and Service Guarantee Performance

Table 1
2009 Annual Performance

As of December 31, 2009

	Total Appts (Exclude Canceled)	Missed Approved	Missed Denied	Missed Open	Total Missed	Manual Kept	System Kept	Total Kept	Canceled	Service Guarantee Payment	Percent Kept (Exclude Canceled)
Electric											
Permanent SVC	7,469	18	5	5	28	747	6,694	7,441	-	$900	100%
Reconnection	36,839	41	207	40	288	-	36,551	36,551	7,859	$2,050	99%
Sub-total	44,308	59	212	45	316	747	43,245	43,992	7,859	$2,950	99%
Gas											
Diagnostic	32,758	33	139	-	172	-	32,586	32,586	3,953	$1,650	99%
Permanent SVC	7,798	33	-	16	49	1,646	6,103	7,749	-	$1,650	99%
Reconnection	42,466	21	84	-	105	-	42,361	42,361	2,493	$1,050	100%
Sub-total	83,022	87	223	16	326	1,646	81,050	82,696	6,446	$4,350	100%
Grand Total	127,330	146	435	61	642	2,393	124,295	126,688	14,305	$7,300	99%

Exhibit F
Missed Appointments and Service Guarantee Performance

Table 2
2009 Monthly Performance

As of December 31, 2009

Month	Fuel	Type	Total Appts (Exclude Canceled and Excused)	Missed Approved	Missed Denied	Missed Open	Total Missed	Manual Kept	System Kept	Total Kept	Canceled	Service Guarantee Payment
Jan-09	Electric	Permanent SVC	591	2	0	0	2	134	455	589	0	$100
Jan-09	Electric	Reconnection	2,328	5	32	0	37	0	2,291	2,291	361	$250
Jan-09	Gas	Diagnostic	3,704	2	29	0	31	0	3,673	3,673	536	$100
Jan-09	Gas	Permanent SVC	626	0	0	0	0	250	376	626	0	$0
Jan-09	Gas	Reconnection	3,070	0	5	0	5	0	3,065	3,065	181	$0
Jan-09 Total				9	66	0	75	384	9,860	10,244	1,078	$450
Feb-09	Electric	Permanent SVC	578	0	0	0	0	57	521	578	0	$0
Feb-09	Electric	Reconnection	2,569	2	19	0	21	0	2,548	2,548	424	$100
Feb-09	Gas	Diagnostic	2,703	2	13	0	15	0	2,688	2,688	328	$100
Feb-09	Gas	Permanent SVC	557	1	0	0	1	141	415	556	0	$50
Feb-09	Gas	Reconnection	3,309	0	2	0	2	0	3,307	3,307	187	$0
Feb-09 Total				5	34	0	39	198	9,479	9,677	939	$250
Mar-09	Electric	Permanent SVC	821	1	0	0	1	81	739	820	0	$50
Mar-09	Electric	Reconnection	3,283	5	28	0	33	0	3,250	3,250	468	$250
Mar-09	Gas	Diagnostic	3,009	2	9	0	11	0	2,998	2,998	386	$100
Mar-09	Gas	Permanent SVC	577	1	0	0	1	166	410	576	0	$50
Mar-09	Gas	Reconnection	3,822	4	25	0	29	0	3,793	3,793	233	$200
Mar-09 Total				13	62	0	75	247	11,190	11,437	1,087	$650
Apr-09	Electric	Permanent SVC	610	0	0	1	1	58	551	609	0	$0
Apr-09	Electric	Reconnection	3,849	4	12	0	16	0	3,833	3,833	579	$200
Apr-09	Gas	Diagnostic	2,219	1	10	0	11	0	2,208	2,208	241	$50
Apr-09	Gas	Permanent SVC	559	2	0	0	2	133	424	557	0	$100
Apr-09	Gas	Reconnection	4,071	2	7	0	9	0	4,062	4,062	256	$100
Apr-09 Total				9	29	1	39	191	11,078	11,269	1,076	$450
May-09	Electric	Permanent SVC	569	1	0	0	1	99	469	568	0	$50
May-09	Electric	Reconnection	4,029	3	16	0	19	0	4,010	4,010	954	$150
May-09	Gas	Diagnostic	1,457	3	7	0	10	0	1,447	1,447	158	$150
May-09	Gas	Permanent SVC	554	3	0	0	3	107	444	551	0	$150
May-09	Gas	Reconnection	3,859	2	15	0	17	0	3,842	3,842	188	$100
May-09 Total				12	38	0	50	206	10,212	10,418	1,300	$600
Jun-09	Electric	Permanent SVC	585	1	0	0	1	54	530	584	0	$50

Exhibit F

Missed Appointments and Service Guarantee Performance

Table 2

2009 Monthly Performance

As of December 31, 2009

Month	Fuel	Type	Total Appts (Exclude Canceled and Excused)	Missed Approved	Missed Denied	Missed Open	Total Missed	Manual Kept	System Kept	Total Kept	Canceled	Service Guarantee Payment
Jun-09	Electric	Reconnection	4,310	7	19	0	26	0	4,284	4,284	1,005	$350
Jun-09	Gas	Diagnostic	1,176	1	4	0	5	0	1,171	1,171	123	$50
Jun-09	Gas	Permanent SVC	593	0	0	0	0	112	481	593	0	$0
Jun-09	Gas	Reconnection	4,574	1	6	0	7	0	4,567	4,567	242	$50
Jun-09 Total				10	29	0	39	166	11,033	11,199	1,370	$500
Jul-09	Electric	Permanent SVC	599	1	0	0	1	53	545	598	0	$50
Jul-09	Electric	Reconnection	3,969	6	11	0	17	0	3,952	3,952	903	$300
Jul-09	Gas	Diagnostic	1,300	1	2	0	3	0	1,297	1,297	123	$50
Jul-09	Gas	Permanent SVC	665	3	0	0	3	134	528	662	0	$150
Jul-09	Gas	Reconnection	4,032	0	1	0	1	0	4,031	4,031	233	$0
Jul-09 Total				11	14	0	25	187	10,353	10,540	1,259	$550
Aug-09	Electric	Permanent SVC	585	2	0	0	2	58	525	583	0	$100
Aug-09	Electric	Reconnection	3,917	3	19	0	22	0	3,895	3,895	786	$150
Aug-09	Gas	Diagnostic	1,283	4	4	0	8	0	1,275	1,275	164	$200
Aug-09	Gas	Permanent SVC	611	0	0	2	2	89	520	609	0	$0
Aug-09	Gas	Reconnection	3,549	4	6	0	10	0	3,539	3,539	228	$200
Aug-09 Total				13	29	2	44	147	9,754	9,901	1,178	$650
Sep-09	Electric	Permanent SVC	655	0	0	0	0	38	617	655	0	$0
Sep-09	Electric	Reconnection	3,866	1	15	0	16	0	3,850	3,850	912	$50
Sep-09	Gas	Diagnostic	2,220	2	7	0	9	0	2,211	2,211	210	$100
Sep-09	Gas	Permanent SVC	790	1	0	0	1	130	659	789	0	$50
Sep-09	Gas	Reconnection	4,007	1	2	0	3	0	4,004	4,004	197	$50
Sep-09 Total				5	24	0	29	168	11,341	11,509	1,319	$250
Oct-09	Electric	Permanent SVC	716	5	0	0	5	54	657	711	0	$250
Oct-09	Electric	Reconnection	2,013	2	21	3	26	0	1,987	1,987	624	$100
Oct-09	Gas	Diagnostic	4,942	5	15	0	20	0	4,922	4,922	528	$250
Oct-09	Gas	Permanent SVC	852	10	0	1	11	150	691	841	0	$500
Oct-09	Gas	Reconnection	4,196	5	10	0	15	0	4,181	4,181	293	$250
Oct-09 Total				27	46	4	77	204	12,438	12,642	1,445	$1,350
Nov-09	Electric	Permanent SVC	569	5	2	1	8	46	515	561	0	$250
Nov-09	Electric	Reconnection	1,693	3	13	0	16	0	1,677	1,677	477	$150

Exhibit F

Missed Appointments and Service Guarantee Performance

Table 2

2009 Monthly Performance

As of December 31, 2009

Month	Fuel	Type	Total Appts (Exclude Canceled and Excused)	Missed Approved	Missed Denied	Missed Open	Total Missed	Manual Kept	System Kept	Total Kept	Canceled	Service Guarantee Payment
Nov-09	Gas	Diagnostic	3,730	3	16	0	19	0	3,711	3,711	396	$150
Nov-09	Gas	Permanent SVC	736	9	0	3	12	125	599	724	0	$450
Nov-09	Gas	Reconnection	2,251	0	5	0	5	0	2,246	2,246	135	$0
Nov-09 Total				20	36	4	60	171	8,748	8,919	1,008	$1,000
Dec-09	Electric	Permanent SVC	591	0	3	3	6	15	570	585	0	$0
Dec-09	Electric	Reconnection	1,013	0	2	37	39	0	974	974	366	$0
Dec-09	Gas	Diagnostic	5,015	7	23	0	30	0	4,985	4,985	760	$350
Dec-09	Gas	Permanent SVC	678	3	0	10	13	109	556	665	0	$150
Dec-09	Gas	Reconnection	1,726	2	0	0	2	0	1,724	1,724	120	$100
Dec-09 Total				12	28	50	90	124	8,809	8,933	1,246	600

Puget Sound Energy

2009 Service Quality Program Filing

2009 PSE SQI Performance Report

Exhibit G - Customer Awareness of Customer Service Guarantee

Exhibit G

Customer Awareness of Customer Service Guarantee

PSE undertook the following actions in 2009 to promote customer awareness of its Customer Service Guarantee program.

1. Articles that publicized the Guarantee program were included in 2009 in the following three issues of the "Energywise" customer newsletter: January-February, July-August, and November-December.

2. The text of the Guarantee appeared on the back of the bill-stock in January and from April on in 2009. The text of the Electric Service Restoration Guarantee appeared on the back of the bill stock from April on in 2009.

3. A description of the Guarantee was incorporated in the natural gas and the electric customer "rights and responsibilities" brochures in 2004. The brochures have been distributed to all new customers and existing customers upon request. Both natural gas and electric brochures are also posted on www.PSE.com.

4. PSE Access Center continued to promote the Customer Service Guarantee program in the following ways:

   - On relevant phone paths where a qualifying appointment will be generated, the Access Center announcement invites customers to ask about PSE's Guarantee program – before customers directly speaking with an agent.

   - Access Center employees are provided with training and scripting on the Customer Service Guarantee program:

     "If we miss your customer service guarantee appointment under normal operating conditions, we will automatically credit your energy account with $50 – guaranteed"

   - The Guarantee is included in PSE's on-line Quick Reference Manual. This manual is accessible 24/7 on PSE's intranet and is available to all customer services, gas field services, and new construction employees.

   - Throughout 2009, the Customer Service Guarantee had been publicized every month in the weekly Customer Services newsletter. It is distributed to all customer services personnel and many other PSE employees in various departments.

- 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.

5. Other approaches used to inform customers of the Customer Service Guarantee include the natural gas and electric new service handbooks and the Company's web site, www.PSE.com.

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

EXHIBIT G
Customer Awareness of Customer Service Guarantee

		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
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?	Yes	18	20	19	11	7	8	5	9	18	18	13	14	160
	No	145	144	138	151	166	160	184	179	161	159	166	165	1,918
	Don't Know	35	36	43	38	25	32	11	12	21	23	21	21	318
	Refused Response	2	-	-	-	2	-	-	-	-	-	-	-	4
	Total Customers Surveyed	200	200	200	200	200	200	200	200	200	200	200	200	2,400
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.	You are given the $50 service guarantee if the rescheduled time causes you inconvenience.	2	5	7	6	9	4	1	7	7	10	5	7	70
	Whenever PSE changes an appointment, you are given the $50.	3	6	4	3	16	24	16	8	20	11	8	16	135
	You have no understanding or expectations about this part of the service guarantee plan.	166	176	163	169	171	166	180	182	161	168	181	158	2,041
	Don't Know	25	12	24	21	3	5	3	3	12	11	6	19	144
	Refused Response	4	1	2	1	1	1	-	-	-	-	-	-	10
	Total Customers Surveyed	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Q26D. Did your appointment have to be rescheduled or did it occur as planned?	It occurred as planned.	186	186	181	185	195	193	199	193	192	190	189	194	2,283
	It was rescheduled.	9	7	10	9	1	3	-	5	5	8	11	6	74
	Technician arrived but was late.	1	-	3	-	1	2	-	-	-	-	-	-	7
	Don't Know	2	4	4	5	3	1	1	2	3	2	-	-	27
	Refused Response	2	3	2	1	-	1	-	-	-	-	-	-	9
	Total Customers Surveyed	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Q26E. Who initiated rescheduling your appointment?[Note]	Myself (Customer Initiated)	4	5	5	5	1	1	-	5	1	5	7	5	44
	Puget Sound Energy (PSE) Initiated	5	2	3	4	-	1	-	-	3	3	2	1	24
	Don't Know	-	-	2	-	-	-	-	-	1	-	2	-	5
	Refused Response	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Customers Surveyed	9	7	10	9	1	2	-	5	5	8	11	6	73
NCC Survey														
Q12. Are you aware of Puget Sound Energy's $50 service guarantee to meet scheduled work dates?	Yes						75						66	141
	No						181						205	386
	Refused Response						-							-
	Don't Know						-							-
	Total Customers Surveyed	-	-	-	-	-	256	-	-	-	-	-	271	527

Puget Sound Energy

2009 Service Quality Program Filing - PSE SQI Performance

Attachment B: Petition for Mitigation

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of: PUGET SOUND ENERGY For Mitigation of Service Quality Index Penalty for Period Ending December 31, 2009	DOCKET NO. UE-10____ Petition for Mitigation

I. INTRODUCTION

1. In this petition, Puget Sound Energy, Inc. ("PSE" or the "Company") seeks mitigation of part of the calculated service quality index ("SQI") penalty for the period ending December 31, 2009. The penalty pertaining to SQI No. 3 SAIDI (System Average Interruption Duration Index) stems in part from lack of safe access due to circumstances caused by unusual and exceptional weather events and subsequent hazardous events that occurred in the first half of January 2009. As explained below and in this petition, crews were not able to safely access PSE's facilities for repair and restoration due to various combinations of weather, flooding and other hazardous conditions, and state authorized road closures. Some PSE customers experienced prolonged outages due to the circumstances. Nine SAIDI minutes can be directly attributed to lack of safe access during the unusual and exceptional events.
2. Although under the Service Quality Program PSE is subject to penalty for failing to meet the SQI No. 3 SAIDI benchmark, the Service Quality Program anticipated mitigation of penalty under appropriate circumstances. Here, mitigation is

appropriate. The circumstances underlying the below standard performance were exceptional and PSE's level of preparedness and response was reasonable. PSE proposes, therefore, the following mitigation: the actual annual results for SQI No. 3 be reduced by the nine SAIDI minutes attributed to lack of safe access and the penalty amount be adjusted accordingly.

II. Background.

3. PSE's Service Quality Program (the "Program") includes a Service Guarantee component and a Service Quality Index component. The Program was originally implemented pursuant to the Stipulation in Docket Nos. UE-951270 and UE-960195, the dockets merging Washington Natural Gas Company and Puget Sound Power & Light Company (the "Merger Stipulation"). The purpose of the Program is to "provide a specific mechanism to assure customers that they will not experience deterioration in quality of service." The Merger Stipulation page 11. The Washington Utilities and Transportation Commission (the "WUTC" or the "Commission") approved the Merger Stipulation on February 5, 1997.
4. The Program has been modified twice as part of PSE's general rate case settlement agreements with certain amendments and additional conditions in consolidated Docket Nos. UE-011570 and UG-011571 and in consolidated Docket Nos. UE-072300 and UG-072301 (the "SQI Settlement Agreements".)
5. The procedure for requesting mitigation of penalty under the SQI portion of the Program was originally defined on page 13 of the Merger Stipulation and has been incorporated into the subsequent SQI Settlement Agreements without modification.

This mitigation petition is filed in conjunction with, and as part of, PSE's reporting of its 2009 annual SQI performance.

6. PSE's overall SQI performance for the twelve month period of January 1 through December 31, 2009 is shown in the following table.

Category of Service	Index No.	Description	Performance		Calculated Penalty
Customer Satisfaction	SQI No. 6	Customer Access Center Transaction Satisfaction	93%	satisfied	None
	SQI No. 8	Field Service Operations Transactions Customer Satisfaction	95%	satisfied	None
	SQI No. 2	WUTC Complaint Ratio	0.34	per 1,000 Customers	None
Customer Services	SQI No. 5	Customer Access Center Answering Performance	78%	answered in 30 Seconds	None
	SQI No. 9	Disconnection Ratio	0.029	Disconnections per Customer	None
Operations Services	SQI No. 4	SAIFI	1.09	interruptions per customer	None
	SQI No. 3	SAIDI	190	minutes per customer	$1,340,074
	SQI No. 11	Electric Safety Response Time	51	Minutes	None
	SQI No. 7	Gas Safety Response Time	33	minutes	None
	SQI No. 10	Kept Appointments	99%	of appointments	None
		Total Calculated Penalty			$1,340,074

The monthly data for each service quality index are reported in Exhibit A to the 2009 PSE SQI Performance Report. The following table shows the monthly SAIDI results. Both the monthly and annual results are shown without the potential effect of this Petition:

2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
SAIDI Minutes	41	4	15	6	13	9	14	13	7	21	29	17

7. PSE's overall January 2009 SAIDI performance was forty-one minutes but only nine minutes can be directly attributed to lack of safe access during unusual and exceptional events occurred in first half of January 2009. The nine prolonged SAIDI minutes stem from twenty-five outages that affected 7,179 customers. Overall there were 1,219 outages that affected 149,942 customers in the month.

III. Standard of Review.

8. The Merger Stipulation and the succeeding SQI Settlement Agreements provide that the Company may include a mitigation petition for relief from penalty in its annual SQI report, if it believes, in good faith, that it meets the mitigation standard.

> *"The standard to be applied for such a petition is that the penalty is due to unusual or exceptional circumstances for which PSE's level of preparedness and response was reasonable. PSE will not file a mitigation petition unless it believes, in good faith, that it meets this mitigation standard. The parties contemplate that, following a procedure to be established by the Commission, a Commission order will be issued assessing any penalties and resolving any mitigation petition."*[1]

9. The standard for review was established and applied in PSE's first petition for mitigation of SQI penalty in its 1997 SQI annual report. The 1997 petition is included as Attachment A to this petition.

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[1] Docket Nos. UE-951270 & UG-960195, Stipulation, paragraph 4, page 13, lines 10-15.

IV. PSE's Preparation Before The Storm Season

10. Annually, PSE updates its Corporate Emergency Response Plan, reviews employee emergency response assignments, conducts training and exercises its plan. PSE organizes for storm response with an Emergency Operations Center (the "EOC") which has responsibility for corporate-wide oversight of storm response and recovery. In each electrically served region of the Company (Whatcom, Skagit, Island, King, Pierce, Thurston, Kitsap, Jefferson, and Kittitas), PSE utilizes fully staffed operating bases with responsibility for local/regional outage restoration. When storms hit, the operating base management team, working with the EOC, determines crew resource needs and mobilizes crews from other areas as required.

11. Each PSE operating base engages in annual training and exercises which includes training of all employees with emergency response assignments to support field crews such as damage assessors, contract crew coordinators, storm board support (prioritizing outage restoration), and community relations. Materials for storm response are staged at each regional operating base prior to October 1 each year to ensure adequate supplies over the course of winter storm season, and the storm rooms at each base are reviewed and tested to ensure radios, computers, and other equipment and resources are ready for use.

12. Prior to storm season each year, a fall leadership meeting is held with senior management of PSE and its primary electric emergency response support service provider, Potelco, to review any plan changes, expectations and goals for storm response for that winter season. Participants required to attend include each

regional operating base manager and electric first response supervisor, as well as the EOC management personnel.

13. PSE also meets with each emergency management department ("EMD") at the county level annually, presenting information on its preparations for the season's winter storms. PSE maintains strong working relationships with the county and state EMD personnel, and has an agreement with the Washington State Department of Transportation ("WSDOT") and public works roads divisions to coordinate restoration activity, referred to as the Utility Road Clearing Task Force. Through this agreement, PSE, the WSDOT, and regional roads jurisdictions share 24/7 contact information for local response.

V. The Circumstances Underlying the January Level of Performance was Exceptional and PSE's Response Was Appropriate

14. After the record-breaking frigid cold and snowy December 2008, a La Niña event followed and brought more precipitation into January 2009. The relentless rain and quickly melting snow led to extreme flooding throughout the state. 21 counties and 14 cities declared emergencies. In addition to the exceptional flooding, the heavy rainfall triggered almost 600 major and minor landslides, mostly in western Washington. The series of extraordinary events and perilous conditions that occurred in January 2009 not only caused outages but also prevented PSE crews from reaching the affected areas to restore outages in a timely manner. Many highways and roads were closed due to flooding, mud slides, and avalanche hazards that greatly hindered PSE's electric outage restoration efforts. Customers

in certain areas experienced extended outages because the Company was not able to safely access its facilities and customer sites in order to repair the system due to various combinations of weather conditions and road closures.

15. King County: During the first two weeks of January 2009, the Snoqualmie and Carnation communities in east King County as well as Greenwater in the southeast part of the county were continuously hard hit from rain, flooding, landslides, avalanche danger, and road closures. The rain totals in the 48-hour time period are astonishing: Snoqualmie Falls - 4.90"; Greenwater - 6.82"; and Snoqualmie Pass - 9.20". The Snoqualmie River set a new high water record, cresting at 62.31', which flooded downtown Snoqualmie, forced residents to evacuate, and caused extended outages for residents as PSE crews constantly monitored the situations but were unable to access damaged equipment until flood waters receded. The saturated hillsides became landslides, bringing down power lines and closing highways. King County had 27 major and minor landslides during this period. Most notable was the landslide that closed SR 410 between Greenwater and Enumclaw. The Washington State Department of Transportation closed nine locations on state and federal highways in east King and southeast King County due to avalanche danger, water and/or debris over roadways. These road closures were necessary for public safety but also prevented PSE crews from repairing damaged equipment. PSE crews were unable to access damaged facilities in the Greenwater vicinity January 4th through January 5th and January 7th through January 9th due to flooding, road closures, and avalanche danger. Overall, county wide from January 1st through January 14th, 2009, there were 11 outages or 1,836

customers affected by access issues. Power was restored to these 1,836 customers from January 8th through January 14th.

16. Kittitas County: Snowfall on Stampede Pass in December 2008 and early January 2009 created avalanche danger and forced road closures in the area. The La Niña pineapple express that came through a few days later also affected PSE's customers in upper Kittitas County. On January 6th and January 7th, the 9.20" of rain that fell at Snoqualmie Pass and the accompanying snow melt caused flooding in Cle Elum. Neighborhoods were evacuated due to the rising flood waters from the Yakima River which prevented PSE crews from restoring power to affected areas. During January 6th and January 19th, three outages, 256 customers, in the area were affected by the access issues. Once the flood water completely receded on January 19, 2009, PSE was able to restore electric service to the last ten of the 256 customers in the affected area.

17. Skagit County: Heavy snow fell in Concrete at the beginning of January which caused outages and impeded outage restoration due to unsafe road conditions. The snow turned to rain on January 6 and 7, 2009 – the Marblemount area recorded 10.1" and Concrete recorded 4.89" of rain. The rain and accompanying snow melt caused creeks to overflow and buried roadways under mudslides. Skagit County had 64 major and minor landslides during this period. On January 7th, a mudslide on SR 20 tore out power poles and lines, leaving a half-mile of mud and debris in its wake. The slide closed the highway and prevented PSE crews from reaching downed lines in Marblemount and Rockport. Also on January 7th, PSE crews were called off Pipeline Road due to landslides creating unsafe

conditions. WSDOT closed four state and federal highways in the area. During January 4th and January 12th, seven outages were affected by access issues and resulting in 2,519 customers without power. On January 13, 2009, power was restored to all of these 2,519 customers.

18. Whatcom County: The Nugent's Corner rain gauge recorded 3.82" and Baker Lake recorded 7.80" during the January 6 and 7, 2009 storm. The rain and accompanying snow melt caused the Nooksack River to overflow and flood the city of Lynden on January 7th. Underground equipment was damaged by the flood and PSE crews were unable to repair and restore until flood waters receded. Whatcom County had 30 major and minor landslides and ten state and federal highways were closed due to flooding and mudslides on January 7th and January 8th. Water ran over SR 9 in multiple locations and closed the roadway which prevented PSE crews from reaching downed power lines. A mudslide brought down power lines and also blocked portions of SR 9 which impeded PSE's ability to repair the damaged equipment. The flooding, mudslides, and road closures prolonged the outages experienced by 307 customers in the area. Around the midnight of January 9th, all the 307 customers had their electric service restored.
19. Under the unusual and exceptional circumstances illustrated above for each of the affected counties, PSE worked hard to restore of electric service to the affected customers as soon as a safe access was available. PSE's restoration efforts combined with its readiness before storm season demonstrates that PSE's level of preparedness and response was reasonable.

VI. Overall Impact of The Unusual and Exceptional Events

20. As a result of the extraordinary weather events and subsequent flooding, avalanches, mudslides, and road closures, PSE customers experienced a total of twenty-five prolonged outages in January 2009 due to access issues. Attachment B to this petition details the twenty-five outages.

21. The table below shows the customer impact of the unusual and exceptional events to the twenty-five outages:

County	No. of Prolonged Outages	Total No. of Customers Out	No. Customers NOT Impacted by Access Issues	No. of Customers Impacted by Access Issues
King	11	1,965	129	1,836
Kittitas	3	337	81	256
Skagit	7	2,939	420	2,519
Whatcom	4	1,938	1,631	307
Total	25	7,179	2,261	4,918

22. The table below summarizes the SAIDI performance impact of the unusual and exceptional events associated with the twenty-five outages:

County	No. of Prolonged Outages	Total SAIDI Minutes	SAIDI Minutes w/o Access Issues	SAIDI Minutes w Access Issue
King	11	4.82	3.03	1.79
Kittitas	3	1.25	0.53	0.72
Skagit	7	8.75	2.15	6.60
Whatcom	4	0.37	0.18	0.19
Total	25	15.19	5.89	9.30

The overall SAIDI performance impact of the unusual and exceptional events was fifteen SAIDI minutes. Six of the fifteen SAIDI minutes were associated with the performance PSE had safe access for power restoration. Nine of the fifteen SAIDI minutes associated with the delay in outage restoration that can be directly attributed to lack of safe access during the unusual and exceptional events.

23. PSE is seeking mitigation of the nine SAIDI minutes associated access issues due to the unusual and exceptional circumstances described in the petition. The

difference in the penalty amount due to the exclusion of the nine SAIDI minutes is $223,346.

VII. CONCLUSION

24. For all of these reasons, Puget Sound Energy proposes an exclusion of nine SAIDI minutes for SQI No. 3 from the reporting period results and a penalty reduction of $223,346. The Company respectfully requests that the Commission issue an order in the form attached hereto as Attachment C.

DATED this 16th day of February, 2010.

PUGET SOUND ENERGY, INC.

By Tom DeBoer

Tom DeBoer,
Director, Federal and State Regulatory Affairs

Verification of Petition of
Puget Sound Energy, Inc.
for a Mitigation of Service Quality Penalty for the Period Ending December 31, 2009

VERIFICATION

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

Tom DeBoer, being first duly sworn, on oath deposes and says:

That he is Director, Federal and State Regulatory Affairs for Puget Sound Energy, Inc., that he has read the foregoing Petition, that he knows the contents thereof, and that he believes the same to be true to the best of his knowledge and belief under penalty of perjury.

Tom DeBoer

Tom DeBoer,
Director, Federal and State Regulatory Affairs

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

SUBSCRIBED AND SWORN to before me this 16th day of February, 2010

_____
Print Name:_____
Notary Public in and for the State of Washington,
residing at _____
My commission expires:_____

DOCKET NO. UE-10____

Petition for Mitigation

Attachment A

PSE's 1997 Mitigation Petition

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of: PUGET SOUND ENERGY For a Mitigation of Service Quality Penalties for the Period Ending September 30, 1997	DOCKET NO. UE-97____ Petition for Mitigation

INTRODUCTION

In this petition, Puget Sound Energy, Inc. ("PSE") seeks mitigation of the calculated service quality penalties for the period ending September 30, 1997. The penalties stem almost entirely from call center performance during the first few months of the reporting period. As explained below and in the filing accompanying this petition, PSE faced unusual and extreme call center pressures following the merger. The volume of calls increased, as customers responded to the post-merger revised bill format. At the same time, the call center lost a significant number of experienced (i.e., productive and efficient) call center personnel during the consolidation of the call center into a single Bellevue location. PSE responded by immediately undertaking a hiring program, but the pool of available qualified call center personnel was limited. PSE's efforts to hire and train call center staff eventually paid off – the percent of calls answered within 30 seconds rose from a low of 8% to more than 80% by the end of the reporting period. The unusually low level of service was temporary. The problem has been fixed.

Although under the service quality program implemented as part of the merger PSE is subject to penalties for failing to meet the call center performance levels, the service quality

program anticipated mitigation of penalties under appropriate circumstances. Here, mitigation is appropriate. The circumstances underlying the below standard performance were exceptional and, more important, the problem has been rectified. Penalties are designed to ensure compliance and to give PSE additional incentives to meet its merger commitments. Compliance has been achieved and PSE is now meeting its merger commitment to provide improved call center performance compared to the levels offered by either company prior to the merger. PSE proposes, therefore, the following mitigation: the entire penalty amount, as calculated in this filing, would be suspended, on the condition that PSE meet the call center performance standards through the next penalty calculation period (i.e., through September 1998). If PSE meets the performance target, the penalty is permanently waived. If PSE fails to meet the target, the penalty is reinstated, together with any other applicable penalties.

DISCUSSION

1. Background.

On July 31, 1997 the Commission approved the parties' supplemental merger stipulation in Docket Nos. UE-951270 and UE-960195. The Commission's order, which incorporated the parties' stipulation, set eight of the ten Service Quality Indices ("SQI") that make up the service quality program. The order also set guidelines for PSE's reporting of SQI performance and approved the customer service guarantee. This mitigation petition is filed in conjunction with, and as part of, PSE's first reporting of SQI performance.

PSE's performance for the period of April 1 through September 30, 1997 is shown in the following table. (The monthly data for each index are reported in Exhibit A to the Service Quality Filing.)

Index	Benchmark[1]	Performance	Penalty
Overall Customer Satisfaction	Not Set	90%	None
WUTC Complaint Ratio	0.50 / 1000 Customers	0.4	None
SAIDI	149.4 minutes / customer	111.2	None
SAIFI	1.473 outages / customer	1.036	None
Telephone Center Answering Performance	75% answered in 30 seconds	50%	$416,500
Telephone Center Transaction Customer Satisfaction	91% satisfied	90%	$ 27,473
Gas Safety Response Time	Average of 55 minutes	44.5	None
Field Service Operations Transactions Customer Satisfaction	85% satisfied	89%	None
Disconnection Ratio	Disconnections / Customer - 0.038	0.023	None
Missed Appointments	Not Set	94.1%	None
		Total	$443,973

2. Standard of Review.

Although petitions for mitigation have long been an aspect of transportation proceedings before this Commission, mitigation petitions are not common for public utilities such as PSE. Perhaps in recognition of this, the Commission, in approving the parties' proposed service quality program – with its associated penalties and opportunities to request mitigation – specifically directed the parties to apply the Commission's procedures for resolving requests for mitigation of transportation penalties. Fourteenth Supplemental Order in Docket Nos. UE-951270 and UE-960195 at page 32.

[1] Benchmarks expressed as 12 month or annual targets.

The Commission has, in several decisions, set forth the grounds for evaluating petitions for mitigation of penalties in the context of transportation proceedings. In *WUTC v. Yakima Valley Disposal, Inc.*, 1988 WUTC LEXIS 129, for example, the Commission explained that the purpose underlying penalty assessments (and associated mitigation petitions) is to ensure compliance:

> [P]enalties are meant to be corrective rather than retributive. The goal is not to see how high a penalty can be imposed but to encourage and secure compliance with law and rule.

Id. at *5. If there were any doubt that these principles were the principles to apply in assessing penalties, it was resolved in the Commission's recent decision in *WUTC v. International Pacific, Inc.*, 1995 WUTC LEXIS 3. In its discussion of appropriate penalty levels, the Commission reiterated the underlying standard:

> Most importantly, [the settlement with its associated penalty payment] would bring the company into compliance immediately. As we have repeatedly said, compliance is the primary function of penalty assessments and the aim in our enforcement efforts.

Id. at *6; *see also In re Application P-67014 for Authority to Transfer A Portion of Common Carrier Permit No. CC-4393 from: State Transfer Co., Inc. to: Interstate Heavy Hauling, Inc.*, 1984 WUTC Lexis 58, *5 (granting mitigation based in part on compliance).

In considering the appropriate level of penalty, the Commission also considers factors such as the willfulness -- or lack of willfulness -- on the part of the petitioner and whether the petitioner gained some economic advantage as a result of the violation. *Yakima Valley Disposal,* 1988 WUTC LEXIS 129, at *16. In the end, though, it is the underlying objective of compliance that determines the level of penalty and whether mitigation is appropriate.

This standard is consistent with, and incorporated in, the standard set forth in the parties' stipulation underlying the merger. In the stipulation, the parties specifically provided

for mitigation petitions, and agreed that the standard for evaluating mitigation petitions should consider whether the circumstances underlying the penalty were unusual or exceptional and whether PSE's level of preparedness and response was reasonable. Fourteenth Supplemental Order, 1997 WUTC Lexis 6, *118. These principles seek to ensure the same result as the Commission's prior decisions – the creation of appropriate incentives to achieve full compliance with the applicable standard or rule.

3. PSE Has Achieved Call Center Performance Compliance With Targets That Required An Improvement Over Pre-Merger Performance.

Although the underlying purpose of the service quality program was to ensure that service levels were maintained at premerger levels, the answering performance index was set at a level that exceeded premerger performance. It was set at a level that represented a goal, rather than a baseline. PSE is committed to improving its call center performance, and as part of the merger settlement agreed to set answering performance at a level that required an improvement in service. The nature of this index is set forth in PSE's post-merger service quality filing, in which PSE provided testimony explaining that this index was indeed being set at a level that would result in an improvement in performance.

That improvement has been achieved – it just took longer than PSE had hoped. As explained in the next section, PSE's performance improved over the reporting period, which is consistent with the underlying cause of the problem – exceptional post-merger pressures, combined with staff shortages.

4. PSE's Call Center Answering Performance Has Improved Consistently Over The Reporting Period.

Call center answering performance improved consistently over the six month reporting period. The actual performance figures are set forth below:

Month	Performance
April	8%
May	31%
June	35%
July	75%
August	88%
September	83%

Similarly, telephone center transaction customer satisfaction improved over the reporting period, reaching a level of 93% for September. It improved from 89% in July and 90% in August.

5. The Circumstances Underlying The Early Low Levels Of Performance Were Exceptional And PSE's Response Was Appropriate.

The low performance during the initial months of the reporting period resulted primarily from two factors: the time necessary to staff and integrate the three customer service centers (especially in light of a significant loss of staff), and the high volume of calls from customers as a result of a new bill format and questions about the merger.

a. Post-Merger Call Center Integration / Staff Shortages. Shortly after the Commission approved the merger, PSE merged the separate call centers of WNG and Puget

Power as part of its program to improve customer service by providing "one-stop" service for customers. Part of this effort involved training for all call center personnel prior to the combination, to ensure that the customer service representatives could service calls from gas or electric customers. The training included both four days of training for each staff member. Despite the training effort, and despite the efforts undertaken by the company to ensure a smooth transition, there was a significant loss of efficiency as the staff members began processing "live" calls. Although in the end customers will (and do) receive better service from a single integrated call center, at first, staff members were not efficient at processing calls.

During this same time period, PSE faced difficulties in physically integrating the three call centers and, more important, PSE had to confront a significant shortage of staff. As part of the integration plan, PSE did not plan to cut the level of staffing, or the level of expertise of those who were on staff. A number of Seattle-based call center personnel chose not to relocate to Bellevue. By early April – at the start of the reporting period – the call center was short 27 of its full time equivalent staff members. PSE immediately instituted a program designed to fill the open positions. The labor market for trained call center staff was (and is) constrained so it took several months to fill the positions.

Once an employee is hired, it takes time before the new employee can function as a productive member of the call center team. Once a new employee begins work, the employee must complete three weeks of classroom training. Following training, it takes another two to three months before the new employee can work independently and is considered proficient. And it takes approximately a year, on average, before a new employee fully meets the job's performance expectations. In recognition of this productivity lag, PSE used employees from other parts of the company to fill-in at the call center as new employees were hired.

b. High Call Volumes. At the same time PSE was suffering call center staff shortages, call volumes spiked. Calls during the months of April, May, and June were 25% above historical levels. During the second quarter of 1996 the call centers of WNG and Puget Power received 650,442 calls. For the same period in 1997, the number of calls increased to 811,671. The increased call volume was due principally to questions about the then-unfamiliar bill format and, to a lesser degree, questions about the merger. PSE does not anticipate similar spikes in the coming year.

c. PSE's Response. PSE faced a 25% increase in call volume and a shortage of 27 customer service representatives (19%). PSE viewed this as a crisis and by undertaking an aggressive hiring campaign. Staff shortages were reduced to 11 customer service representatives in May, 7 customer service representatives in June and 2 customer service representatives by the end of the period. During this time period, PSE used employees from other departments to help fill in during the crisis.

6. PSE Has Demonstrated Performance That Meets the Benchmark – Earlier Low Levels Of Performance Were Due To Exceptional Circumstances.

PSE requests that the penalties for the first reporting period be set-aside. PSE has corrected the call center speed of answer problem and is currently in compliance for customer call center performance.

In the event that the Commission does not believe that granting full mitigation is appropriate, PSE requests a suspended mitigation of the penalties. Suspended mitigation would consist of postponing the penalties pending a review of the company's call center performance as of September 30, 1998 (the end of the next penalty calculation period). If

PSE meets its call center performance targets for that reporting period, the suspended penalties from this period would be waived. If not, the suspended penalties would be reinstated.

The alternative of suspended mitigation would be consistent with the Commission's interest in securing compliance. First, it would allow the Commission – and the parties – to confirm that the unusually poor call center performance suffered after the merger was in fact due to exceptional circumstances. The record suggests that the performance stemmed from increased call volumes arising from the new bill format combined with significant hiring pressure and the technical difficulties of merging two call centers. Performance has increased throughout the current reporting period. PSE's performance should remain at higher levels absent unusual circumstances, through the next reporting period. Suspending the penalties pending the next penalty reporting period will give the Commission and the parties the opportunity to test this conclusion. Second, the prospect of retroactive penalties at the end of the next reporting period will increase PSE's incentives to meet the standards. Again, this furthers the Commission's objective of achieving compliance.

CONCLUSION

For all of these reasons, PSE respectfully requests that the Commission issue an order in the form attached hereto as Exhibit I granting a Mitigation of Service Quality Penalties for the Period Ending September 30, 1997.

DATED this 15th day of October, 1997.

PUGET SOUND ENERGY, INC.

By _____
James A. Heidell
Director, Federal and State Regulation

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VERIFICATION

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

James A. Heidell, being first duly sworn, on oath deposes and says:

That he is the Director, Federal & State Regulation of Puget Sound Energy, Inc., Petitioner in the proceeding entitled above; that he has read the foregoing Petition and knows the contents thereof; that the same is true of his own knowledge except as to matters which are therein stated on information or belief and, as to those matters, he believes the Petition to be true.

J A Heidell
James A. Heidell

SUBSCRIBED AND SWORN TO before me this 15th day of October, 1997.

MAXINE K. VAN DINE NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES 9-23-99

Maxine K Van Dine
Print Name: MAXINE K VAN DINE
Notary Public in and for the State of Washington,
residing at Woodinville WA
My commission expires: 9/23/99

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of: PUGET SOUND ENERGY For a Mitigation of Service Quality Penalties for the Period Ending September 30, 1997	DOCKET NO. UE-97____ [Proposed] Order re Mitigation of Service Quality Penalties for the Period Ending September 30, 1997

IT IS HEREBY ORDERED that the Petition for Mitigation in this proceeding shall be, and the same is hereby, granted. The calculated penalties of $443,973 are permanently waived since Puget Sound Energy has already taken corrective action to resolve problems that arose from non-reoccurring events that the Company appropriately responded to by meeting its call response time benchmark and at the same time improving customer service.

DATED at Olympia, Washington and effective this ____ day of _____, 1997.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

_____, Chairman

_____, Commissioner

_____, Commissioner

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DOCKET NO. UE-10____

Petition for Mitigation

Attachment B

List of 25 Outage Events that Were Affected by the Unusual and Exceptional Events in January 2009

Attachment B

List of 25 Outage Events That Were Affected by the Unusual and Exceptional Events in January 2009

County	Circuit	Incident Number	SAP Outage Notification Number	Customers Impacted on Notification	Customer Minutes on Notification	No. of Customers Impacted by Access Issues	Notification Outage Start Time	Notification Outage End Time	Outage Duration (Hours.minutes)	Total Customer Minutes Outage Duration for Impacted Customers	Reason	acessibile Time (Hours,minutes)	Outage Time (Hours,minutes)	Customer Minutes w/o Inaccessibile Time
King	GWR-16	3176	10891384	31	228,439	31	1/5/2009 16:49	1/10/2009 19:38	122:49:00	228,439	Flooding	48:00:00	74:49:00	139,159
King	GWR-16	2704	10891386	4	51,100	4	1/2/2009 16:08	1/11/2009 13:03	212:55:00	51,100	Flooding	57:00:00	155:55:00	37,420
King	GWR-16	2706	10891383	2	25,588	2	1/2/2009 16:22	1/11/2009 13:36	213:14:00	25,588	Flooding	57:00:00	156:14:00	18,748
King	GWR-16	2701	10891385	2	25,914	2	1/2/2009 16:06	1/11/2009 16:03	215:57:00	25,914	Flooding	57:00:00	158:57:00	19,074
King	GWR-13	3083	E751621919	3	30,174	3	1/5/2009 10:00	1/12/2009 9:38	167:38:00	30,174	Flooding	48:00:00	119:38:00	21,534
King	GWR-16	2364	10865969	251	3,676,316	238	1/1/2009 0:00	1/12/2009 15:14	279:14:00	3,605,687	Flooding	57:00:00	222:14:00	2,791,727
King	GWR-16	2150	10891387	6	78,150	6	1/5/2009 10:39	1/14/2009 11:44	217:05:00	78,150	Avalanche	9:00:00	208:05:00	74,910
King	FAL-13	3688	E441529205	89	35,746	89	1/7/2009 17:47	1/8/2009 0:28	6:41:00	35,746	Flooding	2:04:00	4:37:00	24,710
King	SNQ-18	3689	E899527646	224	181,348	108	1/7/2009 17:56	1/8/2009 19:57	26:01:00	168,588	Snoq Pkwy Flooding	18:23:00	7:38:00	49,464
King	SNQ-16	3691	E078800952	552	653,568	552	1/7/2009 18:01	1/8/2009 13:45	19:44:00	653,568	Flooding	18:23:00	1:21:00	44,712
King	SNQ-15	3768	E322638033	801	285,156	801	1/8/2009 7:11	1/8/2009 13:07	5:56:00	285,156	Flooding/House Fire	5:10:00	0:46:00	36,846
Kittitas	CLE-11a	3682	E811553707	300	1,185,873	138	1/7/2009 9:03	1/9/2009 15:53	54:50:00	454,020	Flooding	15:39:00	39:11:00	324,438
Kittitas	CLE-11a	3682	E811553707		1,185,873	96	1/7/2009 9:03	1/11/2009 19:56	106:53:00	615,648	Flooding	82:11:00	24:42:00	142,272
Kittitas	ETN-13	3552	E786541549	12	95,424	12	1/6/2009 23:57	1/12/2009 12:29	132:32:00	95,424	Snow\Avalanche	57:49:00	74:43:00	53,796
Kittitas	CLE-11b	3682	E643164688	25	245,545	10	1/7/2009 9:00	1/19/2009 11:04	290:04:00	174,040	Flooding	209:19:00	80:45:00	48,450
Skagit	BRS-13	3003	E301318312	1,119	149,946	1,119	1/5/2009 6:02	1/5/2009 8:16	2:14:00	149,946	Snow at substation	0:20:00	1:54:00	127,566
Skagit	BRS-13	3294	E623377305	32	9,923	32	1/6/2009 12:03	1/6/2009 17:13	5:10:00	9,920	Snow	1:13:00	3:57:00	7,584
Skagit	BRS-13	3529	E476173473	85	782,595	85	1/7/2009 4:51	1/13/2009 14:18	153:27:00	782,595	Mud slide on SR 20	119:01:00	34:26:00	175,610
Skagit	BRS-15	3060	10865312	3	2,031	3	1/4/2009 22:12	1/5/2009 9:29	11:17:00	2,031	Snow	10:47:00	0:30:00	90
Skagit	BRS-24	2895	E606181161	840	683,340	420	1/4/2009 20:43	1/5/2009 23:03	26:20:00	663,600	Snow	17:24:00	8:56:00	225,120
Skagit	BRS-24	3546	E686233377	840	7,768,784	840	1/7/2009 5:22	1/13/2009 17:57	156:35:00	7,768,784	Mud slide on SR 20	119:01:00	37:34:00	1,770,344
Skagit	HAM-13	3660	E182147697	20	35,260	20	1/7/2009 14:52	1/8/2009 20:15	29:23:00	35,260	Mud slide on Pipeline Rd.	20:47:00	8:36:00	10,320
Whatcom	HAP-16	3745	E945410427	22	17,428	22	1/8/2009 0:00	1/8/2009 13:16	13:16:00	17,428	Mud slide on Lale Samish Dr.	4:49:00	8:27:00	11,070
Whatcom	LYN-23	3555	E483655980	1,648	119,108	29	1/7/2009 6:33	1/7/2009 21:58	15:25:00	26,825	Flooding	7:56:00	7:29:00	13,021
Whatcom	NUG-26	3556	E297285378	37	68,058	25	1/7/2009 4:04	1/8/2009 22:58	42:54:16	64,357	Flooding	34:03:00	8:51:16	13,282
Whatcom	NUG-26	3761	E100087206	231	288,288	231	1/8/2009 3:46	1/9/2009 0:34	20:48:00	288,288	Mud slide on Hillside Rd.	9:30:00	11:18:00	156,618
TOTAL						4,918			2548:22:16	16,336,276		1086:49:00	1461:33:16	6,337,885

SAIDI MINUTES RELATED TO ACCESS ISSUES 15.19

SAIDI MINUTES W/O ACCESS ISSUES 5.89

SAIDI MINUTES ACCESS ISSUES 9.30

NOTES:

Average customers count from 01/01/2009 to 01/19/2009 - 1,075,377 custorers

INACCESSIBILITY TIMES

County	Circuit	Start time	End Time	Duration	Cause
King	FAL-13	1/7/2009 18:23	1/7/2009 20:27	2:04:00	Flooding
King	SNQ 16	1/7/2009 19:05	1/8/2009 13:28	18:23:00	Flooding
King	SNQ-18	1/7/2009 19:05	1/8/2009 13:28	18:23:00	Flooding
King	SNQ-15	1/8/2009 7:45	1/8/2009 12:55	5:10:00	Flooding/House Fire
King	GWR-13, 16	1/1/2009 0:00	1/2/2009 7:00	31:00:00	Flooding
King	GWR-13, 16	1/4/2009 22:00	1/5/2009 7:00	9:00:00	All Crews off the Mountain due to Harardous condition
King	GWR-13, 16	1/7/2009 7:00	1/9/2009 7:00	48:00:00	Flooding\Avalanche
Kittitas	ETN-13	1/6/2009 23:57	1/9/2009 9:46	57:49:00	Snow\Avalanche
Kittitas	CLE-11a	1/7/2009 22:22	1/8/2009 14:01	15:39:00	Flooding
Kittitas	CLE-11a	1/7/2009 22:22	1/11/2009 8:33	82:11:00	Flooding
Kittitas	CLE-11b	1/10/2009 16:27	1/19/2009 9:46	209:19:00	Flooding
Skagit	BRS-15	1/4/2009 22:13	1/5/2009 9:00	10:47:00	Snow
Skagit	BRS-24	1/4/2009 22:36	1/5/2009 16:00	17:24:00	Snow
Skagit	BRS-13	1/5/2009 7:54	1/5/2009 8:14	0:20:00	Snow at substation
Skagit	BRS-13	1/6/2009 15:01	1/6/2009 16:14	1:13:00	Snow
Skagit	BRS-13, -24	1/7/2009 7:29	1/12/2009 6:30	119:01:00	Mud slide on SR 20
Skagit	HAM-13	1/7/2009 19:10	1/8/2009 15:57	20:47:00	Mud slide on Pipeline Rd.
Whatcom	LYN-23	1/7/2009 7:37	1/7/2009 15:33	7:56:00	Flooding
Whatcom	NUG-26	1/7/2009 8:31	1/8/2009 18:34	34:03:00	Flooding
Whatcom	HAP-16	1/8/2009 2:11	1/8/2009 7:00	4:49:00	Mud slide on Lale Samish Dr.
Whatcom	NUG-26	1/8/2009 5:30	1/8/2009 15:00	9:30:00	Mud slide on Hillside Rd.

DOCKET NO. UE-10____

Petition for Mitigation

Attachment C

Proposed Order

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of: PUGET SOUND ENERGY For Mitigation of Service Quality Index Penalty for Period Ending December 31, 2009	DOCKET NO. UE-10____ ORDER (PROPOSED)

I. BACKGROUND

1. On February 16, 2010, Puget Sound Energy, Inc. ("PSE" or the "Company"), filed its 2009 annual report on the compliance with its Service Quality Index ("SQI") Program. In this report, PSE indicated that the Company met or exceeded nine of the ten SQIs but did not meet the 136 minutes benchmark for SQI No. 3 SAIDI (System Average Interruption Duration Index). PSE's 2009 SAIDI performance was 192 minutes with a penalty assessed at $1,389,706.
2. As part of the 2009 SQI annual filing, the Company filed a Petition for Mitigation ("Petition") of part of this penalty amount and for exclusion of nine SAIDI minutes from performance calculation, on the basis that the penalty and SAIDI minutes directly stem from access issues and hazardous conditions caused by unusual and exceptional weather and subsequent events that occurred in early January 2009.

3. In the Petition, PSE outlined its pre-storm season preparation. In additional to its internal review and effort, PSE stated that it also met with each emergency management department at the county level annually, presenting information on its preparations for the season's winter storms. PSE stated that PSE, the Washington State Department of Transportation, and regional roads jurisdictions have established a special agreement to share 24/7 contact information for local response and to coordinate restoration activity.

4. The Company identified twenty-five outages in four counties that were caused and prolonged by the unusual and exceptional weather and subsequent hazardous events that occurred in early January 2009. Electric service restoration was delayed and postponed due to various combinations of weather conditions, hazardous events, and state authorized road closures. Crews were not able to safely access PSE's facilities and customer sites during these events. For each of the counties, PSE described the type of unusual and exceptional events, their impact, the Company's response, and the restoration of the twenty-five affected outages. PSE indicated that nine SAIDI minutes can be directly attributed to the impact of the events. The penalty amount difference due to the exclusion of the nine SAIDI minutes is $223,346.

5. The Commission has reviewed the Petition and recognizes that there were unusual and exceptional weather and flooding events that occurred in early January 2009

and their impact to PSE's SAIDI performance. The Commission has determined that PSE's level of preparedness and response was reasonable.

6. The Commission grants the Company's request for mitigation of the reduction of the SQI penalty by $223,346 and the exclusion of the nine SAIDI minutes from PSE overall 2009 SAIDI results.

II. FINDINGS AND CONCLUSIONS

7. Having discussed above all matters material to our decision, and having stated general findings and conclusions, the Commission now makes the following summary findings of fact. Those portions of the preceding discussion that include findings pertaining to the ultimate decision of the Commission are incorporated by this reference.

8. (1) After careful examination of Puget Sound Energy's February 16, 2010, Petition for Mitigation in which Puget Sound Energy requests a reduction in penalty incurred for failing to achieve the benchmark performance for Service Quality Index No. 3, and an exclusion of nine SAIDI minutes for PSE's overall 2009 SAIDI results, and giving consideration to all relevant matters and for good cause shown, the Commission finds that mitigating circumstances existed justifying the reduction of penalty and the exclusion of the SAIDI minutes.

III. CONCLUSIONS OF LAW

9. Having discussed above all matters material to our decision, and having stated general findings and conclusions, the Commission now makes the following summary conclusions of law. Those portions of the preceding discussion that state conclusions pertaining to the ultimate decisions of the Commission are incorporated by this reference.

10. (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter and the parties.

11. (2) The Commission retains jurisdiction to effectuate the provisions of this Order.

12. (3) The penalty for Puget's failure to achieve Service Quality Index No. 3 should be reduced by $223,346

13. (4) PSE's request to recalculate the index to exclude nine SAIDI minutes should be granted.

IV. ORDER

14. This matter was brought before the Commission at its regularly scheduled open meeting on _____. The Commissioners, having been fully advised in the matter, enter the following Order.

15. THE COMMISSION GRANTS Puget Sound Energy's Petition for Mitigation of the penalty reduction of $223,346 and the exclusion of nine SAIDI minutes for SQI No. 3 from the reporting period results

Puget Sound Energy

2009 Service Quality Program Filing - PSE SQI Performance

Attachment C: 2009 Supplemental PSE SQI Performance Report

Puget Sound Energy

2009 Service Quality Program Filing—PSE SQI Performance

Attachment C:
2009 Supplemental PSE SQI Performance Report

Contents

Executive summary

Puget Sound Energy (PSE) serves more than 1 million electric customers and nearly 750,000 natural gas customers primarily in the growing Puget Sound region of Western Washington.

As part of PSE's effort to track how well PSE is performing in providing utility services to customers and to identify areas for improvement, Puget Sound Energy measures 10 key service quality indexes (SQIs). PSE collects data from customer satisfaction surveys and PSE's work management and customer information systems. This data includes appointments kept, frequency and duration of power outages, the amount of time it takes to respond to a natural gas or electric emergency and the amount of time it takes to answer customer calls, among other measurements. PSE then compares its performance against annual benchmarks set by the Washington Utilities and Transportation Commission (UTC).

2009 Puget Sound Energy performance

Table ES-1 provides PSE's performance in each of the key service quality areas for 2009.

In 2009, PSE met or exceeded nine out of the ten service quality indexes for the reporting period. The area where PSE fell short in meeting the target was in the amount of time it took the company to restore power outages (SAIDI). The year of extreme weather not only triggered more outages than 2008 but also hindered PSE's power restoration efforts. Insights into the Company's performance and the steps it is taking to improve its performance are covered in this report.

Table ES– 1: PSE's performance for 2009

Key measurement	Benchmark	2009 Results	Achieved
Customer satisfaction			
Customer Access Center transactions customer satisfaction (SQI # 6)	At least 90% satisfied (rating of 5 or higher on a 7-point scale)	93%	☑
Field Service Operations transactions customer satisfaction (SQI # 8)	At least 90% satisfied (rating of 5 or higher on a 7-point scale)	95%	☑
UTC complaint ratio (SQI # 2)	No more than 0.40 complaints per 1,000 customers, including all complaints filed with the UTC	0.34	☑
Customer services			
Customer Access Center answering performance (SQI # 5)	At least 75% of calls answered by a live representative within 30 seconds of request to speak with live operator	78%	☑
Disconnection ratio (SQI # 9)	No more than 0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment	0.029	☑
Operations services			
Gas safety response time (SQI # 7)	Average 55 minutes or less from customer call to arrival of field technician	33 minutes	☑
Electric safety response time (SQI # 11)	Average 55 minutes or less from customer call to arrival of field technician	51 minutes	☑
SAIFI (SQI # 4)	No more than 1.30 interruptions per year per customer	1.09 interruptions	☑
SAIDI (SQI # 3)	No more than 136 minutes per customer per year	190 minutes	☐
Appointments kept (SQI # 10)	At least 92% of appointments kept	99%	☑

2009 UTC penalties

For the 2009 performance results, the potential penalty is $ 1,340,074 for missing the benchmark for the average length of time customers were without power. However, PSE is requesting the exclusion of nine SAIDI minutes from the penalty calculation. These minutes were due to "non-access" issues that occurred in January 2009. If the UTC approves the request for mitigation of the nine SAIDI minutes, the penalty will be reduced to $1,116,728.

Additionally, in backing up its Service Guarantee, PSE credited customers a total of $7,300 for missing 146 of more than 127,000 scheduled appointments.

Changes in 2009

Effective for 2009, the UTC and PSE have made several changes to the service quality indexes and background information that will be reported to the UTC:

- The general satisfaction rating and its benchmark (formerly SQI # 1) was discontinued.
- The benchmark for the SQI related to the number of customer complaints registered with the UTC (SQI # 2) became more stringent with the ratio revised downward from 0.50 to 0.40 complaints per 1,000 customers.
- The annual *Service Quality Report* will now include both the monthly and annual performance of calls answered within 30 seconds by PSE's Customer Access Center (CAC) (SQI # 5). The report will also include information regarding call abandonment and busy calls.
- PSE will report annually the percentage of responses to natural gas emergencies that are met within 60 minutes (SQI # 7).
- PSE has added a new customer service guarantee in which PSE will provide a credit of $50 when a customer experiences a qualifying 120 consecutive-hour power outage, subject to certain conditions and limitations.

Improvement efforts in 2009

PSE is continuously working to improve its service quality. During 2009, the following initiatives took place in the three areas of service quality: customer satisfaction, customer services and operations services.

Customer satisfaction

Based on customer feedback, PSE now:

- Provides Customer Access Center customer service representatives (CSRs) with on-going training and coaching to continuously improve their performance to handle each customer inquiry with courtesy and adequately address the customer's needs.
- Has expanded customer contact choices including the handling of electronic inquiries, online payment, MyPSE.com and multi-lingual calls.
- Provides PSE's operations management team with specific information about a service order and customer concerns.
- Where possible and practical, uses a new tool that enables field personnel to perform maintenance without shutting off service to the customer.
- Uses the *Mobile Workforce Dispatch System* to further enhance performance measurement and reporting.
- Implemented a complaint tracking and management tool to track complaints and conduct root cause analysis by complaint type.
- Provides customers with free energy advice to assist in energy efficiency and cost reduction in their homes and businesses.
- Provides customers with information on a variety of programs that can assist customers with paying their bills.

Customer services

In 2009, PSE has several initiatives to maintain and improve performance by

- Providing customers and Customer Access Center staff with technological tools that make their tasks more efficient to perform and increase accuracy.
- Improving recruiting, coaching, staffing and work load management, including hiring seasonal agents, proactively scheduling agents based on upcoming weather events and creating a remote agent program.
- Improving the Customer Access Center operations to enable agents, team leads, and supervisors to resolve a customer's concern on their first call.
- Enhancing technology, including
  - Updating the IVR self-serve options to provide customers a more efficient call routing system, reduce call transfers and minimize wait times.
  - Improving PSE.com to enable the customer to view account information, print bills, examine and graph energy usage and receive and pay bills online.
- Reconfiguring PSE's phone system so that no customer calling 1-888-Call-PSE will receive a busy signal.

To avoid disconnection, PSE provided its customers with the following options:

- A variety of information to help customers manage their energy usage, including home energy audits, energy-efficient appliance rebate programs, fluorescent lighting coupons and weatherization rebates.
- A budget payment plan to help families balance their utility expenses over the year.
- Pay online and automatic funds transfer options, to make bill paying more convenient.

Operations services

During 2009, PSE used many programs to improve gas safety response time. PSE

- Used the *Mobile Workforce Dispatch System* with computer-aided dispatching, which enabled PSE to better assign the available service technicians required in a gas safety situation and to determine the closest possible responder.
- Reviewed events with response times of two hours or more to determine why they were longer and how response times could be shortened.
- Continued its employee training efforts.
- Reported annually on the monthly percentage of responses to gas emergencies that are met within 60 minutes.

In 2009, PSE strengthened procedures and processes aimed at reducing electric safety response time. These efforts include:

- Increased non-core work schedules where needed to better support responses to outages or emergencies occurring outside of normal business hours.
- Continued communications and performance updates with field personnel regarding response times, worker safety and goal performance.

- Performed on-going systematic, vegetation management to mitigate trees and limbs falling into electric power lines.
  - Performed vegetation maintenance on 1,930 miles of overhead distribution, 577 miles of high-voltage distribution, and 327 miles of transmission corridors.
  - Removed fast growing, undesirable trees from 300 miles of overhead distribution, high voltage distribution and transmission corridors.
  - As part of the TreeWatch program, removed or pruned nearly 15,000 trees from approximately 200 miles of transmission and high voltage distribution lines and 60 miles of distribution lines.
- Commissioned Ecological Solutions, Inc. to conduct a study of PSE's high voltage distribution and transmission vegetation management practices. The results validated that Puget Sound Energy's pruning maintenance cycles are appropriate for the local tree growth rates.
- Installed approximately 38 circuit miles of tree wire.
- Completed 56 projects on the 50 worst circuits, specifically targeted at improving the SAIDI SQI.
- Completed over 100 projects to install sectionalizing devices on the distribution system.
- Upgraded eight distribution substations with SCADA.
- Improved access to over 70 miles of inaccessible high voltage distribution and transmission rights-of-way and corridors.

Going forward

PSE has several initiatives starting in 2010 to improve the three areas of service quality: customer satisfaction, customer services and operations services.

Customer satisfaction

In 2010, PSE plans to

- Continue PSE's internal focus on CSR "first call" resolution goals through coaching and training to build skills that enable CSRs to handle customer issues effectively.
- Evaluate ways to provide information to customers sooner and keep them updated during outage events.
- Initiate an enhanced complaint management system that will help to resolve issues with customers before a complaint is made to the UTC.
- Provide more information on PSE.com, including storm information and outage alerts, to enable customers to obtain information without needing to call in.
- Continue to increase web billing.
- Continue to provide feedback to field service technicians.

Customer services

In 2010, PSE plans to continue to maintain or improve the CAC's answering performance through the following:

- Continue developing the management of resources and call volume forecasting.
- Ensure that service level fluctuations and CAC staffing are consistently adequate to handle the incoming call volume 24/7/365.
- Expand the Remote Agent program.
- Enhance the Interactive Voice Recording (IVR) menu.
- Expand self-service options available to customers.
- Refine a newly developed risk analysis tool that will enable PSE's workforce to focus collection activity on the higher risk customers.

For 2010, the UTC increased the allowable number of disconnections to 3.8 percent. Therefore, in 2010 PSE will be shifting resources to ensure that enough field personnel who perform disconnects and reconnects and support staff are available to meet the anticipated increased workload.

Operations services

In 2010, PSE will continue programs that will improve operations services. PSE will continue

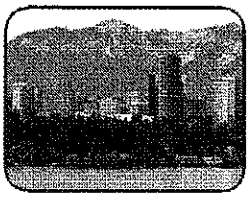
- To analyze long response times to determine and address trends if needed.
- To adjust staffing where beneficial to help with response times and adjust processes to increase the percentage of calls with response times under 60 minutes.
- Its efforts to improve communication and coordination between field service personnel, system operators and dispatchers as well as enhance customer communications.

In 2010, PSE will continue programs that will reduce power outages:

- PSE plans to remove or prune 15,000 off right-of-way trees under the TreeWatch program, again focusing on transmission and high-voltage distribution lines.
- PSE plans to install animal guards around new transformers and add these devices on selected circuits that have a history of animal-related outages.
- PSE will continue to replace aging distribution infrastructure that are starting to fail (which includes the cable remediation program), install covered conductor (tree wire) to prevent tree limb outages and convert overhead lines to underground.
- To focus on SAIDI, PSE's Total Energy System Planning department analyzes system performance and identifies plans and projects to:
  - Reduce the time to diagnose the outage
  - Reduce the duration of the outage
  - Reduce the number of customers affected by the outage
- PSE will upgrade seventeen distribution substations with SCADA.

In addition

- PSE is reviewing the outage response process and identifying additional data to collect in order to further understand the drivers of response time.
- PSE will continue its current efforts and initiate new cost-effective practices to maintain its appointments kept service results at optimum cost levels.



1 Overview

Introduction

As Washington state's oldest and largest energy utility, with a 6,000-square-mile service territory stretching across 11 counties, Puget Sound Energy (PSE) serves more than 1 million electric customers and nearly 750,000 natural gas customers primarily in the growing Puget Sound region of Western Washington. PSE meets the energy needs of its growing customer base through incremental, cost-effective energy efficiency, procurement of sustainable energy resources and far-sighted investment in the energy-delivery infrastructure. PSE employees are dedicated to providing quality customer service to deliver energy that is safe, reliable, reasonably priced and environmentally responsible.

As part of PSE's effort to track how well PSE is performing in providing utility services to customers and to identify areas for improvement, Puget Sound Energy measures 10 key service quality indexes (SQIs). PSE collects data from customer satisfaction surveys and PSE's work management and customer information systems. This data includes appointments kept, frequency and duration of power outages, the amount of time it takes to respond to a natural gas or electric emergency and the amount of time it takes to answer customer calls, among other measurements. PSE then compares its performance against annual benchmarks set by the Washington Utilities and Transportation Commission (UTC). Performance reports are provided to the UTC and customers annually.

PSE has provided a high level of customer service and has met the majority of its service quality indexes since their inception more than 10 years ago. The year 2009 was highlighted by an improvement in several areas, but company investments and efforts to improve the System Average Interruption Duration Index (SAIDI) performance are not reflected in the metric. PSE met or exceeded nine out of ten service quality indexes for 2009.

About supplemental service quality reporting

This supplemental service quality report provides additional transparency on each SQI relative to background information, unique events that may have influenced PSE's achievement level, the environment in which PSE operated and actions PSE has taken or will take to improve performance.

About service quality indexes

The service quality provided by utilities to customers has many dimensions and is complicated to measure.

This issue is discussed in *Service Quality Regulation for Detroit Edison: a Critical Assessment,* published in March 2007 by the Pacific Economics Group. With only a few exceptions, most of these service quality indexes must be collected by the utility. Therefore, measures of service quality, especially reliability indexes, typically differ across utilities. For example, the System Average Interruption Duration Index (SAIDI) and the System Average Interruption Frequency Index (SAIFI) are defined and calculated in different ways across utilities, making comparisons inexact.

In addition, uncontrollable business conditions can lead not only to systematic differences in measured quality across companies, but year-to-year variations within a company. This is particularly true for events affected by weather.

Of course, measured service quality is not determined entirely by external conditions. PSE influences its measurements through PSE's efforts to maintain and improve its service quality. These efforts include work practices, worker training and capital investment that impact measured system performance.

2009 Puget Sound Energy performance

The following table provides PSE's performance in each of the key service quality areas for 2009. PSE met or exceeded nine out of the ten service quality indexes for the reporting period. Each of these SQIs is discussed in the separate chapters that follow.

Table 1: PSE's performance for 2009

Key measurement	Benchmark	2009 Results	Achieved
Customer satisfaction			
Customer Access Center transactions customer satisfaction (SQI # 6)	At least 90% satisfied (rating of 5 or higher on a 7-point scale)	93%	☑
Field Service Operations transactions customer satisfaction (SQI # 8)	At least 90% satisfied (rating of 5 or higher on a 7-point scale)	95%	☑
UTC complaint ratio (SQI # 2)	No more than 0.40 complaints per 1,000 customers, including all complaints filed with UTC.	0.34	☑
Customer services			
Customer Access Center answering performance (SQI # 5)	At least 75% of calls answered by a live representative within 30 seconds of request to speak with live operator	78%	☑
Disconnection ratio (SQI # 9)	No more than 0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment	0.029	☑
Operations services			
Gas safety response time (SQI # 7)	Average 55 minutes or less from customer call to arrival of field technician	33 minutes	☑
Electric safety response time (SQI # 11)	Average 55 minutes or less from customer call to arrival of field technician	51 minutes	☑
SAIFI (SQI # 4)	No more than 1.30 interruptions per year per customer	1.09 interruptions	☑
SAIDI (SQI # 3)	No more than 136 minutes per customer per year	190 minutes	☐
Appointments kept (SQI # 10)	At least 92% of appointments kept	99%	☑

2009 customer service performance summary

In 2009, PSE met or performed better than the SQI benchmarks in nine of ten areas. In addition to meeting nine of the 10 service metrics, PSE made improvements from the prior year in four areas:

- More calls were answered live within 30 seconds or less
- Faster response time to natural gas emergencies
- Greater satisfaction on how we responded and completed your field-service request
- Faster response time to an electric-service emergency

The area where PSE fell short in meeting the target was in the amount of time it took us to restore power outages (SAIDI, SQI # 3). The year of extreme weather not only triggered more outages than 2008 but also hindered PSE's power restoration efforts. Particularly, the January 2009 floods and landslides prevented our crew's immediate access to areas where washouts had knocked down power poles and knocked trees into power lines.

Changes in 2009

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

- The general satisfaction rating and its benchmark (formerly SQI # 1) was discontinued. It was determined the SQI did not provide sufficient information about service strengths and weaknesses to be useful. PSE, however, continues to make customer satisfaction a priority and track customer satisfaction on a variety of more specific measures.
- The benchmark for the SQI related to the number of customer complaints registered with the UTC (SQI # 2) became more stringent with the ratio revised downward from 0.50 to 0.40 complaints per 1,000 customers.
- The annual *Service Quality Report* will now include both the monthly and annual performance of calls answered within 30 seconds by PSE's Customer Access Center (CAC) (SQI # 5). The report will also include information regarding call abandonment and busy calls.
- PSE will report annually the percentage of responses to natural gas emergencies that are met within 60 minutes (SQI # 7).
- PSE has added a new customer service guarantee in which PSE will provide a credit of $50 when a customer experiences a qualifying 120 consecutive-hour power outage, subject to certain conditions and limitations.

Organization of this report

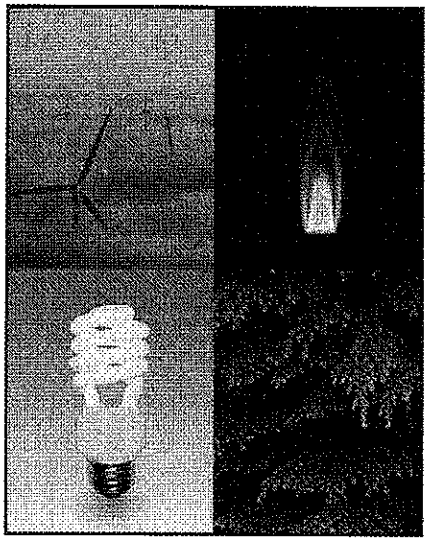
This report details PSE's performance on the current SQI benchmarks. Each chapter of the report discusses a different SQI. The chapters are organized into three Sections that reflect:

- Customer satisfaction
- Customer services
- Operations services

In addition, a fourth Section discusses Service guarantees.

Table 2: Three SQI Sections

Customer satisfaction	Customer services	Operations services
• Customer Access Center transactions customer satisfaction (SQI # 6) • Field Service Operations transactions customer satisfaction (SQI # 8) • UTC complaint ratio (SQI # 2)	• Customer Access Center answering performance (SQI # 5) • Disconnection ratio performance (SQI # 9)	• Gas safety response time (SQI # 7) • Electric safety response time (SQI # 11) • SAIFI (SQI # 4) • SAIDI (SQI # 3) • Appointments kept (SQI # 10)

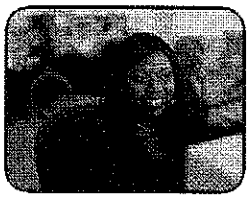


Customer satisfaction

Puget Sound Energy wants to know what customers expect of the utility's performance and services so that resources can be directed to those functions that are most important to customers. To listen to customers, PSE conducts customer surveys. Customers are surveyed for a variety of reasons, including their opinions about PSE overall and about specific attributes including Customer Access Center transactions and Field Service operations. Complaints directed to PSE or the UTC and their resolution also are considered in measuring customer satisfaction performance.

This Section discusses the three customer satisfaction service quality indexes (SQIs).

- Customer Access Center transactions customer satisfaction (SQI # 6)
- Field Service Operations transactions customer satisfaction (SQI # 8)
- UTC complaint ratio (SQI # 2)



2
Customer Access Center transactions customer satisfaction (SQI # 6)

Overview

Telephone calls to PSE go to the Customer Access Center. The CAC interfaces with the greatest number of customers and strives to establish and improve upon long-term customer satisfaction.

Every month, the Gilmore Research Group, an independent research company, conducts telephone surveys with PSE customers and prepares monthly and semi-annual reports on customer satisfaction regarding PSE's Customer Access Center transactions. In 2009, these independent surveys found that more than 93 percent of customers were satisfied with PSE's CAC transaction performance. The 2009 results are reported in the following table:

Table 3: Customer Access Center transactions customer satisfaction for 2009

Key measurement	Benchmark	2009 Results	Achieved
Customer Access Center transactions customer satisfaction (SQI # 6)	At least 90% satisfied (rating of 5 or higher on a 7-point scale)	93%	☑

About the benchmark

On a monthly basis, the Gilmore Research Group provides phone surveys to customers who have made calls to PSE and asks them the following question:

"Overall, how would you rate your satisfaction with this call to PSE?"

- 7— Completely satisfied
- 1— Not at all satisfied

A customer is considered to be satisfied if they responded 5, 6 or 7. The annual performance is determined by the monthly average percent of satisfied customers.

The formula for the monthly percentage follows:

$$\textit{Monthly percent of satisfied customers} = \frac{\textit{aggregate number of survey responses of 5, 6 or 7}}{\textit{aggregate number of survey responses of 1, 2, 3, 4, 5, 6 or 7}}$$

What influences customer satisfaction with Customer Access Center transactions?

The Gilmore Research Group reported that PSE customer service representatives (CSRs) earned very high satisfaction ratings from customers: "79 percent of callers said they were completely satisfied (rating a 7 on the one to seven scale) with the way the CSR handled the call and an additional 11 percent rated their satisfaction a 6 on the one to seven scale."

There are a variety of influences to be considered when rating customer satisfaction with the Customer Access Center's transaction performance. The following attributes relate to CSRs while talking with the customers:

- Explained things clearly
- Were knowledgeable and helpful
- Were polite
- Provided prompt service
- Followed through on commitments discussed
- Resolved the issue during the initial phone call

Historical trend for customer satisfaction with Customer Access Center transactions

The following table shows customer satisfaction results from 2005 to 2009:

Table 4: Customer Access Center transactions in customer satisfaction from 2005 to 2009

	2005	2006	2007	2008	2009
Customer Access Center transactions customer satisfaction	93%	94%	92%	93%	93%
Benchmark (rating of 5 or higher on a 7-point scale)	90% satisfied	90% satisfied	90% satisfied	90% satisfied	90% satisfied

Working to uphold customer satisfaction with Customer Access Center transactions

Focus on customer service

Customer Access Center CSRs are provided with on-going training and coaching to continuously improve their performance to handle each customer inquiry with courtesy and adequately address the customer's needs:

- CSRs answering customer calls are trained to handle all customer inquiries, including billing, emergencies and outage related questions.
- CSRs are expected to maintain a minimum rating of 90 percent in customer satisfaction surveys as conducted by the Gilmore Research Group. The CSRs receive feedback based on the Gilmore ratings during their performance evaluation.
- Supervisors provide CSRs with a monthly dedicated coaching session to build skills, reinforce strengths and identify future training needs.

CSRs work to enhance customer relationships by making every effort to exceed the customer's needs and expectations. PSE provides CSRs with extensive coaching and training.

Coaching for outstanding performance

To maintain the highest level of quality for customer contacts across all channels (chat, web, email and voice), PSE's Customer Access Center provides coaching to all its employees. PSE measures the quality of PSE customer service not only by customer surveys and monthly reports, but also by monitoring agent and customer interactions. The coaching performance scorecard follows:

CAC Agent Performance Scorecard		
Service Level		**Results**
Productivity		
Compliance:	Available & ready to take calls	98%
Average Handle Time:	Handles calls in a timely manner; Does not waste customer time	0:03:05
Wrap Time:	Completes research & follow-up quickly	0:00:20
Overall Productivity Rating		**Meeting**
Quality		
	Introduction Skills	100%
	Update Records	100%
	Closing Skills	98%
	Phone Pro/Communication	98%
	Procedural Requirements	100%
	Call Management	100%
	Customer Perspective /Experience	98%
Overall Quality Rating		99%
Job Knowledge		
	Techniques/Procedures	100%
	Education	100%
	Bill Inquiry	N/A
Overall Job Knowledge Rating		100%
Gilmore Results		10
	Average Rating	6.76
Overall Gilmore Rating		**Exceeds**
Overall Performance Rating		**Exceeds**

Figure 1: CAC agent scorecard (illustrative data)

PSE uses the performance scorecard to provide feedback to the agent regarding positive behavior patterns, as well as those needing improvement. At the same time, agents provide feedback to the management team on the effectiveness of business processes and customers' concerns. Ultimately, this process enables PSE to make improvements to better serve customers.

Community involvement

Customer Access Center employees and others at PSE donate funds and their hours to support activities and programs that support the utility's customers and their communities. Being part of community efforts fosters connections and higher levels of service.

Figure 2: CAC employees volunteer their time in community projects and programs

Achievements

The Customer Access Center continues to evolve as consumer contact preferences expand. In 2009, the Customer Access Center saw growth and development in the following areas:

- **Electronic inquiries**— The most common electronic inquiries are related to starting service, stopping service and general billing inquiries.

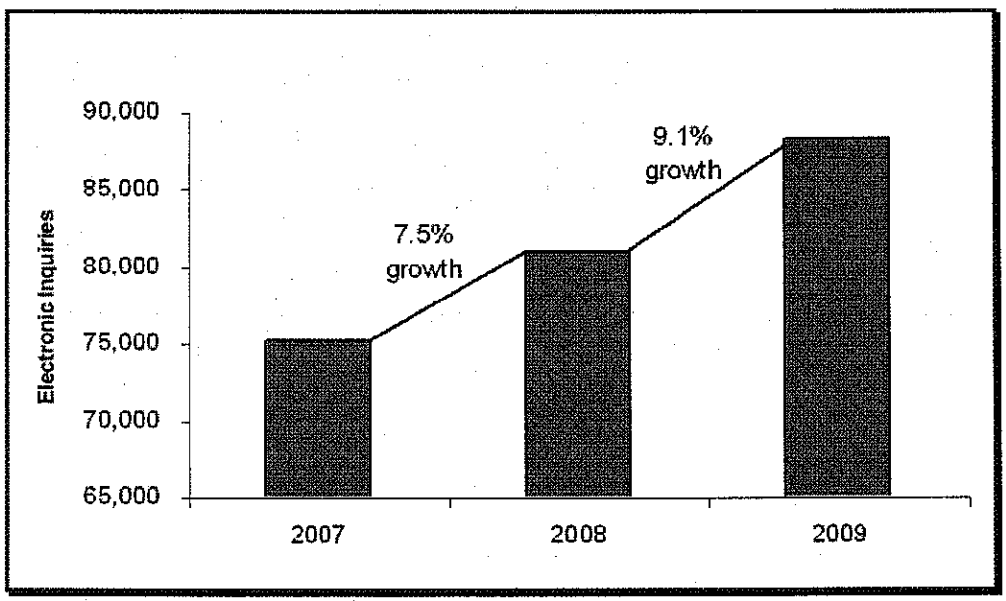


Figure 3: Electronic inquiries

- **Customers using MyPSE.com**— Customers use tools that help them monitor usage, save energy and make informed decisions regarding their energy costs.

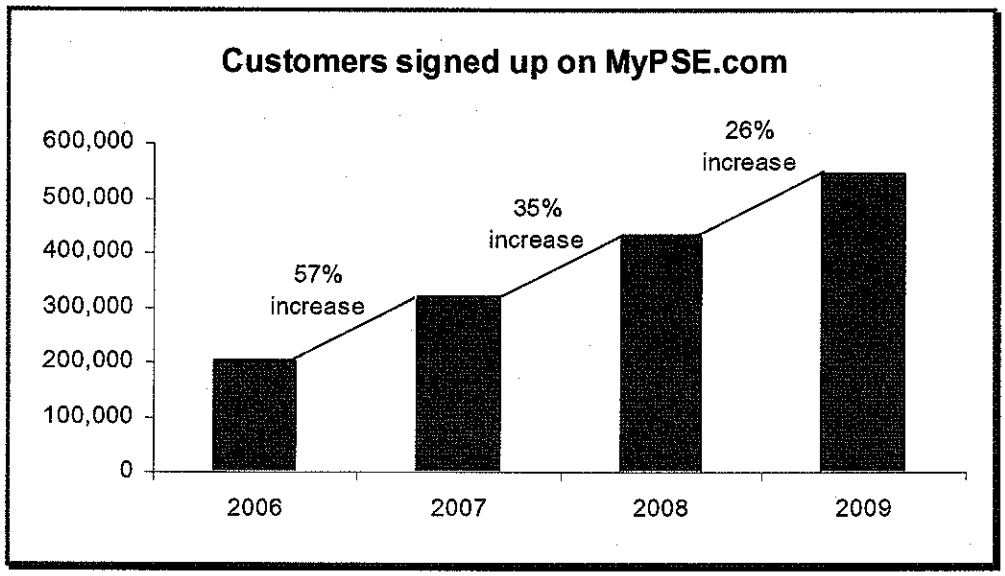


Figure 4: Customers signed up on MyPSE.com

- **Multi-lingual calls**— Predominantly Spanish, with Korean, Russian, Vietnamese, Somali and Mandarin. Language line calls have increased 6 percent in 2009 over 2008 levels.

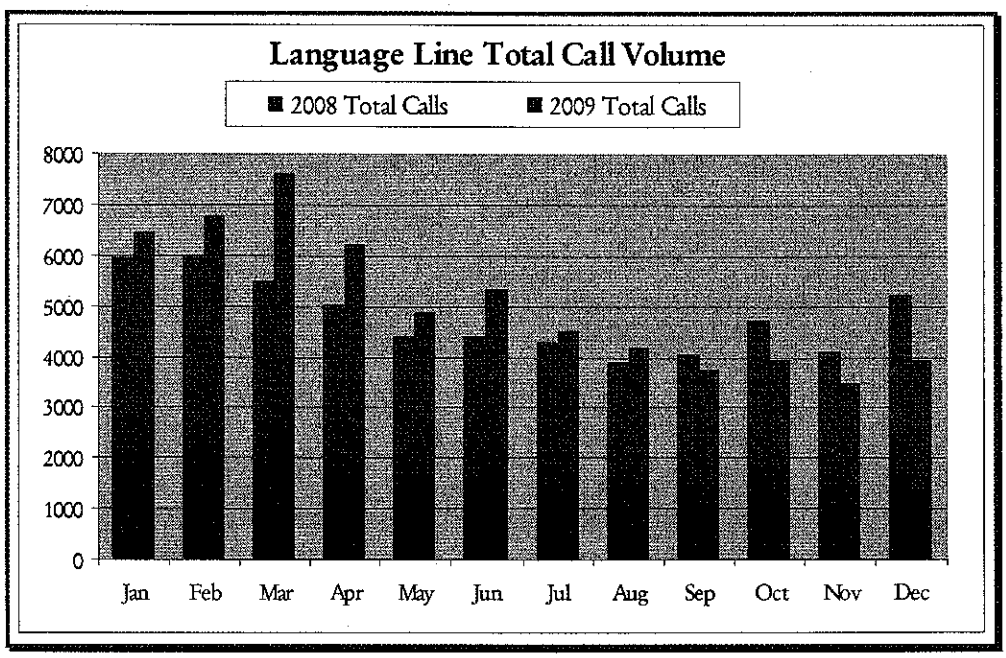


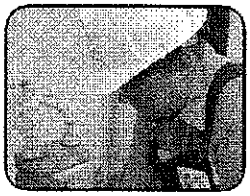
Figure 5: Language line total call volume

Going forward

PSE recognizes that continued improvements are required to simply maintain customers' satisfaction with their PSE contact experience. To continue to maintain a high customer satisfaction level, the following steps are being taken:

- Continue PSE's internal focus on CSR "first call" resolution goals through coaching and training to build skills that enable CSRs to handle customer issues effectively.
- Evaluate ways to provide information to customers sooner and keep them updated during outage events.
- Provide more information on PSE.com, including storm information and outage alerts, to enable customers to obtain information without needing to call in.
- Continue to increase paperless and web billing.

PSE is committed to delivering outstanding customer service. As indicated in most of the 2009 surveys, the results reinforce positive feedback regarding PSE customers' experience.



3
Field Service Operations transactions customer satisfaction (SQI # 8)

Overview

An independent survey firm surveys Puget Sound Energy customers weekly and prepares quarterly reports. In 2009, these surveys found that more than 95 percent of customers were satisfied with PSE's Field Service Operations transaction performance. The 2009 results are reported in the following table.

Table 5: Field Service Operations transactions customer satisfaction for 2009

Key measurement	Benchmark	2009 Results	Achieved
Field Service Operations transactions customer satisfaction (SQI # 8)	At least 90% satisfied (rating of 5 or higher on a 7-point scale)	95%	☑

PSE met this goal in 2009 and in every previous year.

About the benchmark

The independent survey firm randomly phones customers who have called PSE that month and requested and received natural gas field service. Customers are asked a number of questions including "Thinking about the entire service, from the time you first made the call until the work was completed, how would you rate your satisfaction with Puget Sound Energy? Would you say 7- completely satisfied, 1- not at all satisfied or some number in between?" A customer is considered to be "satisfied" if they responded 5, 6 or 7.

The annual performance is determined by the monthly average of percent of satisfied customers. The formula for the monthly percentage follows:

$$\textit{Monthly percent of satisfied customers} = \frac{\textit{aggregate number of survey responses of 5, 6 or 7}}{\textit{aggregate number of survey responses of 1, 2, 3, 4, 5, 6 or 7}}$$

What influences customer satisfaction with Field Service Operations?

Many factors influence whether customers are generally satisfied with the field service from PSE. These include whether the customer was satisfied with the customer service representative at the Customer Access Center and whether they were satisfied with the service performed on-site by the field technician. Factors that influence satisfaction with the phone call in general are covered in Chapter 2. This chapter discusses the field response to a request for natural gas service.

Of the natural gas customers who requested field service, the most frequent reasons include customers who:

- Wanted to start up or stop service
- Suspected a natural gas leak or detected a natural gas odor
- Had no heat or hot water, as if their furnace or water heater had quit working
- Had a question about gas meters or service

Response to another question on the survey indicated almost 97 percent of customers reported they had no trouble reaching a customer service representative, and the CSRs earned high ratings from customers (almost 98 percent were satisfied). Satisfied customers said the CSR:

- Was courteous and friendly
- Was helpful
- Provided prompt service
- Answered their questions
- Said they would send someone right away

The customers who were less than satisfied suggested CSRs should:

- Have more information and be able to answer questions better
- Resolve problems more quickly
- Be able to offer narrower appointment time frames

The Customer Access Center management team also uses these findings to coach and train CAC employees to improve performance.

Customer satisfaction with Field Service Operations

Survey respondents were asked their satisfaction with the field technician on several specific attributes. In general, PSE service technicians got high ratings from customers (97 percent satisfied). Satisfied customers said the field technician:

- Was friendly, courteous and polite
- Was knowledgeable
- Was prompt in coming to the problem area
- Did a good job or fixed the problem
- Was helpful
- Clearly explained the situation

Satisfied customers also remarked that the technician was professional, thorough, showed care or concern, was efficient and went the extra mile.

The customers (15 percent) who gave less than a "7" rating were asked follow up questions to determine why they were not completely satisfied. These customers said the field technician:

- Was not friendly or was rude or abrupt
- Was not knowledgeable or experienced

Customers who were less than completely satisfied also wanted technicians to:

- Be more knowledgeable
- Come more quickly
- Fix the problem or complete the job in one trip

In 2009, more than 93 percent of customers said the technician was able to come on a day and time that was convenient for the customer, and 95 percent said the technician came within the time frame promised.

Historical trend for customer satisfaction with Field Service Operations

The following table shows Field Service Operations transactions customer satisfaction from 2005 to 2009.

Table 6: Field Service Operations transactions customer satisfaction from 2005 to 2009

	2005	2006	2007	2008	2009
Field Service Operations transactions customer satisfaction	90%	91%	90%	91%	95%
Benchmark	90% satisfied (rating of 5 or higher on a 7-point scale)	90% satisfied (rating of 5 or higher on a 7-point scale)	90% satisfied (rating of 5 or higher on a 7-point scale)	90% satisfied (rating of 5 or higher on a 7-point scale)	90% satisfied (rating of 5 or higher on a 7-point scale)

Working to uphold customer satisfaction with Field Service Operations

PSE's operations management team can now see specific information about a service order such as:

- When the customer call came in
- Which technician responded to the call
- What type of service was requested
- What work PSE actually performed for the customer
- When the work was completed
- Which CSR took the call

With this additional information, supervisors have been examining the data to identify customer concerns raised during the survey to then coach and train employees to improve customer service, including :

- Providing general and specific feedback, which includes customer comments to field service technicians who responded to calls.
- Examining the comments for employee performance trends and developing appropriate action and training plans should they be necessary.
  - Supervisors review both positive and negative comments with employees.
  - Employees that receive comments indicating a negative trend are coached to improve performance.
- Providing employee work groups with their SQI # 8 performance, including monthly progress reports on their scores.
  - 10 percent of the potential incentive for the employees performing this work is tied to meeting or exceeding SQI # 8.

While no data exists to directly support such a conclusion, PSE believes that coaching the company's employees, providing better access to customer historical data, improving understanding of the mobile system, improving customer information for order status and encouraging employees to meet the customer's needs in one visit has improved customer satisfaction ratings.

Going forward

In 2010, PSE will use the information gained in the survey to maintain a customer-service focus. As a result of customer surveys, PSE will be:

- Continuing to provide feedback to field service technicians.
- Providing ongoing training to improve knowledge.
- Where possible and practical, using a new tool that enables field personnel to perform maintenance without shutting off service to the customer. This advancement reduces the need for customers to call PSE to restore service and the resulting return trips.
- Using the mobile workforce system to further enhance performance measurement and reporting.

4
UTC complaint ratio (SQI # 2)

Overview

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

In 2009, while serving more than 1 million electric and nearly 750,000 natural gas customers, the UTC received 622 complaints concerning PSE, a 41 percent increase over 2008. Key reasons for the increase are addressed in this report.

Table 7: UTC complaint ratio for 2009

Key measurement	Benchmark	2009 Results	Achieved
UTC complaint ratio (SQI # 2)	No more than 0.40 complaints per 1,000 customers, including all complaints filed with UTC	0.34	☑

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:

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

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?

Most customer complaints concern disconnects or disputed bills as is reflected in the following two tables. Although the percentage of complaints associated with these types has remained fairly stable over the previous four years, the raw number of these complaint types soared in 2009.

Disconnect complaints in 2009 were 66 percent above 2008 and are largely attributable to economic conditions affecting people's ability to pay. These conditions include double digit unemployment and record numbers of bankruptcies and home foreclosures. A shift in the "trigger" that causes a disconnect complaint occurred in mid-2009. Early in 2009, an actual disconnect was typically required to cause a complaint. By third quarter 2009, a customer's receipt of a "final notice" became the action that created the complaint. PSE has not yet determined the root cause of this customer behavior shift. The economy may have created a new category of customers who are now receiving the first "final notice" they have ever received.

The 2009 increase in disputed bill complaints directly correlates with the retroactive billing process that was initiated in mid-2008 and continued at a high rate through June 2009. Once the retroactive bills process slowed in July 2009, the number of disputed bill complaints dropped by over 10 percent per month. (See *Retroactive billing* Section that follows.)

Table 8: UTC complaint type frequency from 2005 to 2009

	2005	2006	2007	2008	2009
Disconnect	N/A	19%	24%	23%	27%
Disputed bill	N/A	40%	38%	53%	51%

Table 9: UTC complaint type volume from 2005 through 2009

Complaint type	Complaints				
	2005	2006	2007	2008	2009
Construction	22	12	7	9	15
Customer service	30	71	58	34	45
Deposit	N/A	13	17	11	26
Disconnect	N/A	91	117	102	167
Disputed bill	N/A	192	184	235	319
Quality of service	30	66	64	30	24
Other	11	40	37	21	26
Total	93	485	484	442	622

Note that 2005 complaint data was not categorized by deposit, disconnect or disputed bill types and is thus not available (N/A).

Retroactive billing

Each year, a fraction of a percent of PSE's more than 1.8 million meters fails. When a meter stops functioning, energy continues to be provided, but the usage is not reported to PSE. These malfunctions result in the customer's statement showing zero usage, and the customer only receives a bill for the minimum charge. When PSE replaces the meter, the customer receives a retroactive bill for the amount of energy they used during the time the meter was not functioning properly. In some cases the amount of energy used needs to be estimated.

In 2007, PSE determined there was a backlog of accounts with failed meters that had not been replaced. As a part of the 2008 rate case settlement agreement, PSE committed to resolve 75 percent of these by December 31, 2008 and 100 percent by June 30, 2009. The commitments were met and as the backlog was reduced, a corresponding large number of retroactive bills were sent to customers. These retroactive bills were a source of customer dissatisfaction and UTC complaints.

Nearly 30 percent of the complaints to the UTC in 2009 were due to retroactive bills.

Many of these meter problems are inherent with the technology that PSE adopted in the 1990s called Automated Meter Reading (AMR). AMR offers customers many advantages including:

- The ability to view daily usage to help understand their usage pattern.
- The ability to take steps to conserve energy usage based on their current usage pattern.
- Preliminary electric system outage and restoration information in non-storm events.
- Ability to detect potential meter or module issues daily.

AMR is an evolving technology and managing the transition from manual to automated meter reading has been complex. The electric AMR meter has been very accurate and stable. However, the interface between the AMR gas module and the meter has been the source of most of the AMR problems.

PSE has examined issues involved with AMR and has implemented new operating procedures to help reduce the number of retroactive bills. This has been accomplished by:

- Identifying stopped meters earlier and taking prompt corrective actions.
- Initiating preventive actions by partnering with equipment manufacturers to ensure more robust AMR equipment to reduce the number of stopped meters.

These efforts have resulted in a reduction in monthly retroactive bills for stopped meters by 68 percent from the first half of 2009 to the second half of the year. This reduction in retroactive bills has reduced disputed bill complaints.

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 10: UTC complaint ratio from 2005 to 2009

	2005	2006	2007	2008	2009
Actual complaint ratio	0.17	0.28	0.27	0.25	0.34
Benchmark complaint ratio	0.50 complaints per 1,000 customers, including all complaints filed with UTC	0.50 complaints per 1,000 customers, including all complaints filed with UTC	0.50 complaints per 1,000 customers, including all complaints filed with UTC	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 uphold customer satisfaction

PSE investigates the facts and root cause of specific individual complaints and those of complaints grouped by type. Corrective and preventive actions are pursued through process improvements. PSE has taken the following actions to manage the complaint process to improve performance:

- In 2009, PSE created and filled an Escalated Complaints manager position. The manager's primary responsibilities include:
  - Defining and implementing a complaint management system.
  - Developing root cause identification and complaint prevention processes.
  - Ensuring prompt, accurate and consistent complaint resolution.

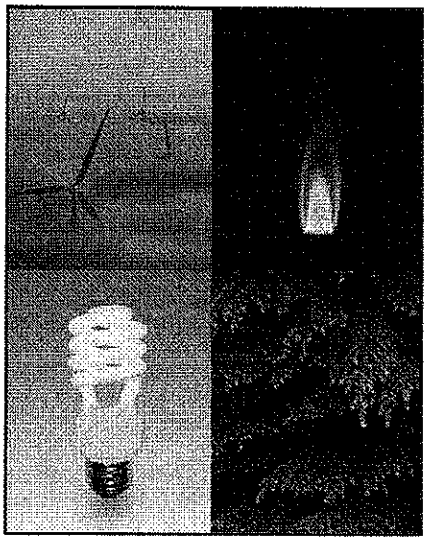
  All of these responsibilities are underway as of the end of 2009.
- A complaint tracking and management tool was implemented in 2009. It provides effective methods to
  - Track complaints
  - Conduct root cause analysis by complaint type
  - Assure effective and timely review and response

  This tool is the foundation of an enhanced system that will allow more effective coding and management techniques. The enhanced system will be implemented in early 2010.

- Training processes have been developed and implemented that provide PSE customer service staff with the tools and skills required to provide prompt and consistent support for customer issues. These include:
  - Protocols for entry of customer comments to ensure consistency and accuracy in documentation. This is particularly helpful in addressing follow up contacts from the customer.
  - Monthly review of recordings of customer service phone conversations with customers. The calls are reviewed by supervisors, managers and the employees to identify areas of strength and areas that can be improved.
  - Formal classroom and desktop training regarding PSE credit policy, federal "Red Flag" (identity theft) and other skills to assure PSE representatives are consistent, accurate and efficient in serving PSE customers.
- Customers are provided free energy advice to assist in energy efficiency and cost reduction in their homes and businesses. This advice ranges from phone conversations to in-home "energy audits" that provide detailed results on where, why and how to save on energy consumption.
- Customers are provided with information on how PSE can assist customers with paying their bills. PSE offers a variety of programs, including the Home Energy Lifeline Program (HELP), which assist low-income customers.

Going forward

PSE Customer Service staff works to resolve issues with customers before a complaint is made to the UTC. In 2010, PSE will initiate the enhanced complaint management system that will provide improved tools for root cause analysis, preventive actions and, in particular, allow effective integration of complaint management with other critical business initiatives.



Customer services

The first point of contact for most customers is PSE's Customer Access Center. PSE devotes resources and implements creative but consistent solutions to help ensure that telephones are answered promptly, CSRs are well trained to appropriately handle customer requests and customers are treated fairly and with respect with regard to disconnects for non-payment for services. To monitor and improve performance, PSE tracks many measures of customer service, including the number of calls that are answered within 30 seconds and the number of customers disconnected for non payment.

This Section discusses the two Service quality indexes (SQIs) relating to customer services that are reported annually to the UTC:

- Customer Access Center answering performance (SQI # 5)
- Disconnection ratio performance (SQI # 9)

5 Customer Access Center answering performance (SQI # 5)

Overview

PSE maintains a Customer Access Center where customer service representatives answer calls promptly and attempt to provide customers with the information or help they seek, as well as providing help with emergencies 24/7/365.

The Customer Access Center's goal is to answer 75 percent of calls within 30 seconds on an annual basis. This goal is achieved through continuous CSRs quality training, efficient call handling and adherence to performance expectations.

In 2009, PSE improved its answering performance measure by 1.6 percent over the previous year and surpassed the annual benchmark. The 2009 results are reported in the following table:

Table 11: Customer Access Center answering performance for 2009

Key measurement	Benchmark	2009 Results	Achieved
Customer Access Center answering performance (SQI # 5)	At least 75% of calls answered by a live representative within 30 seconds of request to speak with live operator	78%	☑

About the benchmark

The Customer Access Center typically receives most customer inquiries and represents PSE to customers. When a customer calls PSE, they have the option of going into an Interactive Voice Recording (IVR) system, where, in 2009, about 48 percent of the calls were resolved through the self-service IVR system. At any time, the customer is able to press zero and be connected to a live operator. The Customer Access Center performance is measured from the time the customer has initiated a request to speak with a live operator until the operator comes on the line.

PSE is engaged in initiatives to ensure the Customer Access Center's answering performance meets the performance benchmark of 75 percent. The average calculation is demonstrated through the following formula:

$$\textit{Monthly call performance} = \frac{\textit{aggregate number of calls answered by a company rep within 30 seconds}}{\textit{aggregate number of calls received}}$$

The annual performance is determined by the average of the monthly percentages.

What influences monthly call performance?

PSE receives about 4 million calls each year. The types of incoming calls throughout the year vary and are influenced by many factors including the weather, economy and other consumer notifications.

The Gilmore Research Group identified the two most frequent non-emergency reasons for customer calls:

- Issues and concerns regarding customer billing and payment
- To start or stop service for their home or business

The Customer Access Center's Workforce Management team provides continuous forecasting and monitoring throughout the day to ensure that staffing levels are adequate for the call volume. The Gilmore report indicates that 94 percent of their customer respondents state that they did not have any trouble reaching a CSR within PSE.

The following chart shows the types of calls that were received in 2009:

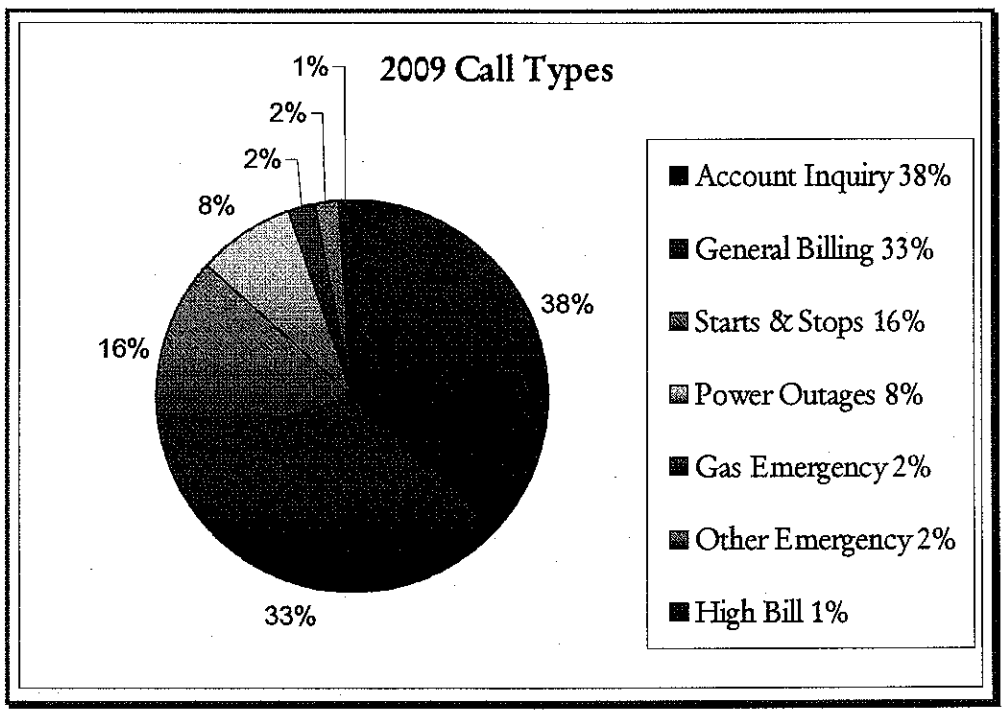


Figure 6: 2009 call types

To answer the variety of incoming calls, PSE has over 200 CSRs: approximately 21 percent are home-based agents, 3 percent are fluent in Spanish and 2 percent focus on alternate customer contact methods such as the web, mail and fax.

Call performance, or service level, is measured from the time the customer has initiated a request to speak with a live operator until the operator comes on the line. Call volumes directly impact service level. Weather or other significant events where large numbers of customers are without power can quickly and dramatically increase call volume. The influx of calls due to weather or significant events is unpredictable and causes an immediate impact to the service level.

Management actions taken in staffing and work load leveling in 2009 resulted in a more stable service level. In previous years, the service level in the 1st quarter was considerably lower than the benchmark and then considerably higher in the summer months.

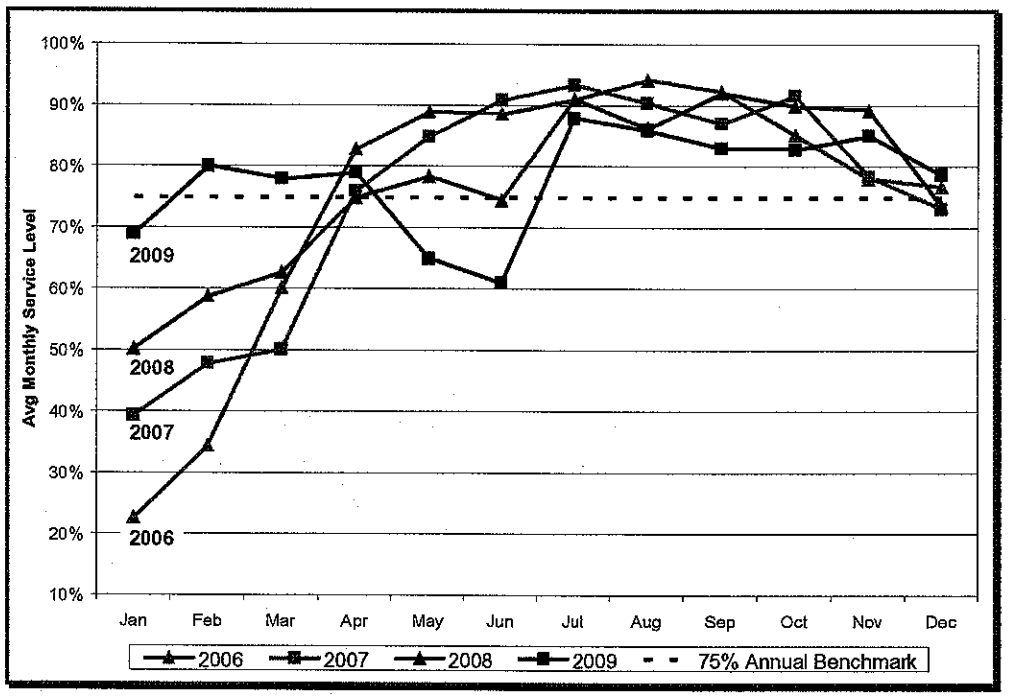


Figure 7: 2006 to 2009 Customer Access Center answering performance

Historical trend for Customer Access Center answering performance

The following table shows PSE's Customer Access Center answering performance from 2005 to 2009:

Table 12: Customer Access Center's answering performance from 2005 to 2009

	2005	2006	2007	2008	2009
Customer Access Center answering performance	75%	75%	75%	77%	78%
Benchmark	75% of calls answered by a live representative within 30 seconds of request to speak with a live operator	75% of calls answered by a live representative within 30 seconds of request to speak with a live operator	75% of calls answered by a live representative within 30 seconds of request to speak with a live operator	75% of calls answered by a live representative within 30 seconds of request to speak with a live operator	75% of calls answered by a live representative within 30 seconds of request to speak with a live operator

Working to uphold the Customer Access Center's answering performance

PSE is committed to delivering outstanding customer service at a reasonable cost with the goal of minimizing monthly service level fluctuations. The Customer Access Center strives to ensure that every CSR is well-trained to efficiently perform their duties with the latest tools and technology, ultimately providing better customer service. To improve call answering performance, PSE's Customer Access Center focuses on the following:

- Providing customers and Customer Access Center staff with technological tools that make their tasks more efficient to perform and increase accuracy.
- Improvements in recruiting, coaching, staffing and work load management, including:
  - Hiring seasonal agents resulting in significantly reduced labor and training costs and the ability to support the higher volume call times during peak months.
  - Proactively scheduling agents based on upcoming weather events.
  - Creating a remote agent program, through which agents situated strategically around PSE's service territory are able to respond quickly to power outages on an as-needed basis.

As a result of the management actions taken, there is less fluctuation in the monthly service level (See Figure 7).

Technology enhancements

PSE is innovative in providing customers and the CSRs that serve them with technological tools that make their tasks easier to perform and more accurate.

- **IVR self-serve options** have been updated to provide customers a more efficient call routing system, reduce call transfers and minimize wait times. This improvement provides customers the ability to perform the following tasks online or over the phone:
  - Pay by check, debit card or credit card
  - Inquire about account balance, last payment date and amount of last payment
  - Request a payment arrangement
  - Report a power outage and receive outage updates
- **Website improvements** include offering the customer the ability to view account information, print bills, examine and graph energy usage and receive and pay bills online. Customers are offered the following self-serve options at PSE.com:
  - Create a My PSE account
  - Pay, view and print bills
  - Request to start or stop energy services
  - Graph energy use
  - Request payment arrangements
  - Request paperless billing
  - Report an outage and receive outage updates
  - Use an interactive map to locate the closest pay station

Figure 8: My PSE account

- **Web-based Time Payment Arrangement (TPA) tool** provides CSRs a faster and more efficient method to assist customers in identifying alternate payment arrangements. This tool helps minimize the time the customer must remain on the phone with the CSR as payment plans are created.

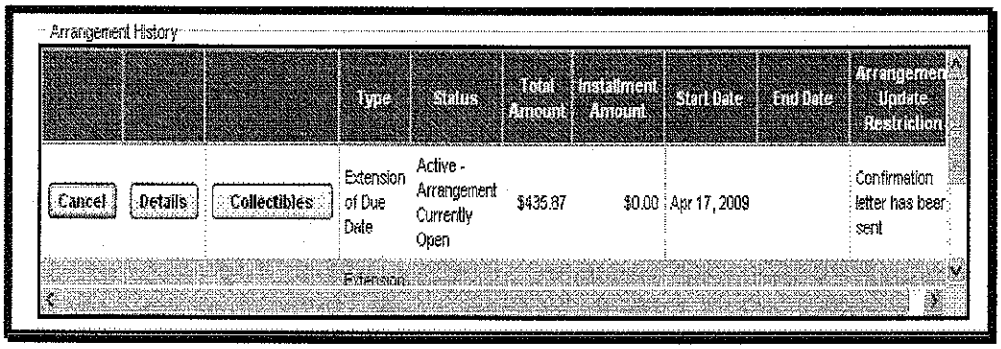


Figure 9: Web TPA tool snapshot

- **Real-time call monitoring application** is an enhanced technology that enables CAC management to closely analyze incoming call volumes and to balance and adjust staffing resources as needed throughout the day.

Application tools November 5, 2009					
Incoming calls	Handled calls	Average handle time	Average post-call task time	Average wait	Service level
10,043	7,915	4:34	0:27	0:28	78.81%

Figure 10: Real-time call monitoring snapshot

Training accomplishments

PSE promotes efficiency and excellent customer service through extensive training and process improvements.

- **Desktop training modules** have been established to promote CSR learning independence and to provide better customer service. The desktop training is available at all times and can be accessed at any time by CSRs for review. By increasing the availability of desktop training, CSRs are available to take calls when the call volume increases.

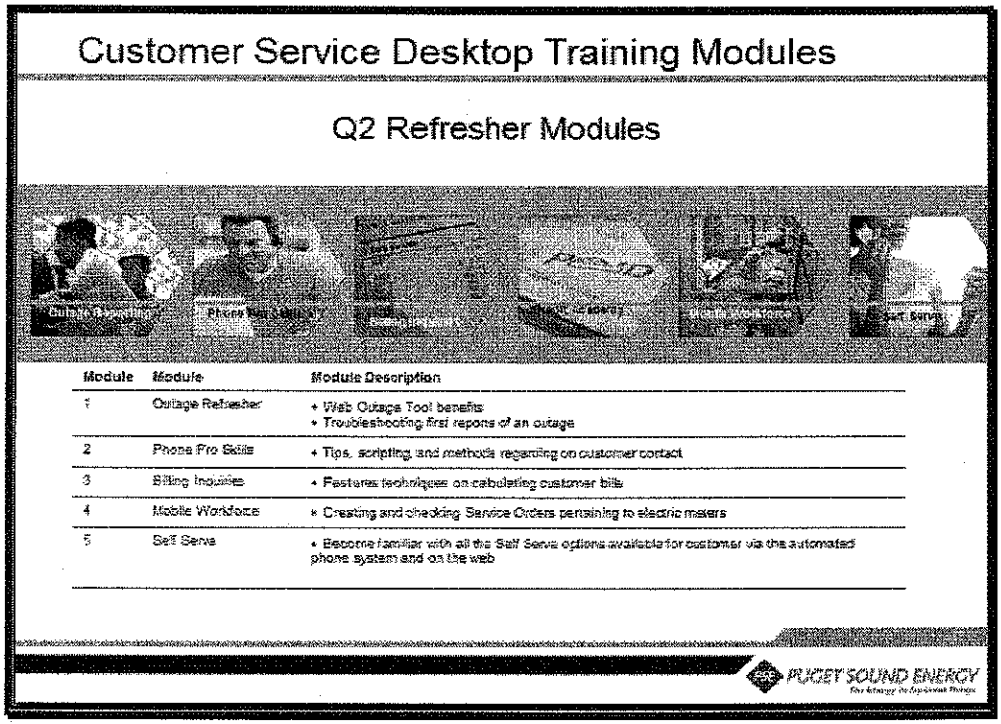


Figure 11: Desktop training module sample

- **The documentation standards process** provides PSE another avenue to track and monitor customer calls. This is a standard method for notating customer accounts and is now used across the Customer Care organization. This documentation method increases CSR efficiency and prevents customers from having to repeat information that they may have provided on earlier calls.

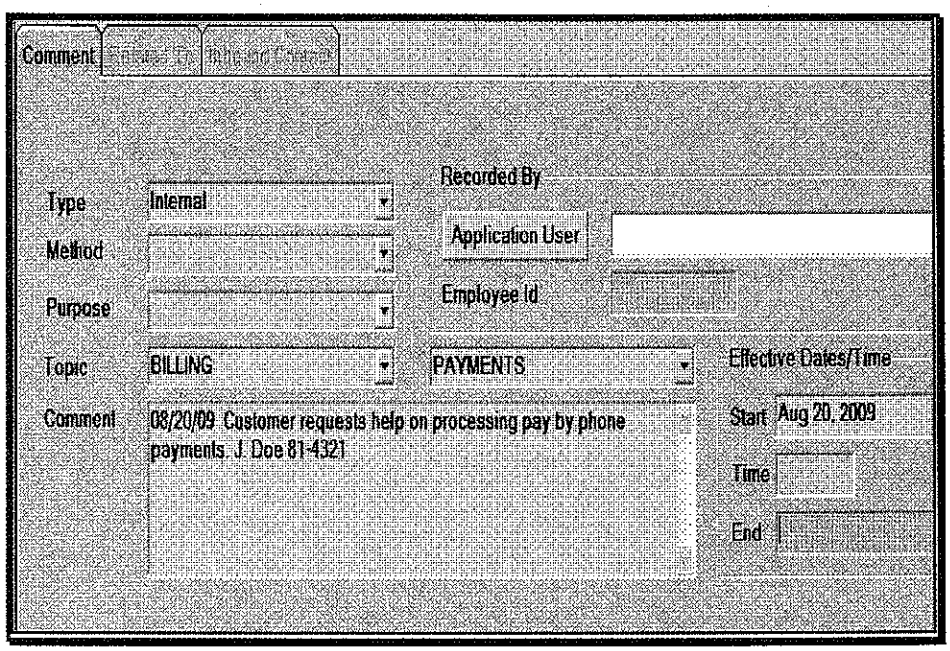


Figure 12: Customer Access Center application snapshot

Customer Access Center improvements

PSE has implemented several improvements to enhance customer service:

- **The Floor support model**— The CAC floor is managed by a team of Leads and Supervisors. When an agent has a question or customer concern, a Lead or Supervisor can provide the agent with immediate support as opposed to having the agent arrange to call customers back with more information at a later time, increasing PSE's goal of First Call Resolution.
- **The Remote agent program**— Remote agents are selected CSRs who work from external offices or from their personal residences. They are proficient with PSE technology, system applications and other online resources. Remote agents are most beneficial during events where a large number of customers are without power. Situated strategically around the geographic region, remote agents are able to take customer calls on an as-needed basis. The remote agent program enables the CAC to expand the number of agents on the phone in a matter of minutes. The percent of CAC remote agents has increased from 7 percent in 2006 to 21 percent in 2009.

Call abandonment and busy calls

Call abandonment is the term used when the customer hangs up before they reach a CSR or have their inquiry abandoned in the IVR. The Customer Access Center makes every effort to answer all incoming calls within 30 seconds. The Gilmore Research Group states that 95 percent of PSE customers report having no trouble reaching CSRs when calling.

PSE's phone system is configured so that no customer calling 1-888-Call-PSE will receive a busy signal. Refer to the *Exhibit E* in the main *2009 PSE SQI Performance Report.*

The table below shows PSE's five-year history on call abandonment performance:

Table 13: Abandoned call history from 2005 to 2009

	2005	2006	2007	2008	2009
Total calls	3,452,990	5,070,763	4,119,289	3,938,249	4,107,539
Calls abandoned	74,694	150,161	91,306	69,256	64,447
Percent abandoned	2.16%	2.96%	2.22%	1.76%	1.57%

Going forward

Throughout 2010, PSE will continue to provide a consistent level of performance with its Customer Access Center, taking into account the impact of catastrophic storms or other extreme events that impact customer call volume fluctuations. In 2010, PSE plans to continue to maintain or improve the CAC's answering performance through the following:

- Continue developing the management of resources and call volume forecasting.
- Ensure that service level fluctuations and CAC staffing are consistently adequate to handle the incoming call volume 24/7/365.
- Expand the Remote Agent program.
- Enhance the IVR menu.
- Expand self service options available to customers.

6
Disconnection ratio (SQI # 9)

Overview

PSE actively works with customers to avoid service disconnection by providing notices of payment delinquencies and offering payment arrangements where possible. For some customers who may qualify for energy assistance, PSE provides information about programs available and how to apply. However, service disconnection is necessary when PSE is faced with continued customer non-payment.

In 2009, the average number of disconnections per customer per year is 0.029, which met the benchmark of up to 0.030. The results from 2009 are shown in the following table.

Table 14: Disconnection ratio for 2009

Key measurement	Benchmark	2009 Results	Achieved
Disconnection ratio (SQI # 9)	No more than 0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment	0.029	☑

As a utility, the limitations of this benchmark pose some serious challenges. The prospect of disconnected service encourages customers to pay their bills and therefore reduces the amount of bad debt to be absorbed by remaining customers. The UTC has recognized this and for 2010 has increased the limit from 3.0 to 3.8 percent. However, to meet the disconnection SQI benchmark, the number of disconnections PSE can perform is still limited, possibly leaving even more bills unpaid. The SQI limit puts a greater burden on customers who pay their bills.

About the benchmark

The overall disconnection ratio is calculated by adding the number of electric customers disconnected and the number of natural gas customers disconnected and then dividing that by the sum of the average number of electric customers and the average number of natural gas customers. The formula follows:

$$Annual\ disconnection\ ratio = \frac{number\ of\ electric\ customers\ disconnected + number\ of\ natural\ gas\ customers\ disconnected}{average\ annual\ electric\ customers + average\ annual\ natural\ gas\ customers}$$

What influences disconnections?

Economic conditions influence PSE's disconnection ratio. The current recession has challenged many customers as unemployment rates are high, and home foreclosure rates and bankruptcies are at record levels. Many customers are experiencing economic hardship for the first time. All these economic factors create an inability to pay for many customers, causing PSE to disconnect their utility service. The volume of accounts meeting internal guidelines for disconnection remained high due to economic conditions.

The number of disconnections performed remained steady throughout 2009. More accounts would have been eligible for disconnection had cap been higher. However, with the cap in place, PSE managed resources and work to ensure the 3 percent disconnect cap was not exceeded.

Historical trend for disconnections

The following table shows the disconnection ratio from 2005 to 2009.

Table 15: Disconnection ratio from 2005 to 2009

	2005	2006	2007	2008	2009
Disconnection ratio	0.030	0.024	0.028	0.024	0.029
Benchmark	0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment	0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment	0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment	0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment	0.030 disconnections per customer for non-payment of amounts due when UTC disconnection policy would permit service curtailment

Working to help customers avoid disconnections

PSE will continue to work with customers through these challenges to make payment arrangements, identify energy assistance options and provide energy efficiency options. When these options are exhausted, termination of service becomes necessary. In the vast majority of cases, service is restored within 24 hours with payment.

PSE provides its customers with the following options to try to avoid disconnection:

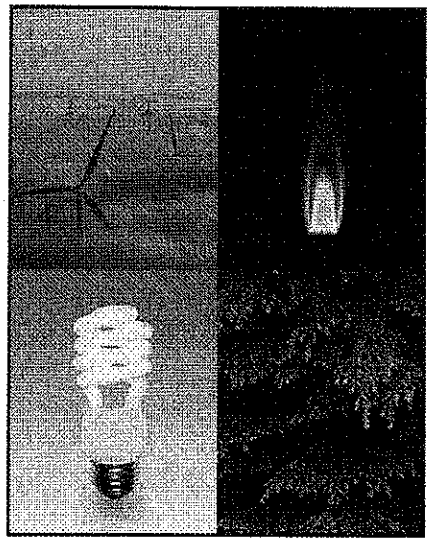
- **Energy efficiency**— PSE offers a variety of information to help customers manage their energy usage, including home energy audits, energy-efficient appliance rebate programs, fluorescent lighting coupons and weatherization rebates. PSE.com contains information on energy efficiency, and customers can contact PSE's Energy Efficiency department directly with their questions and requests.
- **Budget payment plan**— To help families balance their utility expenses over the year, PSE offers its customers a Budget Payment Plan. The Budget Payment Plan is designed to minimize large fluctuations of energy bills from season-to-season. Customers can get details and sign up by calling PSE Customer Services toll free at 888-225-5773 and asking about the Budget Payment Plan.
- **Pay online and automatic funds transfer options**— To make bill paying more convenient, PSE customers can pay their bills online or arrange for funds to be transferred automatically from their bank accounts. Bills can also be paid by mail, in person or by telephone. Details on these options are available at PSE.com.

Going forward

For 2010, the UTC increased the allowable number of disconnections to an average of 0.038 disconnections per customer per year. Therefore, in 2010 PSE will be shifting resources to ensure that enough field personnel who perform disconnects and reconnects and support staff are available to meet the anticipated increased workload. As in the past, catastrophic events pull resources from this work.

PSE is refining a newly developed risk analysis tool that will enable PSE's workforce to focus collection activity on the higher risk customers who tend not to pay at all versus the slow pay customers who pay eventually.

PSE plans to pilot a program to proactively call high risk customers for payment before they are at a point of being disconnected. This live call will be in addition to the Washington Administrative Code (WAC) requirements for a written notice and/or automated phone notice already in place.



Operations services

PSE is in the business to deliver safe and reliable electric and natural gas service. Many factors influence how reliably energy can be delivered.

Providing electric service to homes and businesses is inherently less reliable than providing natural gas service because storms and related tree damage can damage power lines and equipment, disrupting electric service. Damage to power lines from trees is a key issue for PSE because PSE's transmission lines average over 1,995 trees per mile, many more than other utilities. Natural gas service is less susceptible to damage from storms but can be interrupted by excavation and natural disasters, such as flooding. In addition, gas leaks, low-hanging or downed power lines and other system equipment damage can pose serious safety risks. PSE has teams dedicated to responding quickly to electric and gas emergency situations and to restoring service to customers.

An operations service issue customers find important is that PSE keeps appointments it has made to perform requested services. PSE monitors appointments kept and missed and provides a $50 credit to customers when an appointment is missed. For more information, see Chapter 12 on *Service guarantees*.

To measure electric service reliability, PSE uses the System Average Interruption Frequency Index (SAIFI) and the System Average Interruption Duration Index (SAIDI). These indexes track how often power is interrupted and how long it takes to restore service, respectively. PSE also measures how quickly response teams respond to emergency situations.

This Section discusses the five Service quality indexes (SQIs) relating to operations service that are reported annually to the UTC:

- Gas safety response time (SQI # 7)
- Electric safety response time (SQI # 11)
- SAIFI (SQI # 4)
- SAIDI (SQI # 3)
- Appointments kept (SQI # 10)

7
Gas safety response time (SQI # 7)

Overview

The primary responsibility of the Gas First Response (GFR) organization is to respond to natural gas emergencies. In 2009, PSE responded to about 23,000 calls concerning natural gas safety. These emergencies include reports of inside or outside odors, third-party damage to PSE's system, leaks and carbon monoxide concerns. It includes other responses to support first response organizations, such as fire departments. PSE's ability to respond to these emergencies is tracked and reported in this chapter.

In addition, the GFR organization performs various maintenance and inspection activities, inspects, adjusts and performs minor repairs on customer equipment and monitors excavation by contractors and others when it occurs near certain underground facilities.

In 2009, PSE bettered the response time benchmark by an average of 22 minutes, reducing the time by 6 percent over its 2008 performance. The following table reports the results for 2009.

Table 16: Gas safety response time for 2009

Key measurement	Benchmark	2009 Results	Achieved
Gas safety response time (SQI # 7)	Average 55 minutes or less from customer call to arrival of field technician	33 minutes	☑

About the benchmark

The gas safety response time is calculated by logging the time each customer service call is created and the time the gas field technician arrives on site. The difference is then calculated and averaged.

$$\textit{Annual natural gas safety response time} = \frac{\textit{sum of all response times}}{\textit{annual number of natural gas safety incidents}}$$

PSE has Gas First Responders located throughout its service territory. These technicians are available on a 24/7/365 basis.

What influences gas safety response time?

The response time for a typical safety-related customer request, such as if a gas leak is suspected, depends on a number of factors, including:

- Time of day
- Location of the incident— especially if it can only be reached by ferry, such as Vashon Island
- Traffic conditions
- Location of the nearest, available responder
- Number of other gas safety calls

In case of a natural gas emergency, such as a ruptured gas main, firefighters may be the first to arrive. PSE works with the fire departments in PSE's service area to train them in the appropriate practices for responding to natural gas emergencies. For example, firefighters are trained in how to turn off the gas to a building and evacuate occupants and in what not to operate, such as main valves. Some firefighters have gas scopes and are trained in using them. Gas scopes determine the amount of natural gas in the atmosphere.

PSE also works with the police departments, who will control traffic, street closures and spectators.

GFR also has other important work:

- Perform compliance work, which includes performing leak surveys done on the gas delivery system, changing out meters for testing or that may have stopped working properly and other periodic maintenance and inspection activities.
- Respond to customer needs, such as equipment issues ranging from no heat or no hot water to lighting gas-fired equipment after maintenance. When responding to these requests, PSE also:
  - Inspects customers' equipment to ensure it is in safe operating condition
  - Makes minor adjustments or red-tags the equipment until it can be repaired or remediated
  - For a fee, makes minor repairs or replaces some parts to restore customer equipment to proper functioning

Historical trend for gas safety response time

The following table shows the average gas safety response time from 2005 to 2009.

Table 17: Gas safety response time from 2005 to 2009

	2005	2006	2007	2008	2009
Gas safety response time	35 minutes	36 minutes	38 minutes	35 minutes	33 minutes
Benchmark	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician

Working to uphold gas safety response time

PSE continues to work to maintain its gas safety response time at a level which exceeds the SQI threshold. For example, in 2009 PSE:

- Utilized the *Mobile Workforce Dispatch System* with computer-aided dispatching, which enabled PSE to better assign the available service technicians required in a gas safety situation and to determine the closest possible responder.
- Reviewed events with response times of two hours or more to determine why they were longer and how response times could be shortened in the future in similar situations. Lessons learned were applied in the following ways:
  - Improved PSE's after-hours process for calling out employees from home to respond to emergencies by changing callout areas to encompass a greater number of personnel.
  - Used response time data to revise staffing levels and better balance staffing with workload.
  - Adjusted shifts to better match customer calling patterns, including assigning some staff to 12-hour shifts and utilizing a 3-11 p.m. shift.
- Continued its employee training efforts.

PSE also committed to annual reporting on the monthly percentage of responses to gas emergencies that are met within 60 minutes. Monthly percentages are shown in the following table:

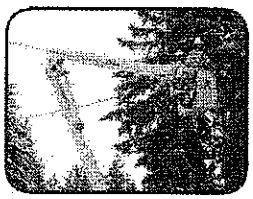
Table 18: Gas safety response times within 60 minutes in 2009

Month	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Percent responses within 60 minutes	89%	91%	93%	93%	93%	94%	94%	94%	92%	92%	91%	92%

Going forward

PSE will continue analysis of long response times to determine and address trends if needed. PSE will continue to adjust staffing where beneficial to help with response times and adjust processes to increase the percentage of calls with response times under 60 minutes.

With the SQI filing for the 2010 SQI performance year (filed in 2011), PSE will also submit a separate report stating its position regarding whether the current SQI metric for gas response time should be changed to a performance standard requiring PSE to respond to a minimum of 95 percent of gas emergencies within 60 minutes.



8
Electric safety response time (SQI # 11)

Overview

PSE has a team of employees assigned to Electric First Response (EFR) whose primary responsibility is to respond to customer outages and other non-outage electric system emergencies. Examples of the types of the emergency events that PSE responds to include: downed wires, equipment failures, car-pole accidents, bird- and animal-caused outages, trees or limbs on lines, third-party dig-ins and customer voltage problems. EFR personnel are located throughout PSE's service territory and are available to respond on a 24/7/365 basis. EFR's priority is to ensure public and worker safety and then to restore service to customers. After addressing safety concerns, service restoration is made through temporary or permanent repairs or reconfiguration of the electric system. If the repair is beyond the capability of EFR, construction crews are called in to make permanent repairs. PSE typically responds to more than 12,000 electric incidents annually.

PSE continues to strengthen its electric safety response work processes and has met this benchmark, just as it has since the inception of this metric in 2002. The following table reports the results for 2009.

Table 19: Electric safety response time for 2009

Key measurement	Benchmark	2009 Results	Achieved
Electric safety response time (SQI # 11)	Average 55 minutes or less from customer call to arrival of field technician	51 minutes	☑

About the benchmark

The electric safety response time is calculated by logging the time of each customer call and the time the EFR arrives on site. The annual performance is determined by the average number of minutes from the first customer call to the arrival of EFR.

The formula follows:

$$Annual\ electric\ safety\ response\ time = \frac{sum\ of\ all\ response\ times}{annual\ number\ of\ electric\ safety\ incidents}$$

Events are excluded from the measurement on days that:

- Are excluded for SAIDI and SAIFI performance measurement, such as major events and associated carry-forward days.
- All available EFRs in a local area are dispatched to respond to service outages (localized emergency event days).

What influences electric safety response time?

Electric safety response time is influenced by many factors, including:

- **Number of electric safety responses**— The number of electric safety events varies during the year and is typically higher during the storm season where response times may be longer than other times.
- **Time of day an event occurs**— Events that occur outside of normal business hours often require call-out response and may require a greater response time. Events that occur in early morning or late afternoon may experience longer response times due to traffic conditions For example, more than 25 percent of outages in the 12 months that ended December 2009 occurred during the peak commute hours of 8 a.m.–10 a.m. and 4 p.m.–6 p.m.
- **Weather conditions**— PSE responds to electric incidents in all weather conditions. Response times can be lengthened by adverse driving conditions such as snow, ice, flooded streets, land slides or downed trees.
- **Location of the emergency event**— Some areas in PSE's service territory can only be reached by ferry, bridge and border crossings or are remote, so access may require snow-machines or "walk-ins."
- **Location of the nearest, available responder**— PSE's approximately 80 EFR personnel live and work throughout PSE's service territory and are readily available to respond to an outage or electric-system incident. Although PSE has seven operating bases, the majority of the time personnel respond directly from a field location, where they may be working on non-emergency or non-outage customer requests. For after-hours emergencies, they may respond directly from their homes.

Historical trend for electric safety response time

The following table shows average electric safety response time from 2005 to 2009.

Table 20: Average electric safety response time from 2005 to 2009

	2005	2006	2007	2008	2009
Electric safety response time	49 minutes	49 minutes	52 minutes	55 minutes	51 minutes
Benchmark	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician	Average of 55 minutes from customer call to arrival of field technician

Working to decrease electric safety response time

In 2009, PSE strengthened procedures and processes aimed at reducing electric safety response time. These efforts include:

- Increased non-core work schedules where needed to better support responses to outages or emergencies occurring outside of normal business hours.
- Continued communications and performance updates with field personnel regarding response times, worker safety and goal performance.
- Established supervisor and field worker performance expectations and guidelines to better drive consistent and effective performance.
- Provided EFR employees with feedback related to current electric safety response time performance information on a more frequent basis throughout the year.

Going forward

In 2010, PSE will continue its efforts to improve communication and coordination between field service personnel, system operators and dispatchers as well as enhance customer communications. The efforts include continuing:

- Ongoing analytics and process improvement pertaining to staffing, optimal shifts and call-out response.
- Evaluation of technology enhancements and leveraging technology to achieve consistent and efficient response.
- Education of customers and the public on electrical system safety, response time influences and PSE's dedication to restoring service as safely and quickly as possible.

9
SAIFI (SQI # 4)

Overview

For electric companies, maintaining a high level of reliability requires constant commitment. Supplying power depends on an interconnected network of generation, transmission and distribution systems to get power to homes and businesses. Most customer interruptions can be traced to trees, wind, snow and ice.

The System Average Interruption Frequency Index (SAIFI) measures the number of outages or interruptions per customer per year. Most electric utilities use this measurement in reviewing the reliability of their electrical system, excluding major outage events that cause interruptions to a significant portion of their customer base.

At PSE, for the purpose of measuring electric system reliability SQIs, major events are defined as days when 5 percent or more of the electric customer base in a 24-hour period experiences power interruption and the days following (carried-forward days), until all those customers have service restored. Major event days are excluded from this metric.

Two major events were experienced in 2009:

- A multiple transmission interruption event that affected all customers in Skagit and Island counties.
- A November wind event that primarily affected the Northern, Southern and Western counties.

These outage events are excluded from the 2009 SQI measurement. All other outage events are included in the SAIFI calculation in 2009.

The 2009 results are reported in the following table.

Table 21: SAIFI for 2009

Key measurement	Benchmark	2009 Results	Achieved
SAIFI (SQI # 4)	No more than 1.30 interruptions per year per customer	1.09	☑

About the benchmark

PSE, like most utilities, excludes major events in which large numbers of customers lose power. This is because major events, predominately storms, vary considerably from year-to-year. Excluding major events provides a more accurate measure of how well the system typically performs.

SAIFI is calculated by adding up the number of customers experiencing a sustained outage of 60 seconds or longer during the reporting period and then dividing it by the average annual number of electric customers, excluding outages that occurred during major event days. The formula follows:

$$Annual\ SAIFI = \frac{annual\ customer\ interruptions\ excluding\ major\ events}{average\ annual\ electric\ customer\ count}$$

In the 2008 Institute of Electrical and Electronics Engineers (IEEE) survey of 64 member utilities, PSE ranked in the top 14 percent (1st quartile) of this measure for 2008. (The results of the 2009 IEEE survey are expected in August 2010.) PSE has been a 1st quartile performer in this metric for the past five years. On average, PSE customers are affected by fewer outages than the other utilities across the United States that participated in this survey— even when taking storms into account.

What influences SAIFI?

PSE tracks outages by cause codes and groups the outage causes into three categories: tree related, controllable and third party. Vegetation is the major factor impacting PSE's SAIFI performance in 2009. System damage caused by trees and limbs impacted the most customers in 2009 as in previous years. Other major causes of outages within the other two categories include:

- Controllable
  - Equipment failures: includes outages when a fuse properly operates when a branch or tree brushes against the line
  - Bird or animal
- Third Party
  - Car pole accidents
  - Scheduled outages for system maintenance

The following graph shows the common causes for interruptions in 2009 and their impact on customers.

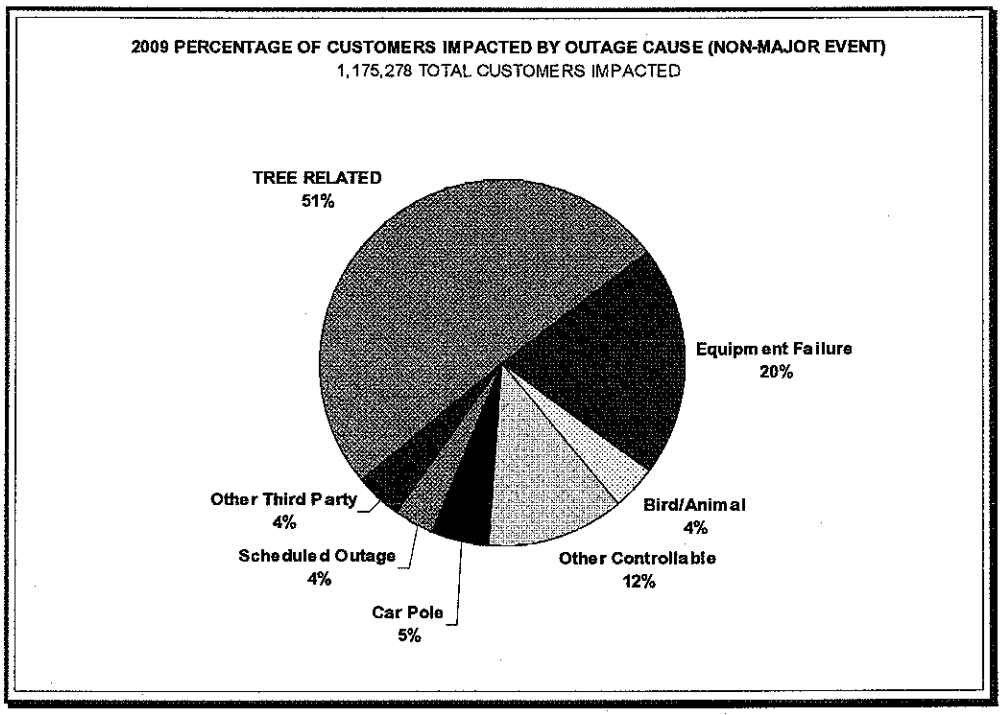


Figure 13: 2009 Percentage of customers out of service by outage cause

The Other Controllable group includes operator error, electrical overload and unknown. The Other Third Party group includes accidents, dig-ups and vandalism.

Historical trend for SAIFI

The following table shows SAIFI from 2005 to 2009.

Table 22: SAIFI from 2005 to 2009 (excluding major events)

	2005	2006	2007	2008	2009
SAIFI	0.94	1.23	0.97	1.01	1.09
Benchmark	1.30 interruptions per year per customer	1.30 interruptions per year per customer	1.30 interruptions per year per customer	1.30 interruptions per year per customer	1.30 interruptions per year per customer

Long-term historical trend

The following chart shows the SAIFI from 2000 to 2009. For the past 10 years, PSE customers have experienced fewer outages than the benchmark.

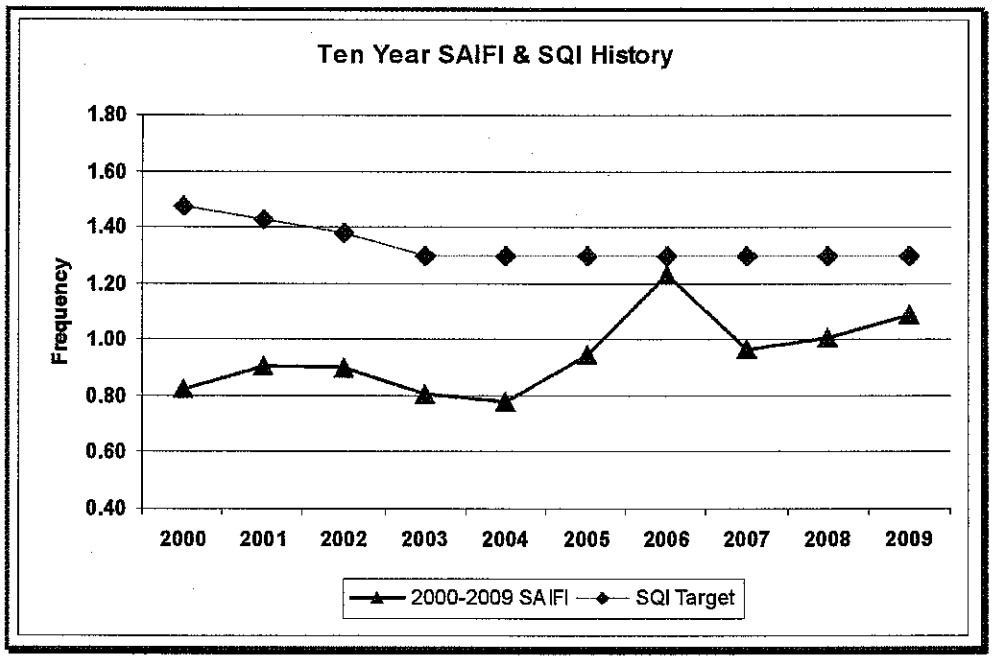


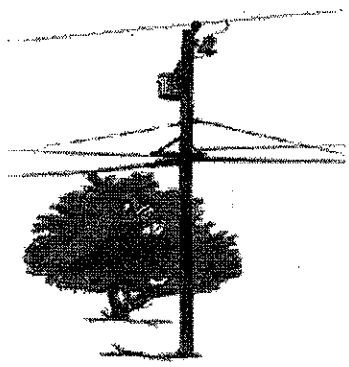
Figure 14: Ten-year SAIFI and SQI history

Working to uphold reliability

PSE works diligently to provide reliable electric service. This Section discusses the most frequent causes of outages and the efforts PSE took to reduce the number of outages.

The increase in SAIFI over the past few years is attributed to the increasing outages related to vegetation. Trees remain a vital element of the region's quality of life. But they are also a major cause of power outages for local homes and businesses.

Vegetation management



To mitigate trees and limbs falling into electric power lines, PSE performs vegetation maintenance based on a cyclical schedule. The maintenance program focuses on achieving a safe and reliable system. Maintaining proper clearance from energized electric lines is important for public safety. Vegetation Management involves a variety of practices and techniques designed to keep trees and limbs from coming in contact with power lines and causing outages. Less than 10 percent of tree-related outages are caused by tree growth, illustrating an effective Vegetation Management Program[1].

[1] Ecological Solutions Inc. October 2008 page 39

Cyclical programs

PSE spends more than $12.5 million annually on a systematic, cyclical vegetation management program to reduce outages in its overhead electric distribution, high voltage distribution and transmission systems.

- **Overhead distribution system**— Usually trees are trimmed every four years for distribution lines in urban areas and every six years for lines in rural areas.
  - Those trees that are an imminent threat of falling into power lines (danger trees) are removed in these rights-of-way at the same time that trees are trimmed.
  - PSE usually completes roughly 2,000 miles of vegetation management on its distribution rights-of-way each year. However, in 2009, vegetation maintenance was performed on 1,930 miles of overhead distribution as PSE needed to expand its efforts to meet a new tree-clearing federal requirement on transmission systems and storm-related vegetation management work. In addition, the Hanukkah Eve storm in 2006 and associated restoration and clean up in 2007 also contributed to a delay in PSE's distribution system maintenance cycle, since more than 40 percent of PSE's transmission lines were knocked out of service. The maintenance cycle is planned to be back on schedule by 2013.
- **High-voltage distribution system and cross-country transmission corridor system**— Trees are trimmed every three years on PSE's high-voltage distribution rights-of-way and annually in transmission corridors. Spray and mowing activities are performed and danger trees are removed along the edge of these corridors at the same time trees are trimmed. In 2009:
  - 577 miles of high-voltage distribution lines were maintained
  - 327 miles of transmission corridors were maintained under new federal clearing requirements, a 22 percent increase over the number of miles trimmed in 2007
  - The danger-tree patrol of the high-voltage distribution system was completed. The storm season identifies imminent hazard trees that could fall during a wind storm. These trees are either trimmed or removed.
- **Fast growing, undesirable species**— Hot spotting and mid-cycle work and patrols occur yearly on the overhead distribution, high voltage distribution and the transmission corridors to remove fast growing undesirable species of trees.
  - In 2009, a total of 300 miles were treated for undesirable trees.

TreeWatch program

PSE also manages vegetation impacts with its TreeWatch program. The program addresses trees growing on private property beyond the typical 12-foot radius of the lines on PSE's rights-of-way. Certified arborists work with communities and property owners to identify "at-risk" trees more than 12 feet away from power lines. With the owner's consent, these trees that pose danger to power lines are removed at no charge to the customer.

In 2009, the TreeWatch program addressed approximately 200 miles of transmission and high voltage distribution lines and 60 miles of distribution lines. Nearly 15,000 trees were removed or pruned.

In 2010, PSE plans to remove or prune another 15,000 off right-of-way trees under the TreeWatch program, again focusing on transmission and high-voltage distribution lines.

Tree replanting program

PSE devotes about $500,000 each year to replanting trees and non-construction-related mitigation in PSE's service area. For the past nine years, PSE has earned the Tree Line USA award from the National Arbor Day Foundation in recognition of PSE's efforts to protect and enhance urban forests while ensuring reliable energy service.

To help customers improve system reliability, PSE has developed a vegetation planning guide called *Energy Landscaping*. The print and online handbook helps customers evaluate landscaping opportunities and is a how-to for planting trees and shrubs and tree care solutions. It also lists recommended trees and shrubs to plant near power lines.

High voltage distribution and transmission vegetation management study

A vegetation management study was conducted on PSE's overhead electric transmission system by Ecological Solutions, Inc. The results validate that Puget Sound Energy's pruning maintenance cycles are appropriate for the local tree growth rates. Additionally, the study illustrates that trees growing off the right of way are increasingly contributing to transmission system outages. The study concluded that 80 percent of tree-related outages are caused by trees from outside the right of way and 68 percent of trees that fail and cause outages are healthy trees. The study further suggests that outages caused by damage from healthy trees can only be addressed by reducing the electric system's exposure to trees, which based upon species and quantities may be impractical in PSE's case.[2]

Equipment upgrades

Equipment failure is the leading cause of non-storm outages. To reduce outages, PSE regularly inspects PSE's electric system to identify and correct deficiencies before they cause an outage or power-quality problem. PSE's maintenance programs involve testing certain equipment components on a regular schedule and identifying needed upgrades.

[2] Ecological Solutions Inc 3/09 study

Tree wire

PSE works to reduce outages by installing "tree wire," which is a tough, thick-coated power line capable of withstanding contact with tree branches that would otherwise cause an outage. Approximately 38 circuit miles of tree wire was installed in 2009.

Cable remediation

For an underground power-distribution system, age and moisture make buried cable vulnerable to failures and prolonged outages. Since 1989, PSE has managed a cable-remediation program that considers two remediation options: silicone injection or cable replacement.

- Silicone injection extends the life of underground power cable for 20 years by restoring the cable's insulating properties.
- Replacement is a new system with an expected life that exceeds 30 years.

In 2007 due to the rising cost of silicone injection, higher level of neutral corrosion and unit pricing on trenching costs, silicone injection became economically unfavorable in all circumstances except single phase installations. This trend will probably continue with roughly 10 percent of cables being injected and the remaining cables replaced. Initial cost, as well as lifetime cost, is considered in selecting the appropriate option.

PSE's cable remediation program prevented an estimated 2,000 outages in 2009.

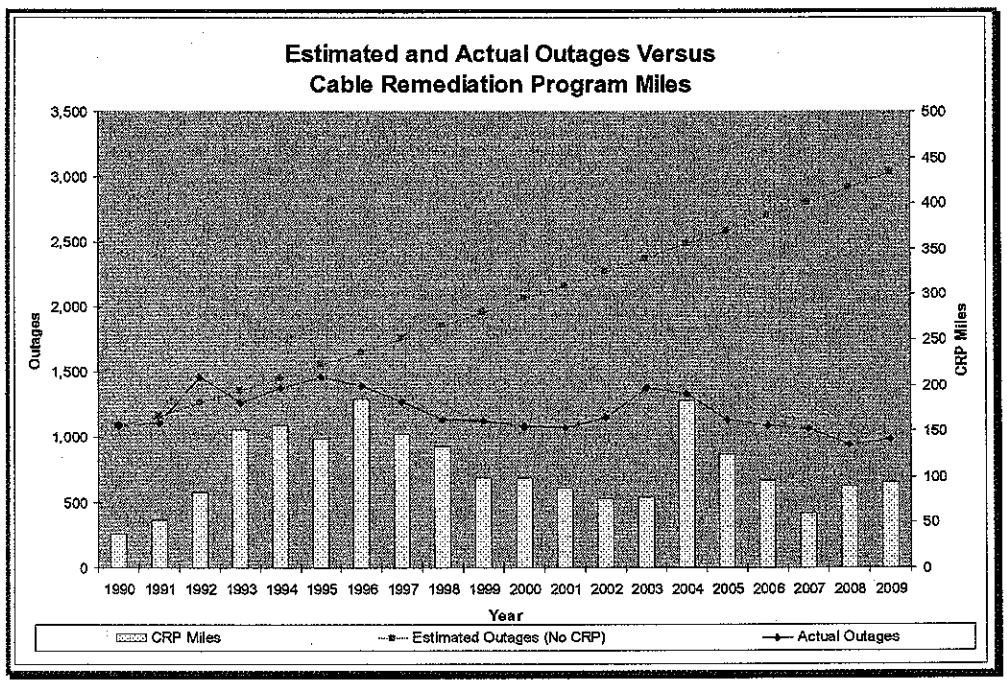


Figure 15: Estimated and actual outages versus cable remediation program miles

Wildlife

Birds and other animals cause nearly 2,000 outages annually, but each of these outage events typically only impacts 30 customers per event. To reduce animals, such as squirrels, rats or raccoons, from damaging transformers and other equipment, PSE installs animal guards around new transformers and adds these devices on selected circuits that have a history of animal-related outages. PSE also has installed raptor protection on selected sites. Since 2004, animal-related outages have decreased an average of 5 percent annually despite an increase in animal population, specifically Eastern Grey squirrels.[3]

Third-party and planned outages

When a vehicle hits a utility pole or similar third-party events occur, some customers will likely lose power. As part of a continuous effort, PSE planners review the location of the poles whenever a car-pole incident causes an outage. The pole may be relocated if the pole is likely to be hit again.

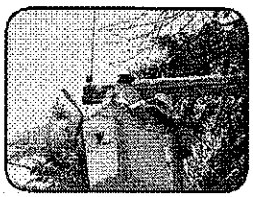
Scheduled outages, typically for connecting new or upgrading existing infrastructure, are the third leading cause of non-storm service interruptions. Unfortunately, service must be interrupted to safely connect new power lines or replace aging or damaged infrastructure. And the more improvements that are made, the more planned outages are necessary.

Going forward

In 2010, PSE will continue programs that will reduce power outages:

- PSE plans to remove or prune 15,000 off right-of-way trees under the TreeWatch program, again focusing on transmission and high-voltage distribution lines.
- PSE will continue to replace aging distribution infrastructure that are starting to fail (which includes the cable remediation program), install covered conductor (tree wire) to prevent tree limb outages and convert overhead lines to underground. Replacing failing poles and installing animal guards are incorporated in the scope of some of these projects as appropriate. This has a secondary benefit of preventing outages caused by wildlife, and preventing equipment failures due to aging plants.

[3] Washington Department of Fish and Wildlife biologist Mary Linden.



10
SAIDI (SQI # 3)

Overview

PSE is disappointed that investments and efforts to improve SAIDI performance are not reflected in the 2009 metric results. Providing reliable electric service is a top priority of electric companies. PSE's maintenance programs— such as vegetation management and substation maintenance— and capital investments are targeted at reducing SAIDI. But in spite of PSE's best efforts, sometimes power outages are simply unavoidable. Most outage minutes are caused by trees and vegetation. When the power does go out, PSE works around the clock to restore service as soon as possible.

The System Average Interruption Duration Index (SAIDI) measures the number of outage minutes per customer per year. Most electric utilities use this measurement in reviewing the reliability of their electrical system, excluding outage events that cause interruptions to a significant portion of their customer base due to extreme weather or unusual events.

SAIDI is similar to SAIFI, but SAIDI measures the duration of customer interruptions while SAIFI measures the number of customer interruptions.

At PSE, for the purpose of measuring electric system reliability SQIs, major events are defined as days when 5 percent or more of the electric customer base in a 24-hour period experiences power interruption, and the days following, until all those customers have their service restored (carried-forward days). Major event days are excluded from this metric.

The year 2009 had two major events:

- A multiple transmission interruption event that affected all customers in Skagit and Island counties.
- A November wind event that affected customers in the Northern, Southern and Western counties.

These outage events are excluded from this SQI measurement. The two major events encompassed four days as compared to 16 days in 2007 and five days in 2008. As a result, more days are included in the SAIDI results.

The 2009 results are reported in the following table.

Table 23: SAIDI for 2009

Key measurement	Benchmark	2009 Results	Achieved
SAIDI (SQI # 3)	No more than 136 minutes per customer per year	190 minutes	☐

About the benchmark

SAIDI is calculated by adding up the outage minutes of all the customers that have been without power and then dividing by the average annual number of electric customers, excluding outages occurred during major event days. The formula follows:

$$Annual\ SAIDI = \frac{Total\ annual\ customer\ outage\ minutes\ excluding\ major\ events}{Average\ annual\ electric\ customer\ count}$$

While the formula looks straightforward, different utilities use slightly different definitions for a major event and even for a sustained outage in calculating SAIDI. Other utilities may require a higher threshold of number of customers out of service before declaring a major event. In addition, some utilities define a sustained outage as being five minutes or longer rather than the 60 second definition that PSE uses.

To assist in benchmarking between utilities, many utilities use the Institute of Electrical and Electronics Engineers (IEEE) methodology for determining SAIDI. In the 2008 IEEE survey of member utilities, PSE ranked in the top 48th percent (2nd quartile) of this measure, a 2 percent improvement over 2007. The results of the 2009 IEEE survey are expected in August 2010.

What influences SAIDI?

PSE tracks outages by 40 cause codes and groups the outage causes into three categories:

- Tree related
- Controllable
- Third party

Tree related outages are the major factor impacting PSE's SAIDI performance in 2009.

Trees can drop large limbs or fall into power lines. A fallen tree will damage the line and could tear down supporting structures, cross arms and poles. The number of trees growing near power lines in the Pacific Northwest is unique among other regions in the United States. Nearly 75 percent of PSE right-of-way edge is treed. On average there are 1,995 trees per mile on PSE's transmission system. In comparison, National Grid, the second largest utility in the United States representing four states on the East Coast, has 313 trees per mile[4].

High winds in the fall season increase the risk of tree limb failure in deciduous trees because the trees have not fully shed their leaves. The crown of trees are less permeable when fully leafed thus there is a greater degree of limb breakage due to what is termed "sail" effect. The fully leafed crown acts like a sail causing a higher degree of wind loading or pressure on branches and limbs and increases the potential for breakage[5].

[4] Ecological Solutions Inc. study March 3, 2009

[5] *The Effects of Pruning Type on Wind Loading of Acer Rubrum* – E.Thomas Smiley and Brian Kane

The two other major causes of outages— controllable and third party— include categories such as:

- Controllable
  - Equipment failures: includes outages when a fuse properly operates to protect the system from damage
  - Bird or animal caused outages
  - Other: includes operator error, electric overload and unknown
- Third Party
  - Car pole accidents
  - Scheduled outages for system maintenance
  - Other: includes accidents, dig ups and vandalism

The causes of outage minutes for 2009 are shown in the following chart:

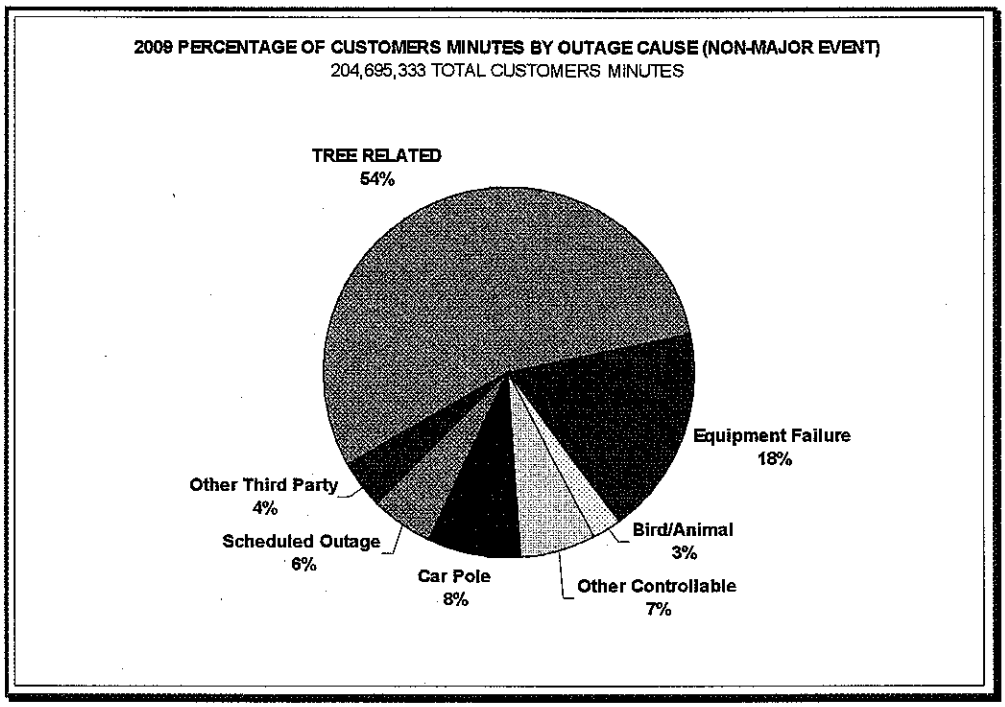


Figure 16: 2009 percent of customer minutes per outage cause

Response time is also a contributing factor to SAIDI. How long it takes to restore service depends on the complexity of the system, the number and types of system components damaged, the extent of the damage and location of the problem. The number of outages occurring at one time can also impact the availability of repair personnel to respond, thus adding to outage minutes.

PSE tracks all outage events longer than sixty seconds. The outage length is composed of response, assessment and repair time. Response time, the time from when the customer or the AMR system notifies PSE that an outage has occurred, until a service technician arrives at the site of the outage, is measured by SQI # 11, Electric Safety Response Time. Response and repair time for service providers are also tracked and measured. Both are described in more detail in the next Section.

Historical trend for SAIDI

The following table shows SAIDI from 2005 to 2009.

Table 24: SAIDI from 2005 to 2009 (excluding major events)

	2005	2006	2007	2008	2009
SAIDI	129	214	167	163	190
Benchmark	136 minutes per customer per year	136 minutes per customer per year	136 minutes per customer per year	136 minutes per customer per year	136 minutes per customer per year

In 2009, PSE missed the benchmark for SAIDI. Typically, PSE experiences several major events during the year, whose outage minutes are not counted against SAIDI. In 2009, customers experienced two widespread outages that qualified as major events. However, in 2009 a number of wind and flooding events occurred that caused many outages that contributed significantly to SAIDI. For example, after the record breaking cold and snowy December 2008, a La Nina followed in January 2009, bringing heavy precipitation. The heavy rain and the rapid snow melt led to extreme flooding throughout the state, causing landslides that toppled trees and limbs into power lines. These tree-related outages contributed 33 SAIDI minutes in January alone, as compared to the 19 SAIDI minutes that January has averaged over the past five years.

Additionally, PSE increased the number of capital improvement projects, some in part to improve SAIDI, contributing to the number of scheduled outages. All these factors contributed to more outages and more outage minutes per customer, increasing the overall company-wide SAIDI.

Long-term historical trend

The following chart shows the SAIDI from 2000 to 2009. Prior to 2006, PSE continually met the SAIDI SQI. Since 2006, PSE has not met the SQI.

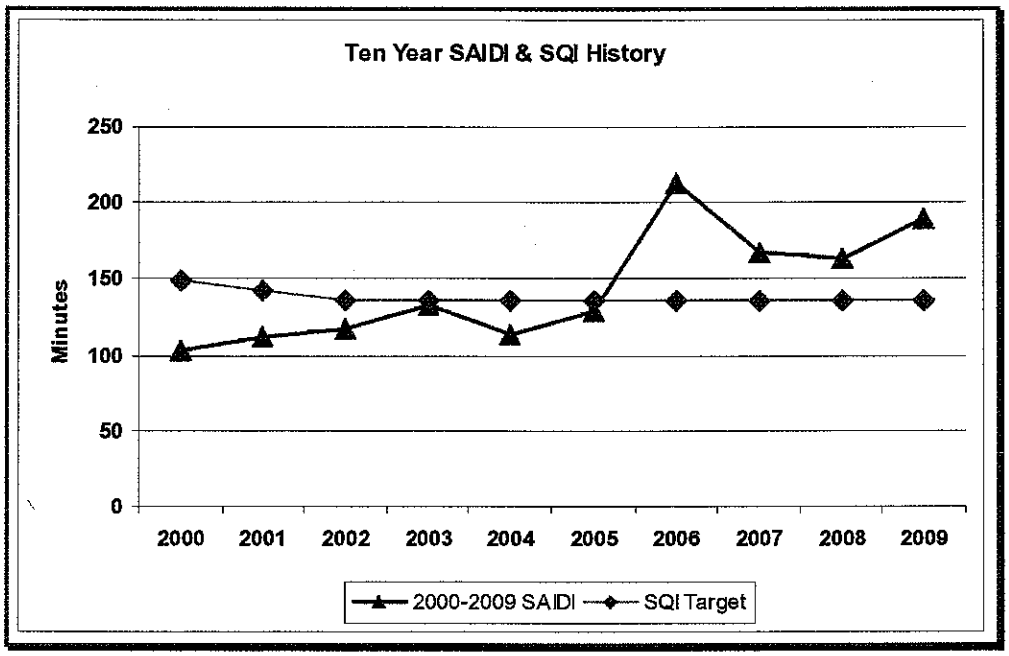


Figure 17: Ten year SAIDI and SQI history

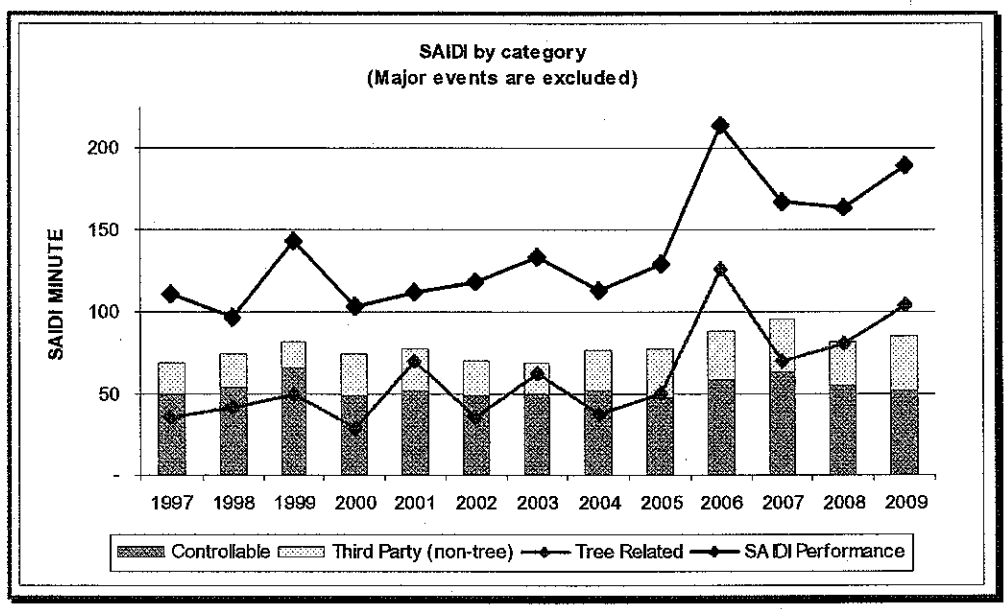


Figure 18: SAIDI from 2000 to 2009

Outages related to trees drive the volatility of SAIDI and continue to be a major contributor to SAIDI minutes each year.

Crew response and repair time

To ensure appropriate resource availability, PSE monitors several measurements. These metrics include:

- The length of time it takes to route resources to an outage event
- Crew response and repair times
- Resource levels
- Location of responders

PSE tracks Service Provider crew responses and restoration times (Job Completion Times) to electrical emergencies and outages and also monitors Service Provider crew levels and locations to ensure appropriate resource availability to address day-to-day emergencies, outages and potential storm response needs.

Working to improve SAIDI

PSE continues to work diligently to provide reliable service measured by SAIDI and SAIFI. In addition to the efforts to improve SAIFI in the previous chapter (see *Working to uphold reliability* in Chapter 9 SAIFI), this Section discusses the efforts to improve SAIDI. To focus on SAIDI, PSE's Total Energy System Planning department analyzes system performance and identifies plans and projects to:

- Reduce the time to diagnose the outage.
- Reduce the duration of the outage.
- Reduce the number of customers affected by the outage.

50 worst circuits

PSE reviews the performance of the 50 worst circuits contributing to the highest number of SAIDI minutes and identifies cost-effective solutions. These 50 circuits represent 4.7 percent of the circuits within PSE but contribute 26 percent of the total company-wide SAIDI minutes over the five years from 2004 to 2008. In 2009, 56 projects were completed on these circuits, specifically targeted at improving the SAIDI SQI.

PSE reviews the performance of the 50 worst circuits defined by "circuit SAIDI." Circuit SAIDI measures the performance of individual circuits as experienced by the customers on those circuits. This tends to be a customer-centric view as customer density on the circuit has less influence on the measure. In 2009, 48 projects were completed on these circuits targeted at improving circuit SAIDI.

Reliability initiatives program

In 2008, a high-level roadmap was developed to improve reliability and identify cost-effective tactics for planning consideration. In 2009, over 100 projects to install sectionalizing devices on the distribution system were completed, specifically 48 reclosers and 56 gang operated disconnect switches were installed. These devices are an improvement over conventional fuses. With a conventional fuse, a temporary fault, typically a branch brushing against the line, causes the fuse to blow open and de-energize the line. Service is not restored until a serviceman patrols the line and manually replaces the blown fuse using a bucket truck. In comparison, reclosers sense the fault on the power line and automatically attempt to re-energize the line. If the recloser no longer senses the fault, it will reclose and re-energize the line. If the fault is not temporary, the damaged section of the line can be isolated quickly with a gang operated switch which can be operated from the ground.

Substations and equipment

Along with projects targeted to improve reliability, PSE maintains substations and other system equipment and replaces aging infrastructure.

Specific equipment, such as substation breakers, is being installed on the system to help isolate and minimize the effects of customer outages. PSE continues to add more infrastructures, such as new conductors and distribution substations, to serve new loads, and improve reliability. For example, adding a new substation enables adjacent substations to shift customers to the new station during an outage.

In 2009, eight distribution substations were upgraded with SCADA. SCADA is a system used for monitoring and controlling substation equipment that will enable faster restoration of power to the customers.

Improved access

Outage duration can be extensive if access to the system problem is difficult. In 2009, PSE targeted over 70 miles of inaccessible high voltage distribution and transmission rights-of-way and corridors, improving access to them by mowing, improving hard surface roads and installing access gates.

2009 UTC penalties

For the 2009 performance results, the potential penalty is $ 1,340,074 for missing the benchmark for the average length of time customer were without power. However, PSE is requesting the exclusion of nine SAIDI minutes from the penalty calculation. These minutes were due to "non-access" issues that occurred in January 2009. If the UTC approves the request for mitigation of the nine SAIDI minutes, the penalty will be reduced to $1,116,728. PSE's investors will pay the penalty amount as approved by the UTC to the electric Home Energy Lifeline Program as an addition to the overall HELP funding.

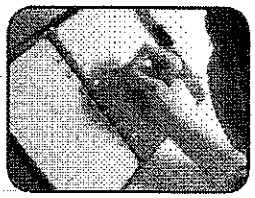
Going forward

PSE spent considerable effort having a third party evaluate existing initiatives and suggest alternative strategies and initiatives to remedy PSE's inability to meet this SQI. Historic efforts were validated, but additional investments are required and a high-level long-term reliability roadmap was developed. Targeted investments will continue in 2010 while additional programs, tactics and area-specific plans are under development.

Additionally, PSE is changing the way it manages transmission rights-of-way in response to the North American Electric Reliability Corporation adoption in 2007 of new vegetation management standards designed to reduce tree-related outages. The new standard requires the removal and/or mitigation of all vegetation that will exceed fifteen feet in height at mature height from the areas underneath and beside PSE's transmission rights-of-way. PSE intends to complete the transmission right-of-way clearing and mitigation by 2010. The recommendations and mitigation options to harden the electric transmission system detailed in the Ecological Solutions Inc. study are currently being considered.

Also, in 2010 seventeen distribution substations will be upgraded with SCADA.

For response times, PSE is reviewing the outage response process and identifying additional data to collect in order to further understand the drivers of response time.



11
Appointments kept (SQI # 10)

Overview

PSE provides its customers with a variety of services that can be scheduled, including:

- **Permanent service**— Permanent natural gas service from an existing main or permanent secondary voltage electric service from existing secondary lines
- **Reconnection**— Reconnection following move-out, move-in or disconnection for non-payment
- **Natural gas diagnostic service request**— For water heater, furnace checkup, furnace not operating, other diagnostic or repair or follow-up appointments

Other types of service, such as those involving safety, do not require scheduling and are performed on a 24-hour basis. These non-scheduled services include restoring electric service due to PSE outages or equipment malfunction or responding to a reported gas odor.

When a residential gas or electric customer requests scheduled service, PSE provides the customer with either a guaranteed date and time frame or a guaranteed commitment to provide service on or before a specified date.

In 2009, PSE kept over 99 percent of the appointments made.

Table 25: Appointments kept for 2009

Key measurement	Benchmark	2009 Results	Achieved
Appointments kept (SQI # 10)	At least 92% of appointments kept	99%	☑

About the benchmark

The appointments kept SQI is calculated by dividing the number of appointments kept by the total number of appointments.

The formula follows:

$$Appointments\ kept = \frac{annual\ appointments\ kept}{annual\ appointments\ missed + annual\ appointments\ kept}$$

Appointments will be considered missed when PSE does not meet the time period agreed upon when the appointment was initially set. The following are not considered missed appointments:

- The customer fails to keep the appointment.
- The customer calls PSE to specifically request the appointment be rescheduled.
- PSE reschedules the appointment because conditions at the customer site make it impractical to perform the service.
- The appointment falls during a SAIDI and SAIFI major event day.

Appointments that have been canceled by the customer, regardless of the customer's reason, will be considered "canceled" appointments and are not counted as either kept or missed appointments.

Additional appointments to complete repairs are considered new appointments.

Historical trend for appointments kept

The following table shows appointments kept from 2005 to 2009.

Table 26: Appointments kept from 2005 to 2009

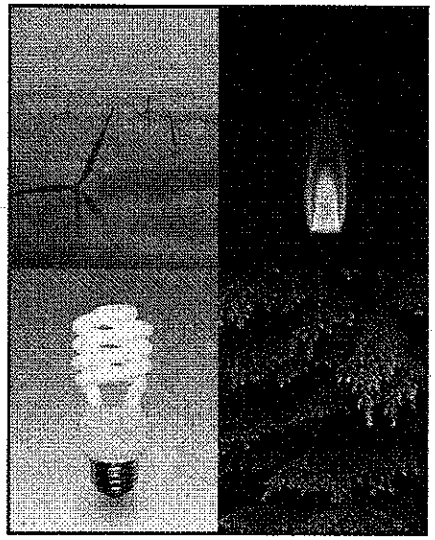
	2005	2006	2007	2008	2009
Appointments kept	99%	98%	99%	99%	99%
Benchmark	92% of appointments kept	92% of appointments kept	92% of appointments kept	92% of appointments kept	92% of appointments kept

Working to maintain appointments kept

Initiatives and practices PSE has put into place to maintain and improve customer satisfaction with field service operations transactions were discussed in Chapter 3 in *Field Service Operations transactions customer satisfaction.*

Going forward

PSE has consistently exceeded this metric with a rating near 100 percent. PSE will continue its current efforts and initiate new cost-effective practices to maintain its appointments kept service results at optimum cost levels.



Service guarantees

PSE's Customer Service Guarantee (CSG) program is designed to give customers a credit if PSE misses an appointment for certain services. Beginning in 2009, PSE is offering a power restoration service guarantee that provides a $50 credit whenever a customer experiences a 120 consecutive-hour or longer power outage.

This Section discusses PSE's service guarantees.

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Service guarantees

Overview

The Customer Service Guarantee (CSG) program is designed to give customers a $50 missed appointment credit if PSE fails to arrive by the mutually agreed upon time and date to provide one of the following types of service:

- **Permanent service**— Permanent natural gas service from an existing main or permanent secondary voltage electric service from existing secondary lines
- **Reconnection**— Reconnection following move-out, move-in or disconnection for non-payment
- **Natural gas diagnostic service request**— For water heater, furnace checkup, furnace not operating, other diagnostic or repair or follow-up appointments

Note: This service appointment guarantee applies in the absence of major storms, earthquakes, supply interruptions or other adverse events beyond PSE's control. In these cases, PSE will reschedule service appointments as quickly as possible.

The Restoration Service Guarantee is designed to give customers a $50 credit if the customer experiences a 120 consecutive-hour power outage.

2009 customer credits

In 2009, PSE credited customers a total of $7,300 for missing 146 of more than 127,000 scheduled appointments. The 2009 Service Provider Report provides additional detail on missed appointment credits paid as of December 31, 2009 by PSE's Service Providers.

During 2009, PSE made no Restoration Service Guarantee payments to customers as criteria for payment was not met.

Restoration service guarantee

PSE offers another guarantee to its customers: Restoration Service Guarantee. Whenever a customer experiences a 120 consecutive-hour power outage, the customer may be eligible for a $50 credit. The total annual payments are limited to $1.5 million, or 30,000 customers, payable to eligible customers who request such payment or report their outage on a first-come, first-served basis. The pledge is always applicable but will be suspended if PSE lacks safe access to its facilities to perform the needed repair work. To receive the service guarantee payment, affected customers must report the outage or request the credit within seven days of their service restoration.

Information on this Restoration Service Guarantee is provided on PSE.com. Additionally, information about the guarantee was provided in the January–February 2009 and November–December 2009 editions of the customer newsletter.

When 5 percent or more of PSE's customers are without power or PSE opens its Emergency Operations Center, PSE's phone system will provide messaging regarding the guarantee when a customer is on hold and will advise customers how to make their request.

Puget Sound Energy

2009 Service Quality Program Filing

SQI No. 5 Benchmark Evaluation Report

Filed February 16, 2010

PUGET SOUND ENERGY

The Energy To Do Great Things

Table of Contents

Introduction

This report is prepared in accordance with the Partial Settlement Stipulation of Service Quality, Meter and Billing Performance, and Low-Income Bill Assistance ("Stipulation") adopted by the Commission on October 8, 2008, in consolidated Docket Nos. UE-072300 and UG-072301 Order 12 ("Order"). In this Order, the Commission approved the continuance Puget Sound Energy's ("PSE's" or "the Company's") Service Quality Program with revisions and new terms and conditions detailed in the Stipulation.

One of the new requirements is:

> "Additionally, with the SQI filing for the 2009 SQI performance year, the Company will submit a report stating its position regarding changing the current SQI No. 5 measurement and penalty to a two-part (annual and monthly thresholds) SQI. The Company's report will include an analysis of the costs and customer impacts associated with adopting a quarterly or monthly minimum performance standard, as well as information to the Parties concerning the key variables that impact customer call volume and the Company's call answering performance. The Company will informally consult with the Parties on the analysis prior to the completion of the report." (Pages 9 and 10 of Stipulation, paragraph 26, section J. SQI No. 5, Customer Access Center Answering Performance)

In accordance with the Stipulation, the Company sent a copy of this report on January 20, 2010, to the parties who entered into the Stipulation; the WUTC Staff, the Energy Project, and the Public Counsel; for their review. In the event that there are updates to this report, PSE will submit the revised report in its future-annual or annual SQI filing.

Benchmark Description

SQI No. 5, Customer Access Center ("CAC") Answering Performance is based on the percentage of calls answered within 30 seconds from a customer's request to speak with live operator until the call is answered by a PSE representative ("service level"). The annual SQI performance is determined by the average of the monthly service level percentages. The monthly service level calculation is demonstrated through the following formula:

$$\textit{Monthly Call Performance} = \frac{\textit{aggregate number of calls answered by a company rep within 30 seconds}}{\textit{aggregate number of calls received}}$$

Puget Sound Energy's Position

Puget Sound Energy ("PSE") does not believe changing the current SQI No. 5 measurement and penalty to a two-part (annual and monthly thresholds) SQI will benefit customers or be cost effective. PSE's position is that the annual benchmark of 75% can be achieved through practical, efficient staffing practices that provide a high level of customer service throughout the year. Staffing resources required to meet the 75% benchmark on a monthly basis would result in increased costs with marginal, if any, benefit to customers. Customer satisfaction with telephone center transactions as measured by SQI No. 6 has been generally above 90% each month since PSE's first SQI reporting in 1997. No direct correlation was found to

support the hypothesis that customers would be more satisfied should a monthly threshold be required.

In the analysis performed, PSE modeled cost and performance data from 2006 through 2009. The cumulative amount to support a monthly threshold over these four years would have increased the CAC operating costs by $4.6 million (reference Figure 1 and Table 1 in the Cost Analysis Overview section). Note that this $4.6 million makes a number of very conservative assumptions (see the Cost Analysis Overview section for details) that are not feasible to implement; the actual costs would be higher.

Customer Service Impact

PSE's analysis shows that maintaining a 75% monthly threshold for SQI No. 5 will not necessarily lead to a significant increase in customer satisfaction. In the forty-eight months from 2006 through 2009, survey results show customer satisfaction with PSE's Customer Access Center transaction (SQI No. 6) dipped below 90% only four times (two of which were months immediately following the extraordinary Hanukah Eve wind storm of December 2006) while in fifteen of those forty-eight months service level fell below 75%. While the SQI No. 6 monthly results stay mostly above 90%, the monthly service levels tracked for SQI No. 5 follow a seasonal pattern of ups and downs. When plotted graphically (reference Figure 2 and Figure 3 in Customer Satisfaction Impact section) statistical analysis shows there is no apparent correlation between customer satisfaction and percentage of calls answered within 30 seconds.

PSE is committed to delivering outstanding customer service at a reasonable cost with the goal of minimizing monthly service level fluctuations. To improve call answering performance, PSE Customer Access Center focuses on the following:

- Providing customers and Customer Access Center staff with technological tools that make their tasks more efficient to perform and increase accuracy.
- Improvements in recruiting, coaching, staffing, and work load management, including:
    - Hiring seasonal agents resulting in significantly reduced labor and training costs, and the ability to support the higher volume call times during peak months
    - Proactively scheduling agents based on upcoming weather events
    - Creating a remote agent program, through which agents situated strategically around our service territory are able to respond quickly to power outages on an as-needed basis.

As a result of these management actions taken, the SQI No. 5 performance results for 2009 had less variation in the monthly service level than the previous three years (See Figure 4 in Service Level Stabilization section).

Key Variables that Impact Customer Call Volume

PSE receives about 4 million calls each year. Call types vary throughout the year. The two most frequent reasons for customer calls are issues and concerns regarding customer billing and payment and requests to start or stop service for a home or business.

Call volumes are influenced by many factors including the weather, economy, and PSE consumer notifications. The biggest fluctuations in customer call volume result from weather or other significant events where large numbers of customers are without power. During these events, the call volume can change quickly and dramatically. The influx of calls due to weather or significant events is unpredictable and can cause an immediate impact to the service level. Figures 5 and 6 in the Call Variability Section demonstrate the variability of call volumes within a month or a day. These two figures are meant to demonstrate the challenge of staffing to levels necessary to meet the 75% benchmark on a monthly or daily basis. Daily, even hourly, staffing level adjustments would be required to meet a monthly service level threshold, but such adjustments are impractical and costly.

Supporting Analysis

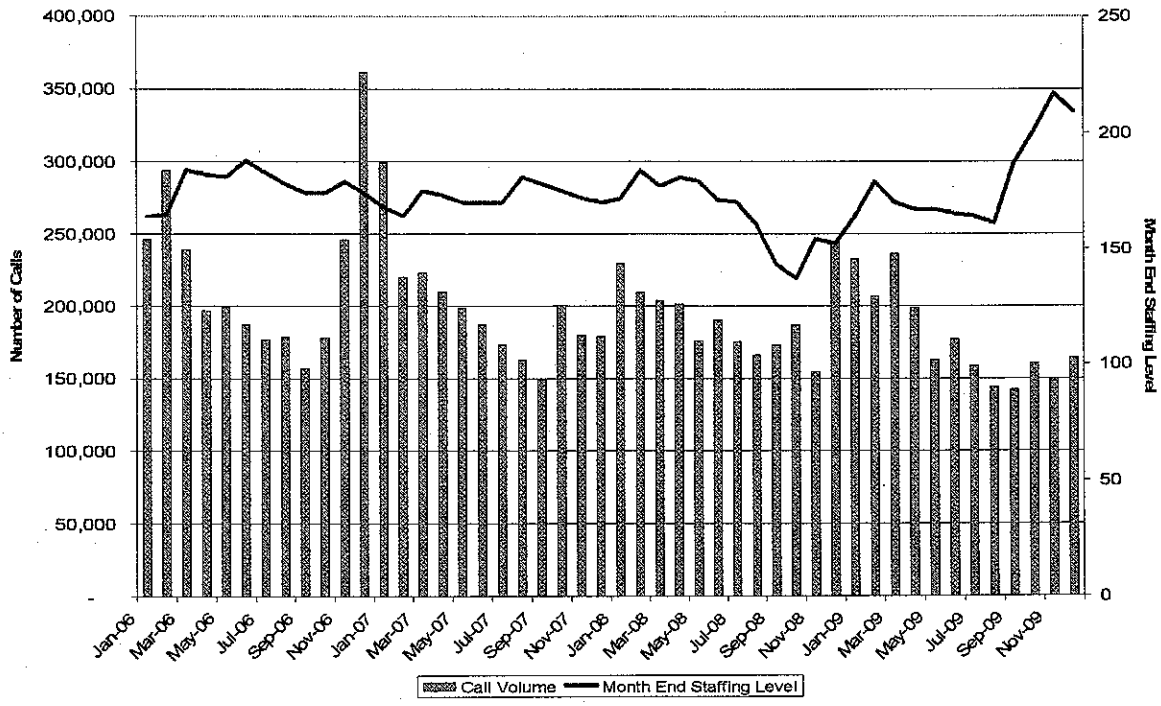
Cost Analysis Overview

PSE performed an analysis of the additional labor and labor overhead costs associated with staffing to maintain a 75% monthly benchmark in addition to the annual benchmark. Costs reflected in Table 1 do not include any supervisory or support staff that are required, or the cost of hiring and training an agent. Most notably, the cost estimates below assume that additional labor can be added for a one month period and then released, an unfeasible labor practice. As a result, the incremental cost estimates presented below are extremely conservative, and it's expected the true cost to rate payers would be much higher. Regardless, the trend clearly shows that actions taken in 2009 in staffing and technology improvements have significantly closed the incremental gap in cost and staff required to achieve monthly service level threshold.

Table 1: Summary of Cost Analysis

Service Level Cost Comparison	2006	2007	2008	2009
Actual CAC Operating Costs	$13.8M	$13.4M	$14.4M	$14.9M
Estimated Cost to Achieve 75% Monthly Service Level	$15.4M	$14.8M	$15.4M	$15.4M
Estimated Incremental Cost to achieve 75% Monthly Level	$1.6M	$1.4M	$1.0M	$0.6M
Average Monthly No. of Full Time Employees ("FTE") during Peak Season	171	172	178	209
Average Incremental Increased FTE to achieve 75% Monthly Service Level	81	83	42	19

Figure 1: 2006-2009 Monthly Call Volume and Staffing Level



Customer Satisfaction Impact

Monthly Customer Access Center transaction satisfaction survey (taken for SQI No. 6) results have exceeded the target most of the months from 2006 through 2009. This was achieved regardless whether the monthly service level was met. In performing a correlation analysis of the two data sets, there is minimal correlation between the results of SQI No. 6 and the monthly service level.

Figure 2: 2006-2009 Monthly CAC Satisfaction and Service Level

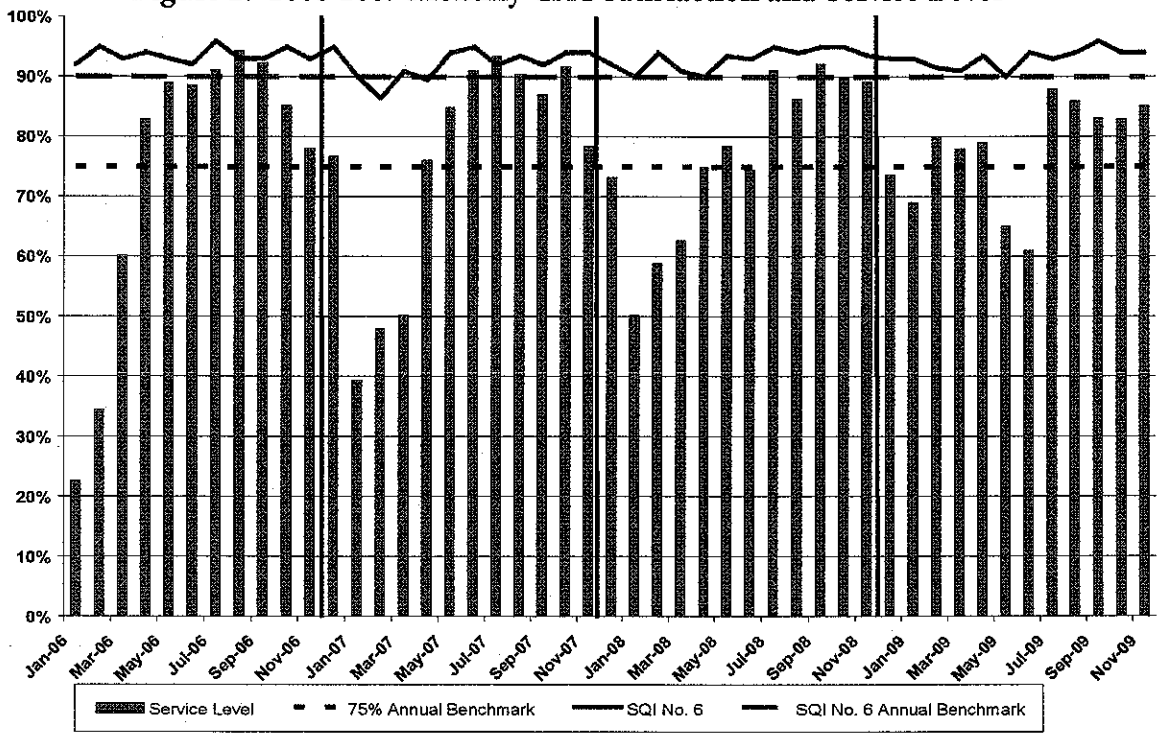
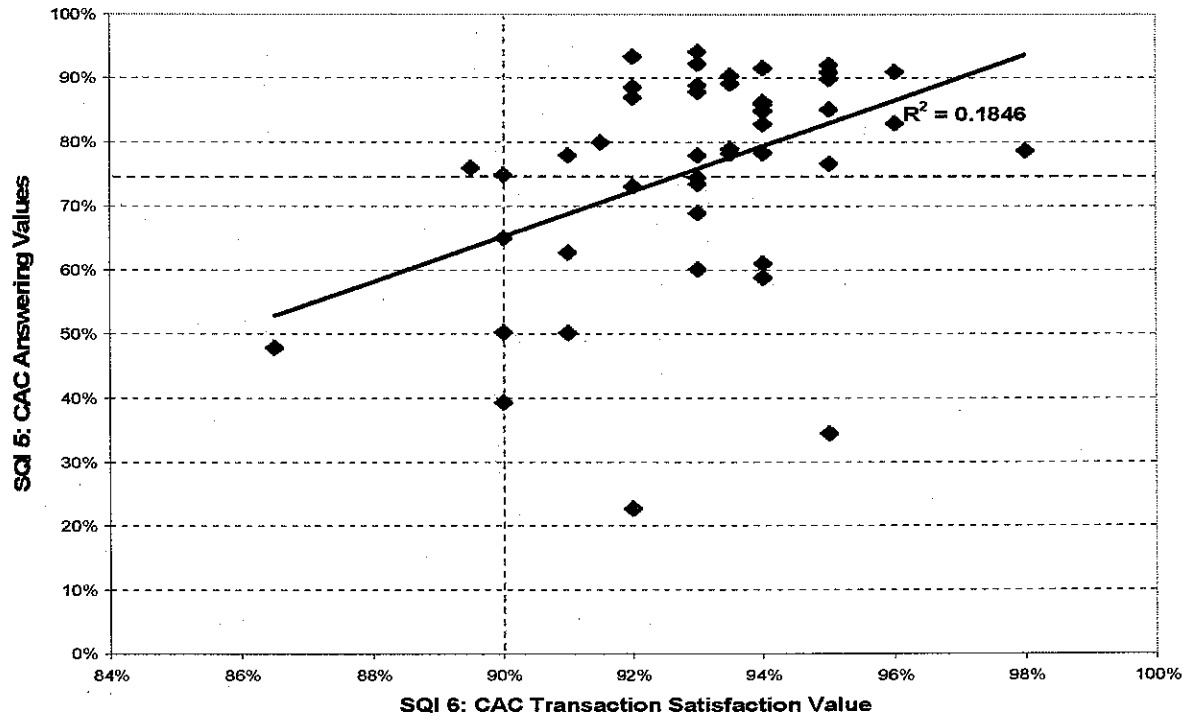


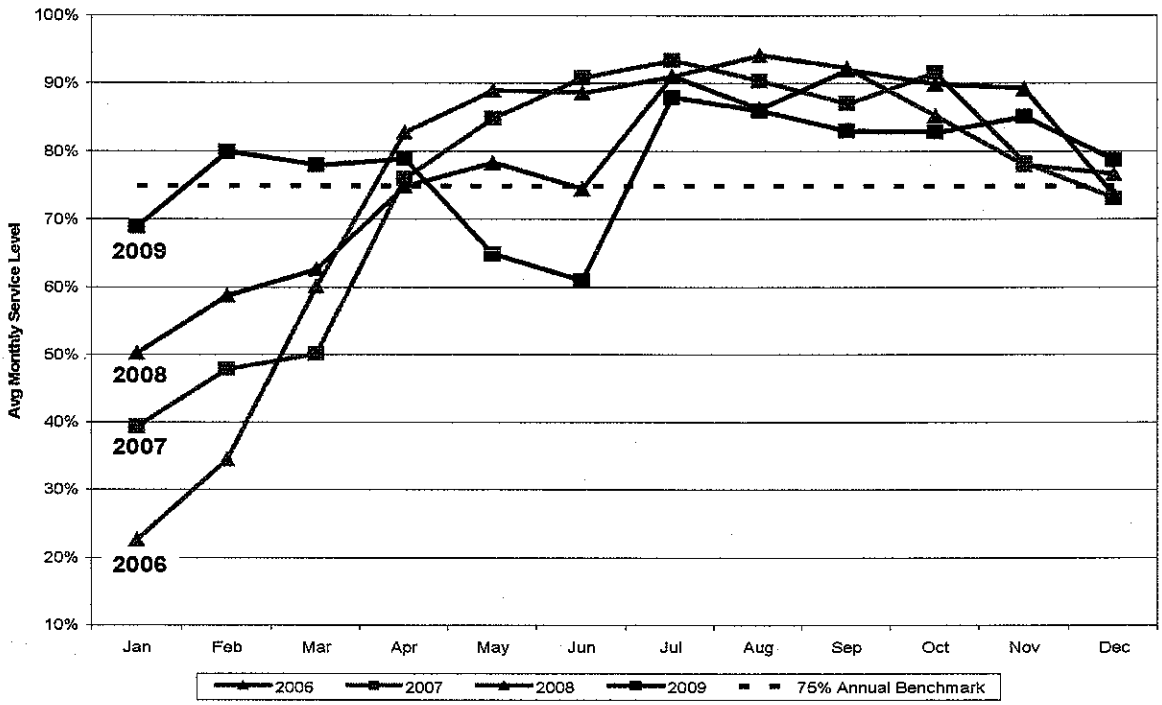
Figure 3: Correlation Scatter Plot of the Monthly CAC Satisfaction and Service Level



Service Level Stabilization

Management actions taken in staffing and work load leveling in 2009 resulted in a more stable monthly service level. In previous years, the monthly service level in the 1st quarter was considerably lower than the annual benchmark and then considerably higher in the summer months. As can be seen from Figure 4 below, these management actions greatly increased the monthly service levels during the first quarter of 2009.

Figure 4: 2006-2009 Monthly Service Level



Call Variability

Figure 5 demonstrates the variability and difficulty in staff planning. The chart shows daily call volumes and service levels achieved for April and May 2009.

Figure 5: April-May 2009 Daily Call Volumes and Daily Service Level

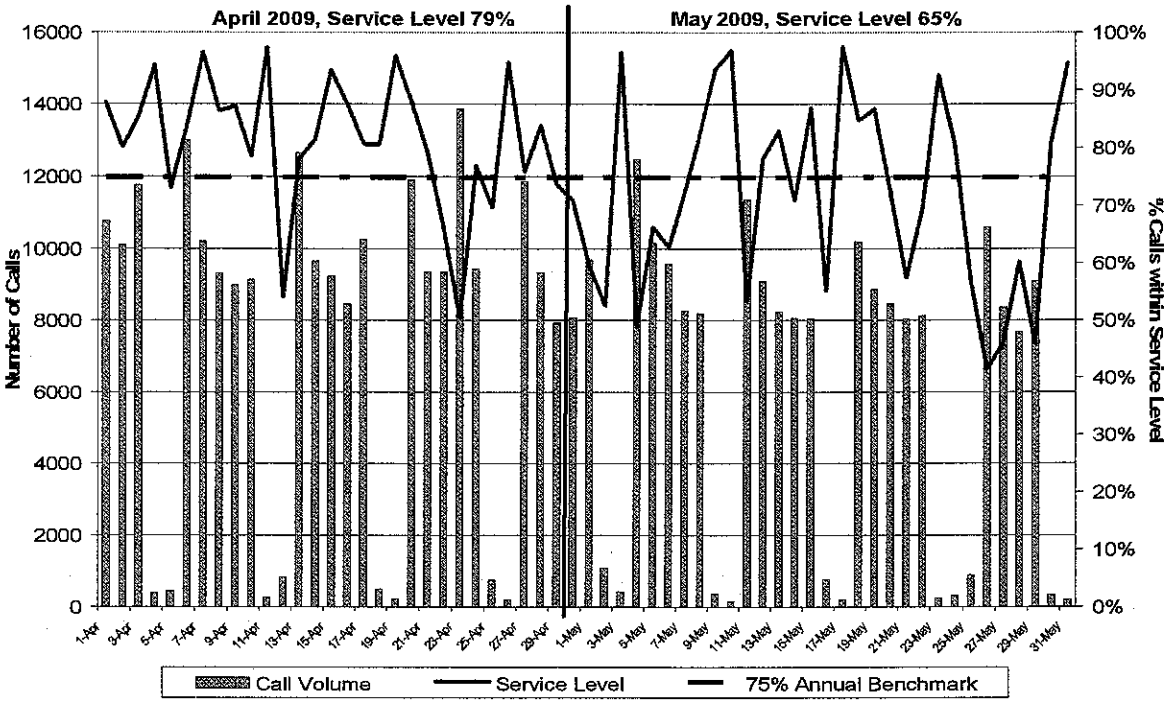


Figure 6 illustrates how one unpredictable weather event can influence service level. On a typical Saturday in August 2009, PSE would have seven customer service agents available to answer inbound calls. With the increased volume between 8:30 and 9:30 on this Saturday morning, staffing required to be within a 75% service level would to jump to 150 representatives, but they would have only been needed for two hours. Through the course of an average year, there could be over 200 events such as this.

Figure 6: August 22, 2009 Calls Offered to CAC Agents