

BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES &  
TRANSPORTATION  
COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET UE-072300

DOCKET UG-072301

PUBLIC COUNSEL COMMENTS  
IN RESPONSE TO PUGET  
SOUND ENERGY APPLICATION  
FOR APPROVAL TO ELIMINATE  
SERVICE QUALITY INDEX:  
DISCONNECTION RATIO

1. Public Counsel provides these comments in response to the Commission's July 2, 2010, Notice of Opportunity to File Comments. Public Counsel respectfully recommends that Puget Sound Energy's (PSE) proposal to eliminate the disconnect ratio in its Service Quality Index (SQI) not be granted at this time.
2. Just nine months ago, PSE requested modification of its SQI Benchmark: Disconnection Ratio (SQI-9: Disconnection Ratio) to make the index requirement less strict.<sup>1</sup> Public Counsel did not oppose the modification but argued that further modifications to the SQI should be presented in the context of a general rate case. The Commission granted the request to modify

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<sup>1</sup> Application For Approval To Eliminate Service Quality Index: Disconnection Ratio (PSE Application), ¶ 2, June 14, 2010. PSE's last general rate case was being prosecuted at that time.

but also noted:

[W]e accept Public Counsel’s suggestion that a general rate proceeding provides a good opportunity to examine such matters. If experience under the revised standard between now and the time of PSE’s next general rate proceeding indicates a need to revisit this issue, the general rate proceeding would be the appropriate docket in which to bring the issue forward.<sup>2</sup>

The Commission declined to modify its order in response to PSE’s motion for clarification.

However, the Commission did observe that Order 14 did not *require* PSE to raise the issue in its next general rate case if the need for further review of SQI-9 did not “become apparent until *after* the time of PSE’s next general rate case.”<sup>3</sup> The Commission stated that “[i]n that event, some other docket would necessarily be the docket of choice and it might or might not be a general rate proceeding.”<sup>4</sup> That eventuality has not occurred.

3. Instead, the issue has presented itself in the manner anticipated by Order 14. By filing this Application, PSE has asserted that it has “become apparent” that experience under the revised standard demonstrates “a need to revisit the issue.”<sup>5</sup> Public Counsel expects that PSE intends to file its next general rate case before the end of the year. Accordingly, consistent with Order 14, this upcoming general rate filing is the “appropriate docket in which to bring the issue forward.”<sup>6</sup> PSE’s Application fails mention the Commission’s orders on this point.

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<sup>2</sup> Order 14, ¶ 11 (November 13, 2009).

<sup>3</sup> Order 15, ¶ 3 (emphasis added) (December 7, 2009).

<sup>4</sup> *Id.*

<sup>5</sup> Due to staffing constraints, Public Counsel has not been able to participate in discussions which we understand to have taken place between Staff and PSE on this matter since the November modification.

<sup>6</sup> Order 14, ¶ 11. PSE’s Application does not reference or acknowledge the Commission’s prior orders on this point. PSE cites Public Counsel’s lack of objection to the modification of the standard, but does not mention Public Counsel’s recommendation in the same filing that further modifications be reviewed in the rate case context.

4. Complete elimination of the SQI –9: Disconnection Ratio should not be done lightly. The PSE Service Quality Index has been in place for more than a decade. The Company generally renewed its commitment to continue the SQI as part of the PSE Sale settlement terms.<sup>7</sup> Elimination of this metric could lead to significant changes in Company practices regarding disconnection, indeed, that appears to be the express intent of the request.<sup>8</sup> It appears from Company arguments that elimination could result in a sudden and significant rise in disconnections.<sup>9</sup> Given the current serious economic circumstances facing many consumers, this train of events should not be set in motion without a more thorough review.
5. PSE contends that “given the availability of the aforementioned payment assistance programs and credit and disconnection guidelines set forth in the Commission rules, all PSE customers are adequately protected when the index is eliminated.”<sup>10</sup> As noted, however, elimination could lead to a sudden rise in disconnections, causing customer hardship, confusion and other unintended consequences. The payment assistance programs cited reach only a fraction of those eligible to participate. The Commission and parties should have an opportunity to examine PSE’s billing, collection, and disconnection practices, the level of uncollectible revenues, and their relation to the SQI prior to elimination of the metric.
6. As filed, the Application provides virtually no factual information or support regarding the numbers of customers affected, the historical or projected trends in disconnection levels, or

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<sup>7</sup> *In the Matter of the Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc.*, Docket No. U-72375, Order 08, ¶ 96 (referencing Commitment 1). Commitment 1 states: “PSE and Puget Holdings commit to continue the Service Quality measures currently in place for PSE or as maybe modified in any future proceeding.” Order 08 references amendment or modification.

<sup>8</sup> Application, ¶ 4.

<sup>9</sup> Application, ¶¶ 2, 4.

<sup>10</sup> Application, ¶ 6.

the impact of current policy on uncollectible revenue levels. The problems assertedly caused by the metric are listed but not explained in any detail in the PSE Application.<sup>11</sup> While there may be legitimate policy reasons to consider eliminating this metric, review of this request as part of PSE's next general rate case would allow the Company to file testimony and data on these issues. Parties would have discovery rights and an opportunity for fuller examination of the relevant facts. The Commission would have a better record for decision.

7. For the foregoing reasons, Public Counsel recommends that consideration of the Company's request to eliminate SQI-9: Disconnection Ratio, be denied at this time, with the direction to PSE to include the request in the Company's next general rate case. Public Counsel believes this is consistent with Orders 14 and 15 in this docket, and preferable for the policy reasons listed.

8. DATED this 13<sup>th</sup> day of July, 2010.

ROBERT M. McKENNA  
Attorney General

Simon J. ffitch  
Senior Assistant Attorney General  
Public Counsel

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<sup>11</sup> Application, ¶ 4.