

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

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

RESPONSE OF COMMISSION STAFF IN
SUPPORT OF PSE APPLICATION TO
ELIMINATE SERVICE QUALITY INDEX:
DISCONNECTION RATIO

I. INTRODUCTION

1 On June 15, 2010, Puget Sound Energy, Inc. (“PSE” or “the Company”) filed with the Washington Utilities and Transportation Commission (“Commission”) an application to amend the Service Quality Index (“SQI”) by eliminating SQI-9, Disconnection Ratio. SQI-9 limits the number of customers in arrears that can be curtailed when Commission rules would otherwise allow disconnection. PSE asks the Commission to approve the application by July 20, 2010. The Company would implement the change, if approved, beginning with the 2010 SQI program year.

2 The effect of PSE’s application is to request that the Commission amend Order 12 in Docket Nos. UE-072300 and UG-072301 (“Order 12”).¹ The Commission has allowed

¹ The SQI was established originally to ensure that the quality of customer service did not decline following the merger of Puget Sound Power & Light Company and Washington Natural Gas Company. *In re Application of Puget Sound Power & Light Company and Washington Natural Gas Company*, Docket UE-951270 and UE-960195, Fourteenth Supp. Order Accepting Stipulation; Approving Merger at 13 (February 5, 1997). Order 12 authorized the continuation of the Company’s SQI with certain revisions and new terms and conditions. *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-072300 and UG-072301, Order 12 at Appendix D, Partial Settlement Re: Service Quality, Meter and Billing Performance and Low Income Assistance (November 1, 2008).

parties the opportunity to comment on PSE's application, including comment on whether a hearing should be required to consider the application.

3 The Company's request to eliminate SQI-9 is in the public interest. Staff, therefore, recommends that the Commission approve PSE's application and that such approval be granted without hearing.

II. REASONS TO GRANT APPLICATION

A. Eliminating SQI-9 Will Not Harm Customers Because Other Commission Rules Already Offer Meaningful Customer Protections

4 Aside from SQI-9, numerous rules already exist governing the continuation of service to PSE's electricity and natural gas customers. Customers have the right to receive regularly a printed bill stating the amount owed and the date payment is expected.² Customers also have the right to have billing and service disputes investigated by PSE and Commission Staff, and customers may not be disconnected while these investigations are pending.³

5 Customers have the right to advance, written notice of PSE's intent to disconnect service for non-payment of bills.⁴ They may re-establish service upon paying a reconnection charge and one-half of a deposit. PSE may not require payment of the outstanding "prior obligation" before reconnecting service, but it may seek collection through other means.⁵

6 Thus, existing rules already offer thorough and meaningful protections for customers, including customers facing disconnection. Allowing the Company to eliminate SQI-9 will have no affect on those existing protections.

² WAC 480-90-178 / WAC 480-100-178.

³ WAC 480-90-173 / WAC 480-100-173.

⁴ WAC 480-90-128 / WAC 480-100-128.

⁵ WAC 480-90-123 / WAC 480-100-123.

B. SQI-9 Prevents the Commission's Prior Obligation Rule From Working as Intended to the Detriment of All Ratepayers

7 Maintaining SQI-9 will also interfere with the proper application of existing customer protections. Underlying existing credit rules is the premise that PSE should move promptly to disconnect any customer who cannot or will not pay for service because this is the best way to protect *all* ratepayers from the burden of higher levels of uncollectible revenues. Therefore, rather than limiting the Company's ability to disconnect customers for non-payment, the rules prescribe specific steps PSE must follow before it can disconnect a customer. The rules also recognize that energy service is essential to the public health and welfare by providing a specific mechanism for disconnected customers to resume service without the burden of first having to repay their prior obligation.

8 These important public policies will not be implemented if PSE is unable to promptly disconnect *all* customers that fall in arrears. The Company's request to eliminate SQI-9 rectifies that situation. Indeed, the Commission has already recognized the unintended and adverse consequences of SQI-9 when it approved a prior PSE application to reduce the annual benchmark, thereby, allowing more disconnections when Commission rules permit.⁶ The same rationale supports the full elimination of SQI-9.

C. SQI-9 May Result in the Inequitable Treatment of Customers

9 Finally, SQI-9 limits the number of customers that can be disconnected for non-payment, even if application of the Commission's consumer rules would otherwise allow PSE to disconnect a larger number of customers. As a result, the Company is required to select those customers to disconnect from a larger pool of customers eligible for disconnection. This results in inequitable and unfair treatment of customers, unwittingly at

⁶ *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-072300 and UG-072301, Order 14 at ¶ 8 (November 13, 2009).

the discretion of PSE and at the expense of all other customers who are burdened with higher uncollectible revenues.

10 The Company's request to eliminate SQI-9 will remove the potential for unfair treatment among customers that have unpaid bills, and will do so for the benefit of the entire body of PSE's customers. Again, the Commission accepted this rationale in its recent decision to reduce the annual benchmark.⁷ It should do so again by eliminating SQI-9.

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

11 The Company's application seeks to amend Commission Order 12. WAC 480-07-875(1) states that the commission may alter, amend, or rescind any order that it has entered, after notice to the public service company or companies affected and to all parties in the underlying proceeding, and after allowing an opportunity for hearing as in the case of complaints.

The rule does not guarantee a hearing. It only requires an opportunity for a hearing.⁸

12 In Staff's opinion, the issues raised by PSE's application can be decided on a paper record. Staff, therefore, does not request a hearing. Nor has PSE in its application requested a hearing. Any other party that requests a hearing should be required to show good cause that a hearing is justified. Absent a showing of good cause, no hearing should be convened.

13 Moreover, consideration of the application should not be delayed until PSE's next general rate case.⁹ The issues raised by the application are easily severable from revenue

⁷ *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-072300 and UG-072301, Order 14 at ¶ 8 (November 13, 2009).

⁸ See also, RCW 80.04.210:

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

⁹ When the Commission last considered SQI-9, it stated that further examination of the index may be worthwhile and that the Company's "next general rate proceeding" would be the appropriate proceeding to bring the issue forward. *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-072300 and UG-072301, Order

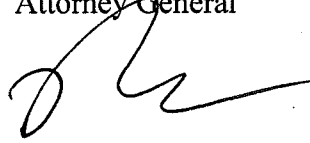
requirement and other service quality considerations. The public interest factors addressed above would also be better served by resolution of the application sooner than later.

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

DATED this 13th day of July, 2010.

Respectfully submitted,

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14 at ¶ 11 (November 13, 2009). That "next general rate proceeding" has come and gone. *See*, Dockets UE-090704 and UG-090705. Nothing in the Commission's prior order requires delay to the next general rate case.