

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)

THE ENERGY PROJECT'S RESPONSE TO  
PSE'S APPLICATION FOR APPROVAL TO  
ELIMINATE SERVICE QUALITY INDEX:  
DISCONNECTION RATIO

The Energy Project appreciates the opportunity to provide the following brief perspective in response to the Commission's Notice of Opportunity to Comment on Puget Sound Energy's request to eliminate the disconnection rate service quality index (SQI-9) that began as a result of Docket Nos. UE-951270 and UE-960195, the merger of Washington Natural Gas and Puget Power. As was reported in the background section of the utility's petition to eliminate SQI-9, the index was recently increased from 3.0% to 3.8% November 13, 2009. A mere six months later, the utility returned to request complete elimination of this particular index. While the Energy Project did not oppose the recent increase, we do not believe this SQI should be eliminated.

The Energy Project commends this company for the great strides they have made to provide better bill assistance to income- and payment-challenged customers. Yet when it comes to disconnections, one is reminded of the adage that "when all you've got is a hammer, everything looks like a nail." Disconnection is that hammer, though it may not truly be the only tool the utility could use. The utility itself notes that they have two payment plans. The Energy Project can only surmise that these must not be effective tools, however, if the company needs to rely on a greater rate of disconnection. There can be several reasons a bill goes unpaid. Unless the tool addresses those reasons, the remedy is likely to be short-lived and unsuccessful.

The company cites in their petition concerns expressed by Commission Staff regarding the "unintended financial and customer effects of any disconnection benchmark". Staff go on to conclude that "[r]aising the annual benchmark for SQI-9 or, for that matter, eliminating SQI-9 in its entirety, will have no detrimental effect on customer service."<sup>1</sup>

<sup>1</sup> DOCKET Nos. UE-072300 and UG-072301 (Consolidated), APPLICATION FOR APPROVAL TO ELIMINATE SERVICE QUALITY INDEX: DISCONNECTION RATIO, p. 2 at 4.

The parties who are disconnected are likely to hold a different opinion and may well experience some unintended effects from the deprivation of service. From the perspective that provision of service is for the welfare of all the public, we believe the goal should be to avoid disconnections, rather than increase them.

Though the company does not explicitly indicate so, we suspect this request may be motivated by increasing uncollectible revenues, as was their last request. They noted the "deteriorating economic situation" as the cause. We would argue that the effects of said situation on the customers facing disconnection are likely far worse than the impact on the company. Nevertheless, the question is one of finding a reasonable balance. Unfortunately, manpower constraints have not allowed the Energy Project to participate in any discussions the company held on this topic, if there were any. With no information on how uncollectibles have changed, what the sources of the uncollectibles are, how this compares to other utilities with such an index, or what level of disconnects PSE estimates they will hit, we don't believe would be fair or reasonable to simply grant the utility's request. At the same time, due to time and work constraints, the Energy Project would prefer to consider the issue as a part of the utility's next rate case, which we anticipate in the near future, rather than schedule an additional hearing to take it up.

Dated the 13<sup>th</sup> day of July, 2010.

Respectfully submitted,



Charles M. Eberdt, Director