Puget Sound Energy

Meter and Billing Performance Quarterly Report

for the Quarter Ending December 31, 2010

Filed January 31, 2011

PUGET SOUND ENERGY
The Energy To Do Great Things

Contents

In accordance with the multi-party Settlement Stipulation of Service Quality, Meter and Billing Performance, and Low-income Bill Assistance ("Settlement Stipulation") adopted by the Washington Utilities and Transportation Commission on October 8, 2008, in consolidated Docket Nos. UE-072300 and UG-072301 Order 12: Final Order Approving and Adopting Settlement Stipulations; Authorizing and Requiring Compliance Filing, Puget Sound Energy ("PSE" or the "Company") submits this report for the quarter ending December 31, 2010.

Definitions and Standards per the Settlement Stipulation

Definitions of "Identified"

The following definitions are used throughout this document and define when a specific category of meter issues is considered "identified".

a. Stopped Meter: Date the meter is validated to be a probable stopped meter from manual analysis of the zero consumption report or other similar report.

b. Unassigned Energy Usage ("UEU"): Date that energy usage reaches the following established thresholds:

Customer group	Gas	Electric
Residential	100 therms	1,000 kWh
Commercial and Industrial	100 therms	7,150 kWh

c. Lost Meter: Date that the meter has been correctly transmitting energy usage for more than sixty days; yet no associated account exists in the ConsumerLinX ("CLX") system.

d. Meter Mix/Other Field Identified: Date of notification of a potential meter mix (meter correctly recording and transmitting energy, but is assigned to an incorrect account in CLX) or other field identified problem as reported either from a customer or a PSE field representative.

e. Other: For meter and billing problems that do not fall into one of the above categories, that problem will be considered "identified" when it is first brought to the attention of a PSE representative by any party, or when through the course of normal work, a representative identifies a meter and billing error or problem.

Definition of "Resolved"

An identified meter and billing problem will be considered resolved when a correct bill is issued to the customer and any associated equipment problems are corrected.

Performance Standards

Phase-in Standards

Group One: As of June 30, 2008, PSE had identified potential problems with 17,276 meters. PSE commits to resolving 100 percent of this legacy population by June 30, 2009. The Company will also resolve 75 percent of the population by December 31, 2008.

Interim: PSE will resolve potential gas and electric meter and billing problems identified between July 1, 2008, and December 31, 2008, by June 30, 2009.

Ongoing Standards, applicable starting January 1, 2009

Natural Gas: PSE will resolve identified potential natural gas meter and billing problems for each monthly vintage within four months of identification; 75 percent will be resolved within two months of identification. Potential metering and billing problems identified within the same month will be of the same vintage. (For example, potential problems identified on the 5th of the month or the 20th of the month will have the same monthly vintage.)

Electric: PSE will resolve identified potential electric meter and billing problems for each monthly vintage within two months of identification; 50 percent will be resolved within one month of identification. Potential metering and billing problems identified within the same month will be of the same vintage. (For example, potential problems identified on the 5th of the month or the 20th of the month will have the same monthly vintage.)

Summary Progress to Date

As of December 31, 2010, PSE has resolved 100% of the meter and billing problems within their specific timeframes and met its performance standards set for the following vintages: Phase-in Group One, Phase-in Interim, natural gas problems identified between January 2009 and September 2010, and electric problems identified between January 2009 and October 2010. PSE has rounded the results in this report to the nearest whole percentage and realizes that some results rounded to 100% do not reflect resolution of all meter and billing problems. These differences are discussed on the following pages of this report.

Meter and Billing Performance as of December 31, 2010

(Percent of completion shown are rounded to the nearest whole percentage)

Phase-in Vintages

Electric meter information:

Phase-in Vintage	# Electric Meter and Billing Issues	Resolved Within Standards	% Resolved Within Standards
Group One	5,538	5,537	100%
Interim	19,735	19,734	100%

Natural gas meter information:

Phase-in Vintage	# Gas Meter and Billing Issues	Resolved Within Standards	% Resolved Within Standards
Group One	11,738	11,734	100%
Interim	64,403	64,400	100%

Combined electric and natural gas meter information:

Phase-in Vintage	Total # Meter and Billing Issues	Resolved Within Standards	% Resolved Within Standards
Group One	17,276	17,271	100%
Interim	84,138	84,134	100%

Steady State (Ongoing Vintages) as December 31, 2010

Electric meter information:

Ongoing Vintage	# Electric Meter and Billing Issues	Resolved Within 1 Month of Identification	% Resolved Within 1 Month of Identification	Resolved Within 2 Months of Identification	% Resolved Within 2 Months of Identification	# of Issues Identified As Reported in Q3	Reason for Change
Jan-09	2,180	1,657	76%	2,178	100%		
Feb-09	1,667	1,339	80%	1,665	100%		
Mar-09	2,187	1,879	86%	2,186	100%		
Apr-09	1,574	1,242	79%	1,574	100%		
May-09	4,473	4,334	97%	4,473	100%		
Jun-09	3,257	1,713	53%	3,257	100%		
Jul-09	2,703	2,440	90%	2,702	100%		
Aug-09	2,013	1,939	96%	2,013	100%		
Sep-09	6,571	6,424	98%	6,567	100%		
Oct-09	2,837	2,729	96%	2,836	100%		
Nov-09	3,791	3,649	96%	3,790	100%		
Dec-09	3,189	2,905	91%	3,189	100%		
Jan-10	3,322	3,101	93%	3,321	100%		
Feb-10	2,513	2,408	96%	2,513	100%		
Mar-10	4,997	4,836	97%	4,997	100%		
Apr-10	3,128	3,071	98%	3,128	100%		
May-10	7,427	7,170	97%	7,427	100%		
Jun-10	17,008	14,063	83%	17,006	100%		
Jul-10	15,109	13,669	90%	15,108	100%		
Aug-10	11,080	11,016	99%	11,078	100%	11,078	Note 1 Note 2
Sep-10	6,386	6,090	95%	6,384	100%		
Oct-10	5,015	4,887	97%	5,013	100%		
Nov-10	3,731	3,567	96%				
Dec-10	3,662	2,597	71%				

Notes

1. In each of the vintages noted, additional meters related to a separate meter mix issue needed to be added to complete the investigation.
2. Typographic error when the table was prepared for the 2010 third quarterly reporting.

Steady State (Ongoing Vintages) as December 31, 2010

Natural gas meter information:

Ongoing Vintage	# Gas Meter and Billing Issues	Resolved Within 2 Months of Identification	% Resolved Within 2 Months of Identification	Resolved Within 4 Months of Identification	% Resolved Within 4 Months of Identification	# of Issues Identified As Reported in Q3	Reason for Change
Jan-09	2,936	2,707	92%	2,931	100%		
Feb-09	3,124	2,885	92%	3,123	100%		
Mar-09	4,180	3,803	91%	4,180	100%		
Apr-09	2,489	2,290	92%	2,488	100%		
May-09	7,754	7,382	95%	7,753	100%		
Jun-09	8,720	8,615	99%	8,719	100%		
Jul-09	33,155	33,112	100%	33,155	100%		
Aug-09	15,197	15,191	100%	15,197	100%		
Sep-09	13,484	13,416	99%	13,484	99%		
Oct-09	10,239	10,190	100%	10,239	100%		
Nov-09	5,879	5,744	98%	5,879	100%		
Dec-09	9,506	9,251	97%	9,506	100%		
Jan-10	7,716	7,588	98%	7,716	100%		
Feb-10	4,828	4,774	99%	4,828	100%		
Mar-10	6,435	6,331	98%	6,435	100%		
Apr-10	4,949	4,891	99%	4,947	100%		
May-10	5,737	5,519	96%	5,737	100%		
Jun-10	3,799	3,282	86%	3,799	100%		
Jul-10	6,969	6,908	99%	6,969	100%		
Aug-10	1,648	1,644	100%	1,648	100%		
Sep-10	24,131	24,107	100%	24,107	100%	24,129	Note 1
Oct-10	7,080	7,030	99%				
Nov-10	3,672	3,511	96%				
Dec-10	4,112	2,986	73%				

Notes

1. In each of the vintages noted, additional meters related to a separate meter mix issue needed to be added to complete the investigation.

Phase-in Group One

As of June 30, 2008, PSE identified and resolved 17,276 meter problems.

- 17,271 items (100 percent) were resolved within Phase-in Standards.
- One meter problem, associated with electric meter ID 9694 has been located and resolved on August 11, 2009.
- The four remaining items (which constitute less than .02 percent) are lost meters and will be discussed in the *Issues Discussion* section of this report.

Phase-in Interim Group

From July 1, 2008, to December 31, 2008, PSE had identified potential problems with 84,138 meters.

- 84,134 items (100 percent) were resolved within Phase-in Standards
- Three items, electric meter ID 8923 and natural gas meter IDs 4974 and 9711, were resolved outside of the Standards in July 2009.
- The remaining one item is a Lost Meter and will be discussed in the *Issues Discussion* section.

Steady State (Ongoing Standards)

This section describes the progress of 2010 monthly vintages and the 2009 monthly vintages with residual unresolved meter or billing problems, although PSE has met its benchmark of 100 percent for each of the vintages. All the identified electric metering or billing problems in 2009 vintages have been resolved and detailed results can be found in PSE's 2009 4th quarter and 2010 1st and 2nd quarter reports. Natural gas meter and billing problems in 2009 vintages not listed below have been resolved completely and detailed results can be found in PSE's 2009 4th quarter and 2010 1st quarter reports.

For some of the monthly vintages, the total number of meter and billing problems varies from what PSE presented in its prior quarterly report. The reason for the change for each of affected vintages is noted at the end of the *Summary Progress to Date* section above for the Stead State vintages (pages 4 and 5). The following discussion is based upon the revised monthly results as of December 31, 2010.

Electric Meter Issue Resolution

- January 2010: PSE identified potential problems with 3,322 electric meters. 3,101 (93 percent) were resolved within one month of identification and 3,321 (100 percent) were resolved within 2 months. The only exception (which constitutes about .03 percent) will be discussed in the *Issues Discussion* section.

- February 2010: PSE identified potential problems with 2,513 electric meters. 2,408 (96 percent) were resolved within one month of identification and all 2,513 (100 percent) were resolved with 2 months.

- March 2010: PSE identified potential problems with 4,997 electric meters. 4,836 (97 percent) were resolved within one month of identification and all 4,997 (100 percent) were resolved within 2 months.

- April 2010: PSE identified potential problems with 3,128 electric meters. 3,071 (98 percent) were resolved within one month of identification and all 3,128 (100 percent) were resolved within 2 months.

- May 2010: PSE identified potential problems with 7,427 electric meters. 7,170 (97 percent) were resolved within one month of identification and all 7,427 (100 percent) were resolved within 2 months of identification.

- June 2010: PSE identified potential problems with 17,008 electric meters. 14,063 (83 percent) were resolved within one month of identification and 17,006 (100 percent) were resolved within 2 months. The 2 exceptions (which constitute less than .01 percent) were resolved 2 days after the closing date of the June vintage.

- July 2010: PSE identified potential problems with 15,109 electric meters. 13,669 (90 percent) were resolved within one month of identification and 15,108 (100 percent) were resolved within 2 months. The only exception (which constitutes less than .01 percent), identified as meter ID 2050 in the 2010 3rd report that required customer repairs was resolved on December 23, 2010.

- August 2010: PSE identified potential problems with 11,080 electric meters. 11,016 (99 percent) were resolved within one month of identification. 11,078 (100 percent) were by the end of October 2010. The 2 exceptions (which constitute less than .02%) were resolved in January 2011.

- September 2010: PSE identified potential problems with 6,386 electric meters. 6,090 (95 percent) were resolved within one month of identification and 6,384 (100 percent) were resolved within 2 months. The 2 exceptions (which constitute less than .03 percent) were resolved on January 10, 2011.

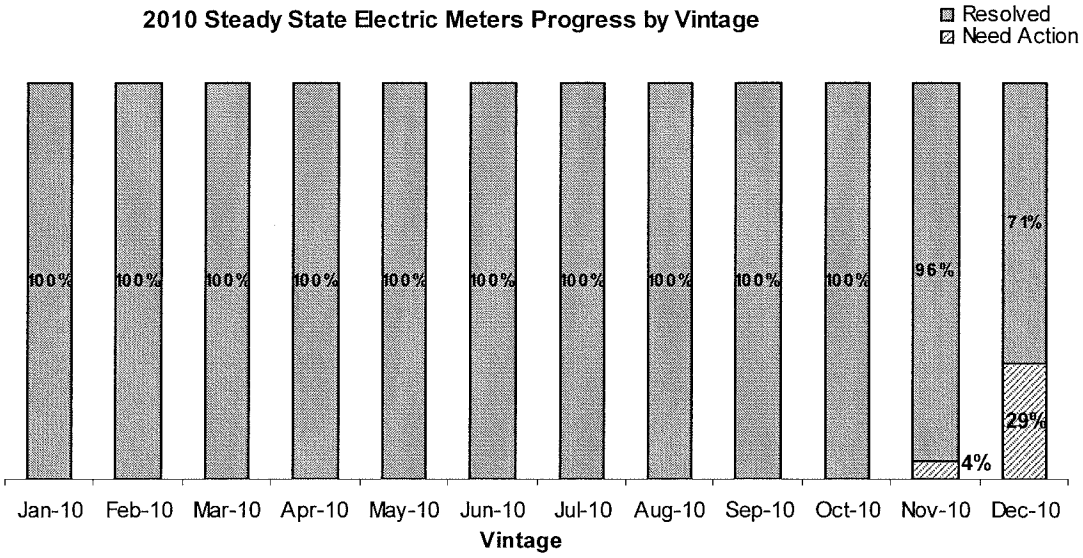
- October 2010: PSE identified potential problems with 5,015 electric meters. 4,887 (97 percent) were resolved within one month of identification and 5,013 (100 percent were resolved within 2 months. The 2 exceptions (which constitute less than .04 percent) were resolved in January 2011.

- November 2010: PSE identified potential problems with 3,731 electric meters. 3,567 (96 percent) were resolved within 1 month. PSE is on track to resolve 100 percent of the potential problems by January 31, 2011.

- December 2010: PSE identified potential problems with 3,662 electric meters. PSE is on track to resolve 100 percent of the potential problems by February 28, 2011.

Aging and Composition comparisons

The following chart shows the aging of the Steady State electric meter vintages as of December 31, 2010.



The following table details the composition of Steady State Electric meters by vintage as of December 31, 2010.

	Stopped Meter	Lost Meter	UEU	Meter Mix	Total
Jan-09	998	33	917	232	2,180
Feb-09	733	31	670	233	1,667
Mar-09	902	11	955	319	2,187
Apr-09	644	18	673	239	1,574
May-09	4,052	29	269	123	4,473
Jun-09	2198	20	747	292	3,257
Jul-09	1,883	18	597	205	2,703
Aug-09	1,683	23	126	181	2,013
Sep-09	6,020	22	188	341	6,571
Oct-09	2,367	22	255	193	2,837
Nov-09	3,121	19	408	243	3,791
Dec-09	2,105	32	882	170	3,189
Jan-10	2,315	16	715	276	3,322
Feb-10	1,794	20	443	256	2,513
Mar-10	4,213	4	465	315	4,997
Apr-10	2,184	3	332	609	3,128
May-10	6,906	16	272	233	7,427
Jun-10	16,507	12	268	221	17,008
Jul-10	14,325	4	201	579	15,109
Aug-10	10,605	13	286	176	11,080
Sep-10	5,624	19	560	183	6,386
Oct-10	3,933	8	908	166	5,015
Nov-10	2,753	20	852	106	3,731
Dec-10	2,349	9	1,186	118	3,662

Gas Meter Issue Resolution

- April 2009: PSE identified potential problems with 2,489 gas meters. 2,488 (100 percent) were resolved within 4 months of identification. The exception (which constitutes about .04 percent) will be discussed in the *Issues Discussion* section.

- June 2009: PSE identified potential problems with 8,720 gas meters. Within two months of identification, 8,615 (99 percent) were resolved. 8,719 of the issues were resolved by October 31, 2009. The one exception (which constitutes about .01 percent) will be discussed in the *Issues Discussion* section.

- January 2010: PSE identified potential problems with 7,716 gas meters. 7,588 (98 percent) were resolved within 2 months. All 7,716 (100 percent) were resolved within 4 months.

- February 2010: PSE identified potential problems with 4,828 gas meters. 4,774 (99 percent) were resolved at the time this report was prepared. All 4,828 (100 percent) were resolved within 4 months.

- March 2010: PSE identified potential problems with 6,435 gas meters. 6,331 (98 percent) were resolved as of March 31, 2010 and all 6,435 (100 percent) were resolved within 4 months.

- April 2010: PSE identified potential problems with 4,949 gas meters. 4,891 (99 percent) were resolved 2 months identification and 4.947(100 percent) were resolved within 4 month. The 2 exceptions (which constitute less than .05 percent) were a result of paperwork not received in time. Both exceptions were resolved within a week after August 31, 2010.

- May 2010: PSE identified potential problems with 5,737 gas meters. 5,519 (96 percent) were resolved within 2 months and all 5,737 (100 percent) were resolved within 4 months of identification.

- June 2010: PSE identified potential problems with 3,799 gas meters. 3,282 (86 percent were resolved within 2 months of identification. PSE has resolved 100 percent of the potential problems prior to the vintage due date of October 31, 2010

- July 2010: PSE identified potential problems with 6,969 gas meters. 6,908 (99 percent) were resolved within 2 months and all 6,969 (100 percent) were resolved within 4 months of identification.

- August 2010: PSE identified potential problems with 1,648 gas meters. 1,644 (100 percent) were resolved within 2 months and all 1,648 (100 percent) were resolved within 4 months of identification.

- September 2010: PSE identified potential problems with 24,131 gas meters. 24,107 (100 percent) have been resolved at the time of this report. PSE is on track to resolve 100 percent of the potential problems by January 31, 2011.

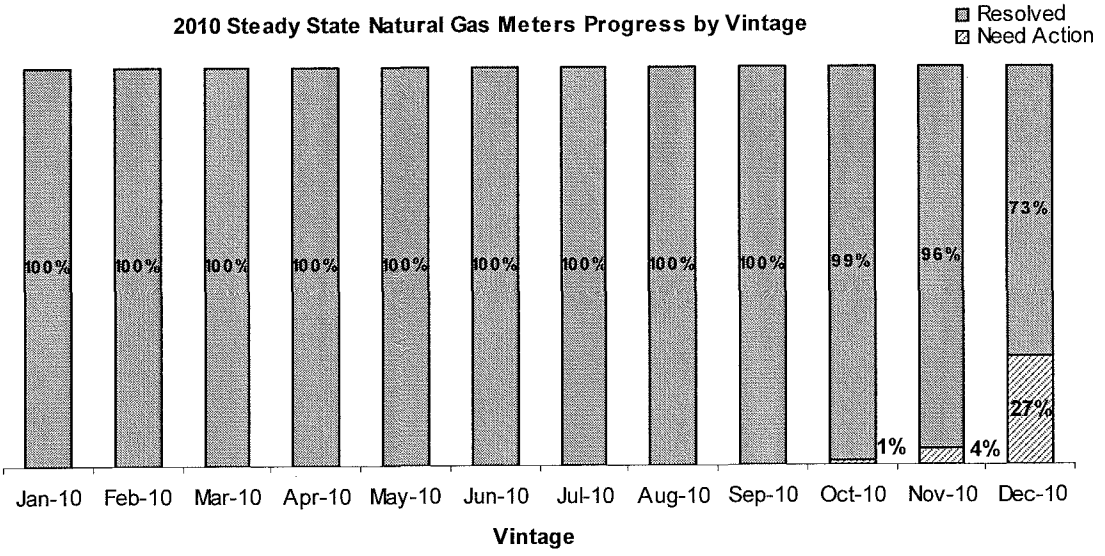
- October 2010: PSE identified potential problems with 7,080 gas meters. 7,030 (99 percent) were resolved within 2 months and PSE is on track to resolve 100 percent of the potential problems by February 28, 2011.

- November 2010: PSE identified potential problems with 3,672 gas meters. PSE is on track to resolve 100 percent of the potential problems by March 31, 2011.

- December 2010: PSE identified potential problems with 4,112 gas meters. PSE is on track to resolve 100 percent of the potential problems by April 30, 2011.

Aging and Composition comparisons

The following chart shows the aging of the 2010 Steady State natural gas meter vintages as of December 31, 2010.



The following table details the composition of Steady State natural gas meters by vintage as of December 31, 2010.

	Stopped Meter	Lost Meter	UEU	Meter Mix	Total
Jan-09	1,573	57	922	384	2,936
Feb-09	2,201	37	540	346	3,124
Mar-09	3,086	28	534	532	4,180
Apr-09	1,762	28	332	367	2,489
May-09	7,527	22	25	180	7,754
Jun-09	8,259	37	183	241	8,720
Jul-09	32,835	21	84	215	33,155
Aug-09	14,956	15	60	166	15,197
Sep-09	13,138	20	85	241	13,484
Oct-09	9,734	9	251	245	10,239
Nov-09	4,827	8	895	149	5,879
Dec-09	7,595	12	1,629	270	9,506
Jan-10	6,549	11	933	223	7,716
Feb-10	4,029	18	494	287	4,828
Mar-10	5,549	9	546	331	6,435
Apr-10	4,224	7	458	260	4,949
May-10	5,062	6	373	296	5,737
Jun-10	3,336	7	224	232	3,799
Jul-10	6,675	7	146	141	6,969
Aug-10	1,297	13	158	180	1,648
Sep-10	23,661	13	311	146	24,131
Oct-10	6366	8	530	176	7,080
Nov-10	2922	7	614	129	3,672
Dec-10	2955	12	1022	123	4,112

Tracking and Reporting Monthly Vintage of Meter/Billing Issues

In the 4th quarter, PSE continues the work on the phase two of PSE's Meter Exception Management System ("MEMS") implementation which was initiated on September 9, 2010. This phase of the MEMS project includes the incorporation of the UEU meter processing into MEMS and the validation of the results to ensure accuracy. The new MEMS process can automatically identify UEU meters as soon as they reach a certain load threshold rather than until the monthly batch update of meter status at the end of a month. A vintage ID will then be assigned to the meters as they are identified in MEMS and will be tracked in MEMS throughout the entire resolution process.

In this quarter, PSE also contracted with DataRaker to identify change in usage patterns that may be the result of a defective or improperly configured meter. DataRaker has an analytic platform that is capable of comparing, by individual meter, PSE's MDW daily read data for various periods and identifying questionable changes in usage patterns. PSE is currently working with DataRaker to develop and implement new tests and business process validations to maximize the benefit of this application i.e., to find meters that have not been functioning correctly before they become a Stopped Meter.

Issues Discussion

The following table summarizes the exceptional unresolved meter problems mentioned in the issues resolution sections above as of December 31, 2010:

Vintage	Redacted Meter ID	Category	Issue Type
Group One Gas	0432	Lost Meter	Not Located
Group One Gas	0947	Lost Meter	Not Located
Group One Gas	1426	Lost Meter	Not Located
Group One Gas	9421	Lost Meter	Not Located
Interim Gas	1760	Lost Meter	Not Located
Apr-09 Gas	3028	Lost Meter	Not Located
Jun-09 Gas	5722	Lost Meter	Not Located
Jan-10 Electric	0203	Lost Meter	Not Located

Not Located Issue

PSE has not been able to locate the eight meters since the end of last quarter. PSE will continue its efforts to locate these lost meters whenever any of the meters shows some usage or sends a radio frequency that is strong enough for the locating equipment to pinpoint the meter location. Further status updates on these meter problems will be included in the next quarterly report.

Addendum Reporting

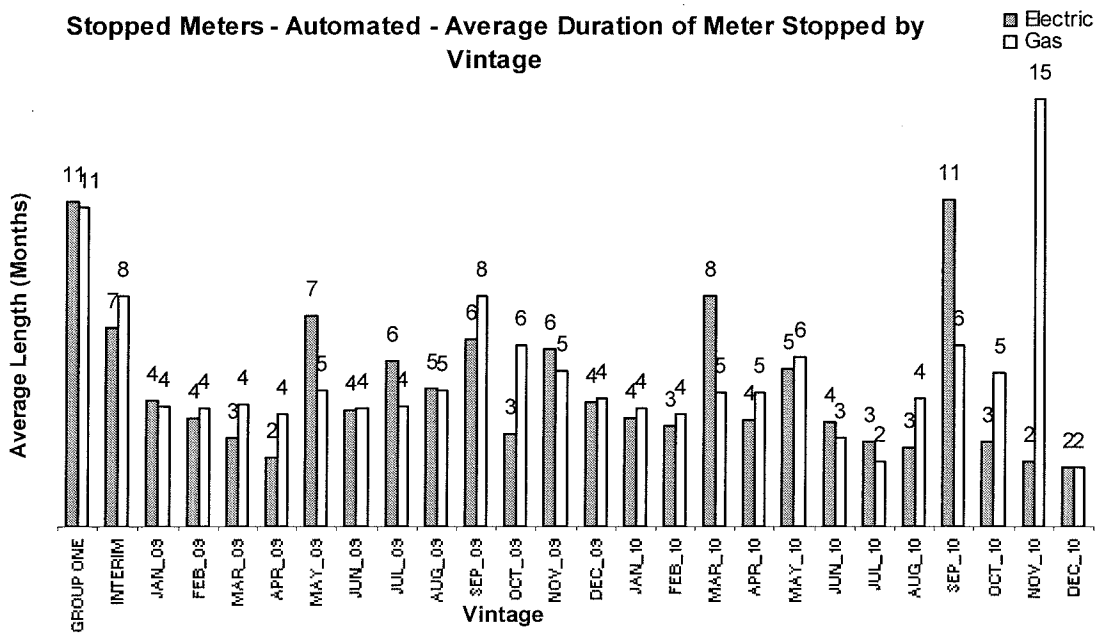
This additional data regarding the backbilling results of Stopped Meters are included in the quarterly filing per an informal WUTC staff request in September 2009. Among the total 431,729 Stopped Meters for all Stopped Meter vintages, 6% of these meters require backbilling because of equipment problems. The other 94% are meters with seasonal usage and the potential meter and billing problems resolve when customers start to use natural gas or electricity again in the coming season. The following statistics of the average duration of meter stopped, the average length of backbilling, and the average backbilled amount pertain only to the 6% of the Stopped Meters. The results for the recent vintages are not representative as most of the meters are still under review.

The average duration of meter stopped is the average of the actual duration that a meter is stopped, i.e., the total number of months from the date the meter failed to the date the meter issue was resolved. The duration of the meter stopped may or may not be the same the its billing adjustment period or the lengh of being identified as a Stopped Meter.

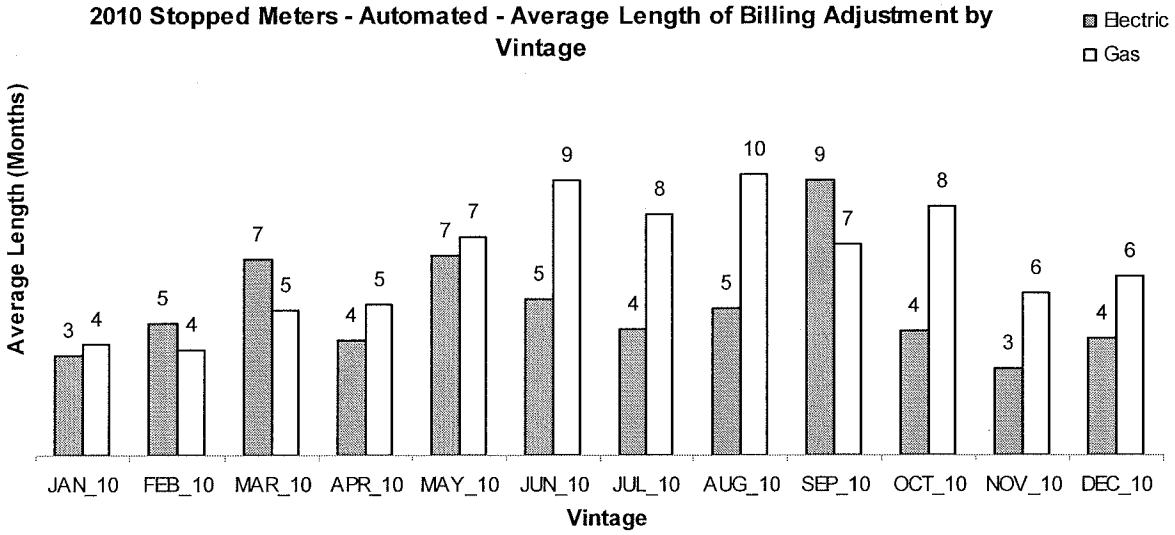
The average length of backbilling is the average of the actual backbilling period, which is the difference from the meter read date of the last accurate billing prior to the occurance of meter stopped to the meter read date of the first CLX billing after the resolution of the Stopped Meter issue.

The average billed amount is associated with the actual total number of months of the billing adjustment occurred. Billing correction related information presented in this section is based on the billing resolution status as of December 31, 2010. The billing adjustment amount may be increased or decreased due to subsequent adjustments even though the actual backbilling period for a Stopped Meter problem does not change.

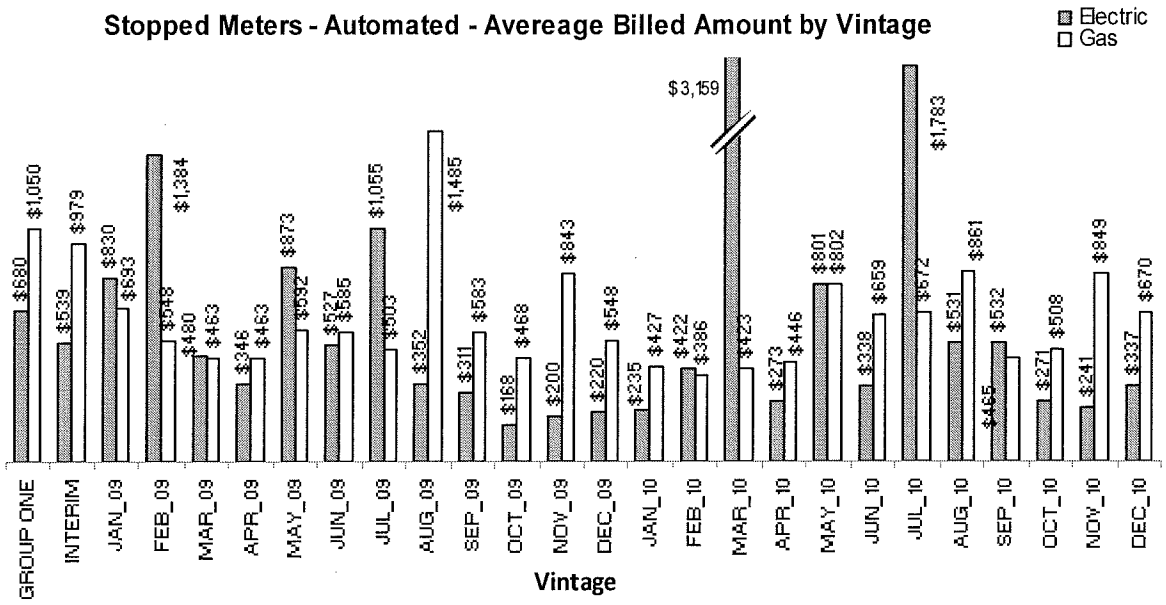
The chart below shows the average duration of meter stopped, in months, for Stopped Meters with automatic meter reading ("AMR") device by vintage as of December 31, 2010.



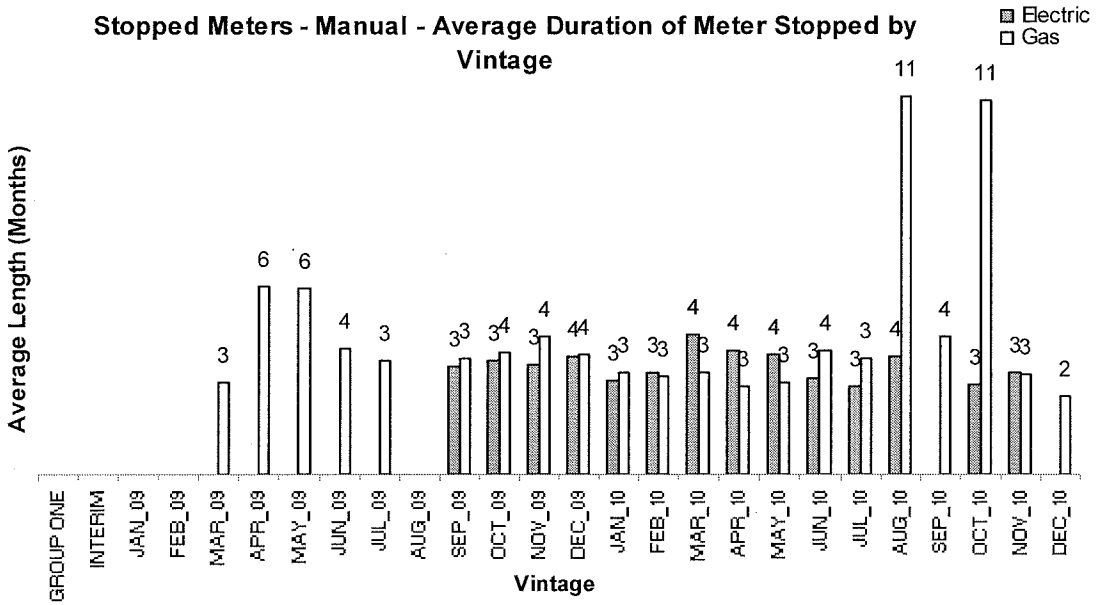
The chart below shows the average length of the billing adjustment for Stopped Meters with AMR device as of December 31, 2010, for the 2010 vintages. Similar information for vintages prior to 2010 is not avaiable at this time.



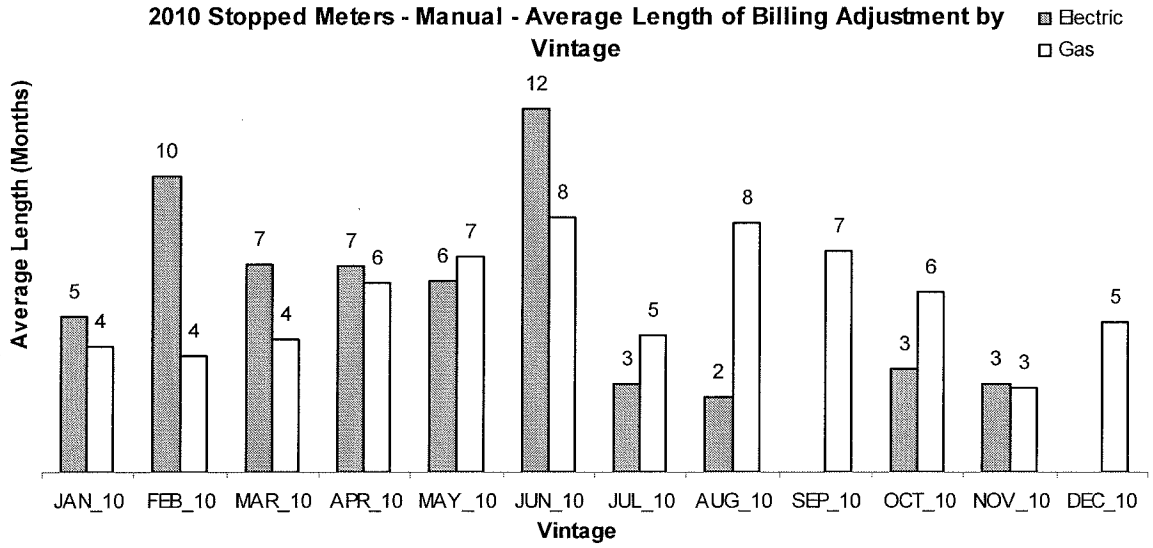
The chart below shows the average billed amount by vintage for AMR Stopped Meters as of December 31, 2010.



The chart below shows the average meter issue cycle time in months for manually-read Stopped Meters by vintage as December 31, 2010.



The chart below shows the average length of billing adjustment for manually read Stopped Meters as of December 31, 2010.



The chart below shows the average backbilled amount by vintage for manually read Stopped Meters issues as of December 31, 2010.