

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of:

PUGET SOUND ENERGY, INC.,

For an Order Temporarily Suspending SQI Nos. 2, 5, 6 during the 2013 SQI Program Year due to the Implementation of New Customer Service Information System.

DOCKETS UE-072300 and  
UG-072301 (*consolidated*)

ANSWER OF COMMISSION  
STAFF TO PETITION OF PUGET  
SOUND ENERGY, INC.

**I. INTRODUCTION**

*I* On March 13, 2013, Puget Sound Energy, Inc. (PSE) filed a Petition for a Commission order that:

- (1) Authorizes PSE to suspend Service Quality Index (“SQI”) No. 2 – WUTC Complaint Ratio, SQI No. 5- Customer Access Center Answering Performance, and SQI No. 6- Telephone Center Transactions Customer Satisfaction, in their entirety during the 2013 SQI Program year;
- (2) Authorizes PSE to report the available monthly and annual results in PSE’s semi-annual and annual reporting to the Commission without benchmarks and penalty assessment; and
- (3) Grants PSE a waiver of SQI penalties during the 2013 SQI Program year and the doubling of any penalty amount if PSE fails the same index again in 2014.

PSE states that its Petition is necessary due to the implementation of a new customer information system (“CIS”) that PSE assumes will affect customer service performance.

2 PSE's assumptions are insufficient justification for the Commission to suspend  
service quality indices and penalty provisions in advance of any actual impact of the new  
3 CIS on customer service performance. Any actual impacts that cause PSE to be subject to  
financial penalties can be addressed after the fact through a petition for mitigation of those  
penalties. Therefore, Staff recommends that the Commission deny PSE's Petition.

## II. BACKGROUND

3 PSE is subject to a Service Quality Index Program ("Program") requiring it to meet  
nine service quality indices that include benchmarks for customer satisfaction, customer  
services and operations services. The particular service quality indices at issue are  
summarized in paragraph 6 of the Petition.

4 PSE reports its performance under the Program to the Commission on a semi-annual  
(July 15 for the January to June time period) and annual basis (February 15 for January  
through December). Failure to meet an annual benchmark subjects PSE to financial  
penalties.<sup>1</sup> Any penalty amount doubles if PSE fails to meet a benchmark in two or more  
consecutive years.<sup>2</sup>

5 PSE implemented the Program in Dockets UE-951270 and UE-960195, which  
authorized the merger of Washington Natural Gas Company and Puget Sound Power &  
Light Company in 1997. The stated purpose of the Program was to "provide a specific

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<sup>1</sup> *In re Application of Puget Sound Power & Light Company and Washington Natural Gas Company*, Dockets UE-951270 and UG-960195, Fourteenth Suppl. Order Accepting Stipulation; Approving Merger, Exhibit J at ¶7 (February 5, 1997).

<sup>2</sup> *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-072300 and UG-072301, Order 12, Final Order Approving and Adopting Settlement Stipulations; Authorizing and Requiring Compliance Filing, Appendix D at ¶15 (October 8, 2008).

mechanism to assure customers that they will not experience deterioration in quality of service”<sup>3</sup> and to “protect customers of PSE from poorly-targeted cost cutting.”<sup>4</sup>

6           The Program has not diminished in importance since its inception. In fact, the Program was extended by Commission orders approving settlement agreements in two general rate case proceedings, most recently in consolidated Dockets UE-072300 and UG-072301.<sup>5</sup> SQI Nos. 2, 5 and 6 have been permanent fixtures of the Program since its inception.

### III. DISCUSSION

7           PSE states that it anticipates higher than normal call volumes and longer call handling times during the implementation of the new CIS, despite steps and plans PSE has undertaken to minimize customer service impacts. As a result, PSE projects that SQI Nos. 2, 5 and 6 will all be impacted temporarily by implementation of the new CIS.<sup>6</sup>

8           These are insufficient grounds to grant PSE’s Petition. First, PSE’s justification for its Petition is based on speculation regarding the potential impacts of implementation of the new CIS on customer service. The Commission should not suspend enforcement of customer service quality guarantees based on speculation, even informed speculation. This is especially true given the prominence afforded the Service Quality Program since its inception in 1997.

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<sup>3</sup> *In re Application of Puget Sound Power & Light Company and Washington Natural Gas Company*, Dockets UE-951270 and UG-960195, Fourteenth Suppl. Order Accepting Stipulation; Approving Merger (February 5, 1997) (Stipulation at 11:14-15).

<sup>4</sup> *Id.* at ¶3.

<sup>5</sup> *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-072300 and UG-072301, Order 12 at ¶93, Final Order Approving and Adopting Settlement Stipulations; Authorizing and Requiring Compliance Filing (October 8, 2008). See also, *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, Twelfth Suppl. Order Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications and Conditions (June 20, 2002) (Exhibit J to Settlement Stipulation).

<sup>6</sup> Petition at ¶¶12-13.

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Second, the service quality annual report to the Commission may include a mitigation petition for relief from a financial penalty. The standard to be applied to a request is that:

[T]he 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 request unless it believes in good faith that it meets this standard.<sup>7</sup>

This provision affords PSE adequate protection. If implementation of the new CIS in fact causes PSE to fail to meet any benchmark, PSE can seek mitigation under this standard and the Commission can relieve PSE of all or some of any penalty if warranted by all facts and circumstances. The Commission should not, however, provide advance approval for PSE to avoid those measures and any resulting penalties, even on a temporary basis.

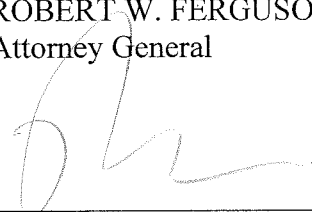
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For these reasons, the Commission should deny PSE's Petition in its entirety.

DATED this 27<sup>th</sup> day of March 2013.

Respectfully submitted,

ROBERT W. FERGUSON  
Attorney General



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Assistant Attorney General  
Counsel for Washington Utilities and  
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<sup>7</sup> *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, Twelfth Suppl. Order Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications and Conditions (June 20, 2002) (Exhibit J to Settlement Stipulation, ¶8).