

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. 6 and 8 due to the Business
Discontinuance of the SQI Survey Vendor.

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

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

I. INTRODUCTION

1 On March 11, 2013, Puget Sound Energy, Inc. (PSE) filed a Petition for a
Commission order:

- (1) Waiving the designation of Gilmore Research Group (Gilmore) as the sole data provider for Service Quality Index (SQI) Nos. 6 and 8, so that PSE can retain another company to perform the survey work for the two indices; and
- (2) Suspending SQI Nos. 6 and 8 on a monthly basis during the 2013 SQI year until the methodology and procedures used by the new survey provider have been reviewed and agreed to by Commission Staff and other parties.¹

2 Commission Staff does not object to element (1) on condition that PSE file with the Commission written confirmation that the methodology and procedures used by a new survey provider are consistent with those used by Gilmore that were approved previously by the parties when SQI Nos. 6 and 8 were first adopted.

¹ On March 13, 2013, PSE filed a separate Petition for Temporary Suspension of SQI No. 6, as well as SQI Nos. 2 and 5. Staff opposes that Petition for reasons stated in a separate response also filed today.

3 However, Staff does object to element (2). That request removes any incentive for
PSE to retain expeditiously a new survey provider to enable full implementation of SQI Nos.
6 and 8 or otherwise be subject to penalties. Any delay in obtaining a new survey provider
that causes PSE to be subject to financial penalties under SQI Nos. 6 and 8 can be addressed
after the fact through a petition for mitigation of those penalties.

II. BACKGROUND

4 PSE is subject to Service Quality Indices requiring it to meet benchmarks for
customer satisfaction, customer services and operations services. In particular, SQI Nos. 6
and 8, Telephone Center Transactions Customer Satisfaction and Field Service Operations
Transaction Customer Satisfaction, respectively, require PSE to conduct monthly customer
surveys and to report the results of those surveys 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.²

5 Gilmore is the exclusive marketing research company to conduct and prepare
customer satisfaction surveys for SQI Nos. 6 and 8.³ The survey methodology and
procedures used by Gilmore were previously agreed to by PSE, Commission Staff, Public
Counsel and the International Brotherhood of Electrical Workers. Such agreement followed
review and certification by an independent third party that the survey methodology and
procedures produce unbiased results that are representative of customers and relevant
transactions.⁴

² Petition at Attachment A (Pages 10-11 (SQI No. 6) and 12-13 (SQI No. 8) of Appendix 2 to Exhibit J to the Settlement Agreement in Docket Nos. UE-011570 and UG-011571 (consolidated), in compliance with Order 20, issued October 15, 2012.) The benchmark for SQI Nos. 6 and 8 is a 90 percent rating of 5 or higher on a 7 point scale. The penalty is \$85,500 per point below the benchmark with a maximum penalty of \$1.5 million.

³ *Id.*

⁴ Petition at Attachments C and D.

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On February 11, 2013, PSE received notice that Gilmore was terminating its business and, thus, would not conduct any more customer satisfaction surveys including the survey for February 2013. One month later PSE filed the instant Petition.

III. DISCUSSION

A. **The Commission Should Conditionally Grant PSE's Request to Waive Gilmore Research Group as the Sole Data Provider for SQI Nos. 6 and 8.**

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Gilmore has advised PSE that Gilmore is going out of business. This event is not something that PSE can control or prohibit. It, therefore, makes sense to waive the current requirement that Gilmore is the exclusive data provider for SQI Nos. 6 and 8. This will allow PSE to retain another market research company so that PSE can continue to implement SQI Nos. 6 and 8 as part of its overall service quality efforts and obligations.

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However, it is also reasonable to ensure that a successor data provider produces results that are unbiased and representative of PSE's customers and relevant transactions. Therefore, the Commission should condition approval of this aspect of the Petition with a requirement that a new survey company must use methodologies and procedures that are consistent with those used by Gilmore that Staff has already reviewed and accepted. Written confirmation from PSE of its compliance with this condition and the identity of the new provider should also be required.

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These conditions will ensure that the survey results produced by Gilmore's replacement continue to be unbiased and representative of PSE's customers and the relevant transactions. It also provides for a smooth and timely transition to a new survey provider.

B. The Commission Should Reject PSE's Request to Suspend SQI Nos. 6 and 8 Pending Selection of a New Survey Provider.

10 PSE seeks permission to suspend SQI Nos. 6 and 8 on a monthly basis during the 2013 SQI year until the methodology and procedures used by a new survey provider have been reviewed and agreed upon by Staff and other parties. The Commission should reject this request for three reasons.

11 First, PSE's proposal provides no clear incentive for PSE to obtain a new survey provider as soon as reasonably possible. Indeed, without explanation, PSE delayed filing its Petition a full month after receiving notice that Gilmore was closing shop. A further gap in the implementation of SQI Nos. 6 and 8 is likely even assuming best efforts by PSE to obtain a replacement for Gilmore and Staff to review and agree upon that replacement.

12 Second, PSE implemented its Service Quality Index Program (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 mechanism to assure customers that they will not experience deterioration in quality of service"⁵ and to "protect customers of PSE from poorly-targeted cost cutting."⁶ 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-072301.⁷ SQI Nos. 6 and 8 have been permanent fixtures of

⁵ *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).

⁶ *Id.* at ¶3.

⁷ *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).

the Program since its inception. PSE offers no reason beyond its own convenience to suspend those benchmarks even temporarily.

13 Finally, PSE's 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.⁸

This provision affords PSE adequate protection. If delay in finding a replacement for Gilmore is justified under all the facts and circumstances, PSE can seek mitigation and the Commission can relieve PSE of all or some of any penalty that is otherwise due under SQI Nos. 6 and 8. The Commission should not, however, provide advance approval for PSE to avoid those measures and any resulting penalties, even on a temporary basis.

14 For the reasons set forth above, the Commission should issue an order that allows PSE to waive the designation of Gilmore Research Group as the sole data provider for SQI Nos. 6 and 8, on condition that PSE file with the Commission written confirmation that the methodologies and procedures to be used by a new survey company are consistent with

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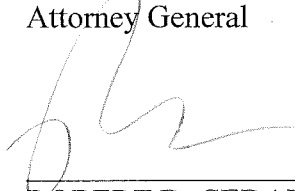
⁸ *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571, Twelfth Suppl. Order Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications and Conditions (June 20, 2002) (Exhibit J to Settlement Stipulation, ¶8).

those used by Gilmore. However, the Commission should deny PSE's request to suspend SQI Nos. 6 and 8 on a temporary basis.

DATED this 27th day of March 2013.

Respectfully submitted,

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