

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKETS UE-072300
TRANSPORTATION COMMISSION,)	and UG-072301 (<i>consolidated</i>)
)	
Complainant,)	ORDER 21
)	
v.)	GRANTING IN PART, AND
)	DENYING IN PART, PUGET
PUGET SOUND ENERGY, INC.,)	SOUND ENERGY, INC'S
)	PETITION FOR WAIVER AND
Respondent.)	SUSPENSION OF SERVICE
)	QUALITY INDEX NOS. 6 AND 8
.....)	

MEMORANDUM

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

Staff filed a response on March 27, 2013, stating that it has no objection to PSE's first request for relief, 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. Staff objects to PSE's second request for relief, arguing that such suspension would remove PSE's incentive to retain expeditiously a new survey provider to enable full implementation of SQI Nos. 6 and

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. The Commission denies the separate Petition for reasons stated in Order 22, entered in these dockets today.

8, or otherwise be subject to penalties. Staff argues further that any unavoidable 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. No other party filed a response to PSE's petition within the time period allowed under WAC 480-07-370.²

2 **Background.** 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.³

3 Since the inception of PSE's Program, Gilmore Research Group has been specifically named as the exclusive survey company to conduct and prepare the survey results for the Service Quality Program's SQI Nos. 6 and 8. Exclusive use of Gilmore's services was designated in the initial Service Quality Program mechanics document and has continued in all succeeding updates.⁴

4 On February 11, 2013, PSE received a notice from the Gilmore Research Group that Gilmore was discontinuing its business operations. Gilmore informed PSE that it would be unable to conduct any more surveys for PSE and might not be able to finish the reporting of the February data it had already collected. Subsequent communications from Gilmore after February 11, 2013, confirmed Gilmore's lack of

² PSE's certificate of service shows that all parties to the underlying general rate proceedings in Dockets UE-072300 and UG-072301 (consolidated) were served with this Petition.

³ 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.

⁴ See *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-011570 and UG-011571 (consolidated), Twelfth Suppl. Order Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation Subject to Modifications, Clarifications and Conditions (Exhibit J to Settlement Stipulation-Service Quality Index (SQI) (June 20, 2002); see also *WUTC v. Puget Sound Energy, Inc.*, Dockets UE-072300 and UG-072301 (consolidated), Order 20, Final Order Approving and Adopting Settlement Stipulations; Authorizing and Requiring Compliance Filing (October 8, 2008) (updating Exhibit J).

ability to finish the February surveys of SQI Nos. 6 and 8 or carry out any work in the future.

- 5 Staff does not oppose PSE's request to waive the exclusive provider requirement for SQI Nos. 6 and 8 but argues that 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. Staff says that written confirmation from PSE of its compliance with this condition and the identity of the new provider should also be required.
- 6 Turning to PSE's request that the Commission 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, Staff argues the Commission should reject it for three reasons:
 - 1) PSE's proposal provides no clear incentive for PSE to obtain a new survey provider as soon as reasonably possible.
 - 2) PSE offers no reason beyond its own convenience to suspend SQI Nos. 6 and 8 even temporarily.
 - 3) PSE's service quality annual report to the Commission may include a mitigation petition for relief from a financial penalty.
- 7 **Commission Determination.** Gilmore's cessation of business operations is a matter beyond PSE's ability to control. Because Gilmore is the designated exclusive performance data provider for SQI Nos. 6 and 8, and it is desirable that PSE's ability to continue to implement SQI Nos. 6 and 8 as part of its overall service quality efforts and obligations be restored as soon as possible, the Commission determines it should waive the designation of Gilmore Research Group in Appendix 2 to Exhibit J to the Settlement Agreement in Dockets UE-011570 and UG-011571 as the sole data provider of SQI Nos. 6 and 8. This will enable PSE to retain another marketing research company to temporarily or permanently resume the survey work for the two indices.
- 8 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 determines it should condition approval of this aspect of the Petition as Staff recommends and require PSE to provide written confirmation of its compliance with this condition and the identity of the new

provider. 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. They also provide for a smooth and timely transition to a new survey provider.

9 We also determine that the Commission should not suspend the operation of SQI Nos. 6 and 8. PSE did not file its Petition bringing this matter to our attention for a full month after receiving notice that Gilmore was ceasing to do business. 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 for Staff to review and agree to the replacement. Suspension would remove the incentive PSE presently has to give this matter the priority it deserves.

10 If, despite its demonstrated best efforts, PSE becomes subject to penalties for failing to meet the requirements under SQI Nos. 6 and 8, the Company can include in its annual report to the Commission a mitigation petition for relief. The standard applied to such 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.⁵

This provides 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.

11 After reviewing PSE's Petition and Staff's response, giving due consideration to all relevant matters, the Commission finds and concludes that the public interest requires the Commission to grant, in part, and deny, in part, the relief PSE seeks.

⁵ *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).

ORDER

THE COMMISSION ORDERS THAT:

- 12 (1) Puget Sound Energy, Inc.'s, Petition is GRANTED to the extent of waiving the designation in Appendix 2 to Exhibit J to the Settlement Agreement the Commission approved in Dockets UE-011570 and UG-011571 of Gilmore Research Group as the sole data provider for Service Quality Index Nos. 6 and 8, so that PSE can expeditiously retain another company to perform the survey work for the two indices.
- 13 (2) Puget Sound Energy, Inc., is required to file with the Commission at the earliest possible date and no later than July 15, 2013, the date its first SQI performance report for the year, written confirmation disclosing the identity of a new survey provider a assurances 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.
- 14 (3) Puget Sound Energy, Inc.'s, Petition is DENIED to the extent it requests suspension of 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 to the Service Quality Program settlement agreements. Puget Sound Energy, Inc., is required to request such review and approval at the earliest possible date.
- 15 (4) The Commission retains jurisdiction to effectuate the terms of this Order.

Dated at Olympia, Washington, and effective April 8, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner

NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.