

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	DOCKETS UE-072300
TRANSPORTATION COMMISSION,	)	and UG-072301 (<i>consolidated</i>)
)	
Complainant,	)	ORDER 22
)	
v.	)	DENYING PUGET SOUND
	)	ENERGY, INC’S PETITION FOR
PUGET SOUND ENERGY, INC.,	)	SUSPENSION OF CERTAIN
	)	SERVICE QUALITY INDICES AND
Respondent.	)	FOR OTHER RELIEF FROM
	)	SERVICE QUALITY INDEX
	)	PROGRAM REQUIREMENTS
.....)	

MEMORANDUM

1 On March 13, 2013, Puget Sound Energy, Inc. (PSE) filed a Petition for an order by the Washington Utilities and Transportation Commission (Commission) 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.
- (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 2014.¹

¹ On March 11, 2013, PSE filed a separate Petition for Temporary Suspension of SQI Nos. 6 and 8. The Commission grants, in part, and denies, in part, the separate Petition for reasons stated in Order 21, entered in these dockets today.

Staff filed a response on March 27, 2013, stating its objections to PSE's petition. No other party filed a response to PSE's petition by April 3, 2013, the deadline for any such response under WAC 480-07-370.²

2 **Background.** 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.³ Any penalty amount doubles if PSE fails to meet a benchmark in two or more consecutive years.⁴

3 PSE is implementing a new Customer Information System (CIS) this year, beginning in late March. PSE states that it has dedicated training and on-going staff augmentation plans for its Customer Access Center employees to facilitate the transition. PSE's petition describes in detail the plans it developed and the steps it has taken to minimize the impact of implementation of the new CIS. Nevertheless, PSE expects customer service performance to be impacted during the post-implementation period. PSE states that based on the Company's experiences and the experiences of other utilities who implemented a new CIS, PSE anticipates increased call volumes and handling times during the initial transition and post-implementation stabilization period. As a result, PSE expects that SQI No. 2 (UTC Complaint Ratio), SQI No. 5 (Customer Access Center Answering Performance) and SQI No. 6 (Customer Access Center Transaction Satisfaction) will be temporarily impacted by the implementation of the new CIS.

4 Given these circumstances, PSE requests that the Commission suspend the operation of SQI Nos. 2, 5, and 6 for the 2013 SQI Program year. In addition, PSE proposes that SQI Nos. 2, 5 and 6 metrics be reviewed on a quarterly basis during 2013, without the benchmarks or penalty assessments prescribed for the three indices under the SQI Program. Finally, PSE requests waiver of the SQI Program provision regarding the doubling of the penalty amount when the Company fails to meet an SQI for two or more consecutive years. That is, if PSE misses any SQI benchmarks during 2013 due to the implementation of the CIS, this will not be a basis for doubling the penalty amount if the Company fails again to meet the same index in 2014.

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 *Id.* (Fourteenth Suppl. Order Appendix A Stipulation at 11:14-15).

- 5 Staff urges the Commission to deny PSE's petition, arguing that the Company's justification for its Petition is based on speculation regarding the potential impacts of implementation of the new CIS on customer service. Staff argues that the Commission should not suspend enforcement of customer service quality guarantees based on speculation, even informed speculation. This is especially true, Staff contends, given the prominence afforded the Service Quality Program since its inception in 1997.
- 6 Staff also points out that the Service Quality Program, while providing for penalties, also gives PSE an opportunity to request mitigation if and when it fails to meet any SQIs during a given year. PSE already has laid the groundwork for such a request if, in fact, implementation of the new CIS causes the Company to not meet one or more SQI metrics. PSE's petition explains steps the Company has taken to keep its customers informed concerning the inconveniences they may face during the transition, to assure customers there will be no disconnections or late-payment fee processing during the cutover period, and to otherwise minimize the impact of implementation of the new CIS on PSE customers. All of this would be relevant in a mitigation request, should one become necessary.
- 7 **Commission Determination.** We first commend PSE for its efforts to implement an improved CIS and for its ongoing efforts during this transition to maintain high levels of customer service. We also acknowledge PSE's substantial efforts to prepare for implementation of the new CIS and to inform and prepare its customers for potential disruptions. However, PSE's concern that its implementation of a new CIS may adversely affect customer service performance does not, in our view, justify suspension of service quality indices and penalty provisions in advance of any demonstrated adverse impact on customer service performance. Rather, any actual impacts that cause PSE to be subject to financial penalties under its Service Quality Index Program can be addressed after the fact through a petition for mitigation of those penalties, which may be included in the Company's service quality annual report. Indeed, in reviewing PSE's compliance, and in consideration of possible penalties for any non-compliance, we should be careful not to create or suggest disincentives to innovation. The standard applied to such a mitigation request is that:

⁴ *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).

[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

- 8 If implementation of the new CIS 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 amounts, if warranted by all facts and circumstances. PSE's descriptions in its Petition of the plans it has made and the steps it has taken to avoid disruptions in customer service provide a firm foundation for any request for mitigation that might become necessary. We determine, however, that the Commission should not provide advance approval for PSE to avoid its obligations to meet SQI requirements, even on a temporary basis, or waive automatically any penalties it might incur should it fail to do so. Instead, the Commission should deny PSE's petition, thereby encouraging the Company to continue its diligent and energetic efforts to maintain the highest levels service to its customers and to meet the SQI performance metrics during 2013, if possible.
- 9 After reviewing PSE's Petition and Staff's response opposing it, giving due consideration to all relevant matters, the Commission finds and concludes that the relief PSE seeks is not in the public interest and its Petition should be denied.

ORDER

THE COMMISSION ORDERS THAT:

- 10 (1) Puget Sound Energy, Inc.'s Petition for Temporary Suspension of Certain Service Quality Indices (*i.e.*, SQI Nos. 2, 5 and 6) is DENIED.

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).

- 11 (2) 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.