

**BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Petition of:

PUGET SOUND ENERGY, INC.

For an Order Modifying the calculation of SQI
No. 5 for the 2013 SQI Program Year due to
the Implementation of New Customer
Information System

Docket Nos. UE-072300 and UG-072301
(consolidated)

PETITION FOR ONE-TIME
MODIFICATION OF SERVICE
QUALITY INDEX NO. 5:
PERFORMANCE CALCULATION

I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), Puget Sound Energy, Inc. ("PSE" or the "Company") respectfully petitions the Commission for an order authorizing a one-time modification to the calculation of PSE's Service Quality Index ("SQI") No. 5- Customer Access Center Answering Performance for the 2013 SQI program year due to the impact of the implementation of PSE's new Customer Information System ("CIS") as described in this petition ("Petition").

2. PSE is engaged in the business of providing electric and gas service within the State of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its retail rates, service, facilities and practices. Its full name and mailing address are:

Puget Sound Energy, Inc.
Attn: Ken Johnson
Director – State Regulatory Affairs
P.O. Box 97034
Bellevue, Washington 98009-9734

3. Rules and statutes that may be brought at issue in this Petition include RCW 80.01.040, RCW 80.28.020, and WAC 480-07-370(b).

II. BACKGROUND

4. PSE first implemented its Service Quality Index Program (“SQI Program”) in 1997 pursuant to Docket Nos. UE-951270 and UE-960195, the dockets approving the merger of Washington Natural Gas Company and Puget Sound Power & Light Company (“Merger”). The purpose of the SQI Program is to “provide a specific mechanism to assure customers that they will not experience deterioration in quality of service”¹ and to “protect customers of PSE from poorly-targeted cost cutting”² as a result of that Merger.

5. The SQI Program currently includes a Customer Service Guarantee, a Restoration Service Guarantee, and a set of nine service quality indices that require the Company to meet benchmarks in customer satisfaction, customer services, and operations services. Since 1997, the Company has continued the SQI program with both temporary and permanent modifications authorized by the Commission, such as:

- Exhibit J of the Settlement Stipulation Re: Service Quality Index and Appendix 2 thereto, approved by the Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571, which describes modifications to the SQI Program.
- In Order 14 in this proceeding the Commission approved increasing the non-payment disconnection ratio benchmark in SQI No. 9 due to the impact of the economic crisis of 2007-2009.
- In Order 17 in this proceeding the Commission approved various amendments, including a modification to SQI No. 3-System Average Interruption Duration Index (“SAIDI”) benchmark and performance calculation to exclude the 2006 annual SAIDI performance results from future SQI No. 3 calculation due the extraordinary effects of the weather events during the year.
- In Order 19, in this proceeding the Commission approved a one-time extension of the temporary SQI No. 3 mechanics through 2014 to account

¹ See Appendix A to the Fourteenth Supplemental Order Accepting Stipulation; Approving Merger at p. 11 in Docket Nos. UE-951270 and UE-960195 (Feb. 5, 1997).

² See Fourteenth Supplemental Order Accepting Stipulation; Approving Merger at p. 32 in Docket Nos. UE-951270 and UE-960195 (Feb. 5, 1997).

for PSE's implementation of a new outage management system ("OMS") and a geographic information system ("GIS").

- In Order 20 in this proceeding the Commission approved the exclusion of a January 2012 Storm Event from SQI No. 3-Performance Calculation.
- In Order 01 in Docket No. UE-100338, the Commission approved excluding 8.1 SAIDI minutes from PSE's overall 2009 SQI SAIDI calculation in consideration of the delay in power restoration caused by access issues.

6. With this Petition, PSE requests the Commission authorize a one-time modification of SQI No. 5 due to the actual impact of the implementation of PSE's new CIS. SQI No. 5—Customer Access Center Answering Performance—measures the percentage of the calls answered by a PSE Customer Access Center ("CAC") representative within 30 seconds of a customer's request to speak with an operator. SQI No. 5 is currently calculated as follows:

$$\text{2013 Overall Annual SQI No. 5-Customer Access Center Answering Performance} = \frac{\text{Average of ((monthly aggregate number of calls answered by a company representative within 30 seconds of a request to talk to a live operator))}}{\text{(monthly aggregate number of calls received)}} * 100$$

As shown above, the overall call performance is calculated as the average of the twelve monthly CAC telephone answering results.

7. The SQI performance standard for the index is an annual benchmark of 75 percent, which was set forth in the initial SQI Program in 1997. Other indices were benchmarked at a historical level prior to the Merger, but SQI No. 5's 75 percent figure is a performance level that was set above the historical level of 59-70 percent for the three years of data that were available at the time of the SQI Program negotiations in 1996.³ Furthermore, the 75 percent benchmark does not account for the impact of any significant one-time event such as the implementation of a new customer information system.

³ PSE Customer Service Compliance Filing in Docket No. UE-960195, (May, 5, 1997) (James Heidell Prefiled Direct Testimony at 5: 4-12)

8. As part of a planned business infrastructure modernization effort, on April 1, 2013, the Company replaced its legacy CIS with SAP's Customer Relationship and Billing system after the implementation of its new OMS and the completion of its electronic mapping of electric and natural gas equipment and facilities data for its GIS. While the new CIS will likely improve the customer experience by enabling PSE to streamline and automate many of its processes around workflow, billing, metering, and customer communication, PSE experienced higher than normal call volumes and longer call handling times during the initial transition and the post-implementation stabilization period based upon the experience of PSE and other utilities.⁴

9. On March 13, 2013, before implementing the CIS, PSE filed a petition with the Commission for a temporary suspension of three service quality indices⁵ including SQI No. 5 ("March Petition"). PSE proposed that SQI No. 5 be temporarily suspended for the 2013 SQI Program year to allow the Company to manage and adopt new processes with the implementation of the new CIS. In addition to the petition for the temporary suspension of three indices, PSE also outlined its plans to mitigate the temporary initial negative impact of the new CIS implementation.

10. Commission Staff urged the Commission to deny PSE's March Petition, stating that the Company's request was based on speculation regarding the potential impacts of the CIS.⁶ The Commission denied PSE's March Petition in Order 22, agreeing with Staff that it was not in the public interest to suspend the SQI in advance of any

⁴ Electric and Gas Utility CIS Implementation Benchmark Report, Bass & Company at pp. 11-12 (November 28, 2005).

⁵ These indices, which were projected to be temporarily impacted by the implementation of the new CIS, were SQI No. 2—WUTC Complaint Ratio, SQI No. 5—Customer Access Center Answering Performance, and SQI No. 6—Customer Access Center Transaction Satisfaction.

⁶ See Order 22 at ¶ 5.

demonstrated adverse impact on customer service performance.⁷ The Commission went on to state that PSE can request mitigation if implementation of the CIS results in financial penalties to PSE.

III. PSE PREPAREDNESS AND MITIGATION PLANS

11. The substantial efforts that PSE has taken or planned are described in the March Petition and were designed to minimize the impact of the implementation of new CIS on PSE customers. These efforts have been updated and are provided as Exhibit A to this Petition. Risk mitigation occurred at all levels to ensure a smooth cutover and to minimize post cutover impacts.

12. PSE also used lessons learned from other SAP CIS deployments to create additional plans to ensure a smooth CIS transition as possible. These actions include:

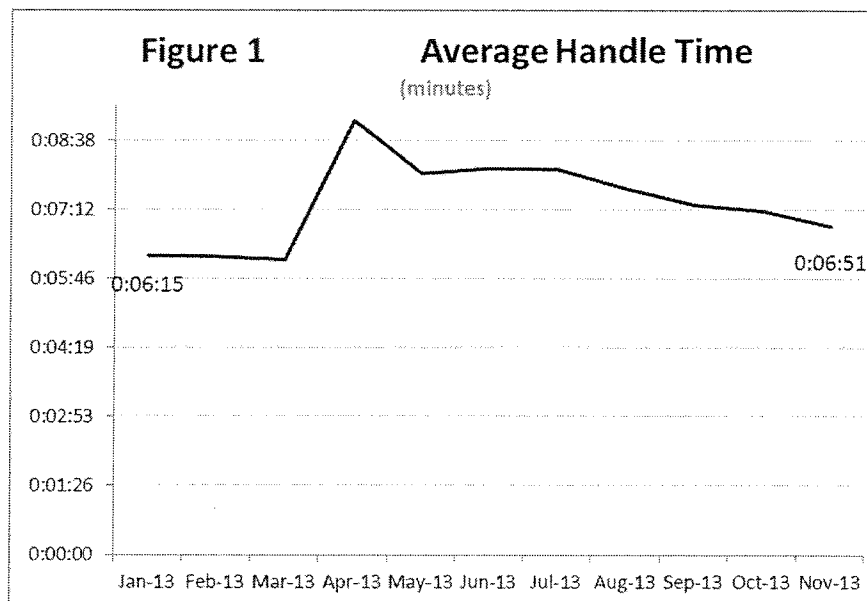
- Vigorous testing of the new CIS--PSE conducted several phases of testing to ensure data integrity and system stability. The most vigorous of tests occurred during three mock cutovers that allowed for refinement of the cutover process and system readiness for the actual cutover.
- Customer Access Center staff augmentation to support a robust training schedule and provide additional support to minimize performance dips--An additional 90 agents augmented staffing plans to support training delivery and augment staff to support expected call volume increases, average handle time increases and general performance dips.
- Detailed cutover plan to allow for adequate and thorough communication regarding transition--Each department in the Customer Access Center established detailed plans to handle customer transactions at cutover. A “war room” was created to establish easy access to experts to address any issues at cutover and the Customer Access Center established a “hub” that tracked and monitored performance during and after cutover.
- No change to web platform--To minimize customer impact and confusion, no changes were made to the customer’s web experience.
- Minimize all non-urgent activity impacting customer--Activities performed by the Customer Access Center agents were limited to

⁷ *Id.* at ¶ 7.

addressing customer concerns and resolving customer issues. All other activity was placed on hold during cutover.

The preparation and mitigation plans described above demonstrate that PSE implemented a well thought-out plan, and the ultimate impact on SQI No. 5 did not represent a deterioration in quality of service. Nor was it a result of poorly-targeted cost cutting. Accordingly, the purpose of SQI No. 5 was met, regardless of PSE's actual performance during the initial transition to the CIS and the post-implementation stabilization period, *i.e.*, April-September 2013.

13. An example of the effects of PSE's mitigation plans is illustrated in Figure 1. The Company expected to see an initial impact of the transition to the CIS in such measures as average call handle time, but due to the preparation and mitigation plans put in place, PSE also expected that the performance would improve over time. Figure 1 demonstrates the improvement (reduced call handle time) resulting from that preparation and mitigation strategy that was, and is currently, in place. Performance is incrementally improving since the transition time, and PSE expects continued improvement during the stabilization period.



IV. EFFECTS OF CIS IMPLEMENTATION ON SQI NO. 5 PERFORMANCE

14. PSE encountered the negative effects it had projected in its March Petition as a result of the implementation of the new CIS. PSE experienced higher than normal call volumes and longer call handling times during the CIS transition and post implementation stabilization period. PSE encountered average call wait times of 1 minute and 52 seconds during the months of April through September. Other utilities have experienced much more substantial impacts. Specifically, some utilities' average hold times grew from 20 seconds to 13 minutes as a result of their CIS implementation.⁸ Further, PSE encountered a 10 percent increase in call volumes for the months April through September, but other utilities experienced 25 percent increases in call volumes.⁹

15. Although PSE has performed better than its peer group due to PSE's preparedness and mitigation plans, SQI No. 5—Customer Access Center Answering Performance—was nevertheless negatively affected during the second and third quarters of 2013. As Figure 2 illustrates, PSE would have better SQI No. 5 performance but for the implementation of CIS.

Figure 2 2013 YTD Percentage of Calls Answered within 30 Seconds by Quarter



⁸ Electric and Gas Utility CIS Implementation Benchmark Report, Bass & Company, at p. 12 (November 28, 2005).

⁹ *Id.*

**V. REQUEST FOR ONE-TIME MODIFICATION IN CALCULATION OF SQI NO. 5
FOR 2013 SQI PROGRAM YEAR**

16. PSE respectfully requests the Commission approve a one-time performance calculation modification of SQI No. 5 for the 2013 SQI Program year to consider only the months without significant effects of the CIS implementation. PSE's request is similar to other SQI modifications that the Commission has approved, such as the extension of SQI No. 3 temporary mechanics in anticipation of PSE's implementation of OMS and GIS or those modifications to account for extraordinary events like the economic crisis and extreme weather events. As in those requests, the one-time modification to SQI No. 5 to excluding outlying data for the CIS implementation will more accurately reflect PSE's typical performance.

17. The annual benchmark of 75 percent is intended for the evaluation of the PSE's Customer Access Center call answering performance absent any significant events that would interfere with its day-to-day operations for an extended period of time. Moreover, PSE had prepared itself for the potential effects of the CIS implementation and fully carried out the mitigation plans detailed in its March Petition to the Commission and additional actions in order to lessen the negative customer impact. PSE's preparation and mitigation plans demonstrate that the Company implemented a well thought-out plan, and the ultimate impact on SQI No. 5 did not represent a deterioration in quality of service. Nor was it a result of poorly-targeted cost cutting.

18. For the purposes of its annual 2013 SQI No. 5—Customer Access Center Answering Performance assessment, it is reasonable to include only the months prior to the CIS implementation (January through March 2013) and the months after the CIS implementation and stabilization (October through December 2013) in the performance calculation. Including only the months before and after implementation of CIS removes irregular data resulting from the

unusual circumstances surrounding the implementation of a new customer information system that distorts PSE's call performance during 2013. Removal of such data creates a more accurate reflection of PSE's call performance during typical business conditions. Further, PSE's request differs from its March petition in that the calculations are now actual, not speculative. The one-time modification in calculation will reflect PSE's day-to-day SQI No. 5 performance that the 75 percent benchmark is intended to measure.

19. As stated earlier in this Petition, the Commission denied PSE's request to waive SQI No. 5, stating that PSE's March Petition was based on speculation and that if PSE did not meet the SQI No. 5 benchmark, then PSE could request mitigation of its penalty. However, this request is not based on speculation; it is based on actual data. Further, a penalty is not appropriate because, as stated above, the purpose of the SQI Program is to provide a specific mechanism to assure customers that they will not experience deterioration in quality of service and to protect customers of PSE from poorly-targeted cost cutting as a result of the Merger. PSE's one-time implementation of CIS temporarily increased the wait time for customer calls but did not result in a deterioration in service quality, as indicated by the available fourth quarter 2013 results. Implementation of the CIS is a system improvement that will increase customer satisfaction and help prevent the deterioration in quality of service. To apply a penalty for the effects of implementing system improvements that will improve the customer experience is not in the public interest. As with the modification to SQI No. 3 approved in Order 17 and other modifications this Commission has approved, PSE should exclude from performance calculations the data resulting from implementation of the CIS, PSE's most recent system improvement.

VI. REQUESTED ACTION

20. For the reasons set forth above, PSE respectfully requests that the Commission issue an order that:

Authorizes the one-time performance calculation modification of SQI No. 5-Customer Access Center Answering Performance as follows:

2013 Overall Annual SQI No. 5-Customer Access Center Answering Performance =
(Average of ((monthly aggregate number of calls answered by a company representative within 30 seconds of a request to talk to a live operator) / (monthly aggregate number of calls received) for the months of January-March 2013 and October-December 2013) * 100

DATED: December 5, 2013

PUGET SOUND ENERGY, INC.

By 
Ken Johnson
Director - State Regulatory Affairs

Docket Nos. UE-072300 and UG-072301(consolidated)

Puget Sound Energy

PETITION FOR ONE-TIME MODIFICATION OF SQI NO. 5 PERFORMANCE
CALCULATION

Exhibit A

**Update of Mitigation Actions and Plans Identified in PSE March 13, 2013 Petition to
Minimize the Impact of CIS implementation on PSE customers**

Exhibit A

Report on Mitigation Actions and Plans Identified in PSE March 13 Petition to Minimize the Impact of CIS implementation on PSE customers

Identified Action/Plan	Actions Implemented as of November 2013
The appearance of the bill will remain the same, which will help prevent customer confusion.	Implemented. The look and feel of the PSE bill did not change.
There will be no change to PSE.com, which customers use to access their accounts.	Implemented. PSE.com did not undergo any changes impacting customers.
An external communication plan covering January through October 2013 is in place to keep customers informed of the Company's progress towards the cutover to SAP CR&B system and then to help quickly address any issues after the go-live date.	Implemented. PSE Corporate Communications established a communication strategy to prepare customers for cutover and to provide them avenues of providing feedback.
PSE is conducting multiple tests to monitor performance requirements and ensure successful integration of the new system before the go-live date.	PSE underwent three mock cutovers to ensure data integrity and system stability prior to the official cutover. Each mock run provided refinement for the final cutover.
PSE will increase its staff at the Customer Access Center to improve customer call experience.	Implemented. An additional 90 agents were added to staff.
PSE project employees and consultants have participated in SAP CR&B user application testing since fall 2012; this training continues through first quarter of 2013.	Implemented. Training is on-going. Initial training occurred Q4 2012 – Q1 2013 and continuation/advanced training will continue through Q3 2014.
PSE has conducted a number of informational workshops for employees and surveyed awareness across the Company. Specific training has been developed to ensure adequate depth of training.	Implemented. PSE established an organizational change management team that provided information across the enterprise and sought feedback regarding efficacy of training.
The contingency plan was put together based upon input from affected departments for the cutover period and will help ensure a smooth transition during the four day system cutover period from CLX to SAP CR&B.	Implemented. Contingency plans were established by department highlighting critical success metrics, risks and risk mitigation plans. Plans were monitored during and after cutover.