

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

V.

PUGET SOUND ENERGY,

Respondent.

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DOCKETS UE-170033 & UG-170034 (*Consolidated*)

DIRECT TESTIMONY OF BARBARA R. ALEXANDER (BRA-1T)

ON BEHALF OF

WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL,

PUBLIC COUNSEL UNIT

**JUNE 30, 2017**

DIRECT TESTIMONY OF BARBARA R. ALEXANDER (BRA-1T)

DOCKETS UE-170033 and UG-170034 (*Consolidated*)

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DIRECT TESTIMONY OF BARBARA R. ALEXANDER (BRA-1T)

DOCKETS UE-170033 and UG-170034 (*Consolidated*)

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DIRECT TESTIMONY OF BARBARA R. ALEXANDER (BRA-1T)

DOCKETS UE-170033 and UG-170034 (*Consolidated*)

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Exhibit BRA-24	PSE Response to Public Counsel Data Request No. 6
Exhibit BRA-25	PSE Response to Public Counsel Data Request Nos. 9, 10, 42, 43

1 **I. INTRODUCTION / SUMMARY**

2 **Q: Please state your name and business address.**

3 A: My name is Barbara R. Alexander. I am the sole member of Barbara Alexander  
4 Consulting LLC located at 83 Wedgewood Drive, Winthrop, ME 04364.

5 **Q: By whom are you employed and in what capacity?**

6 A: I am an independent consultant.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of the Public Counsel Unit of the Washington Attorney  
9 General's Office (Public Counsel).

10 **Q: Please describe your professional qualifications.**

11 A: I opened my consulting practice in March 1996, after nearly ten years as the Director of  
12 the Consumer Assistance Division of the Maine Public Utilities Commission. While  
13 there, I managed the resolution of informal customer complaints for electric, gas,  
14 telephone, and water utility services, and testified as an expert witness on consumer  
15 protection, customer service quality, and low-income issues in rate cases and other  
16 investigations before the Maine Public Utilities Commission.

17 My current consulting practice focuses on regulatory and statutory policies  
18 concerning consumer protection, service quality and reliability of service, customer  
19 service, smart grid and advanced metering policy and cost-benefit analysis, and low-  
20 income program design and funding issues. I have testified in rate cases, rulemaking  
21 proceedings, and investigations before over 20 U.S. and Canadian regulators. My recent  
22 clients include the state public advocate offices in Massachusetts, Illinois, Pennsylvania,

1 Washington, Maryland, Maine, Arkansas, and West Virginia, as well as AARP in many  
2 states (e.g., Idaho, Montana, New Jersey, Maine, Mississippi, Ohio, Virginia, Illinois,  
3 Maryland, Nevada, Oklahoma, and the District of Columbia).

4 I have designed and submitted testimony on electric and natural gas utility service  
5 quality and customer service performance standards and related criteria in many states,  
6 including Maine, Pennsylvania, New Jersey, West Virginia, and Maryland. More  
7 specifically, I have provided expert witness testimony and consulting for the Public  
8 Counsel Unit of the Washington Attorney General's Office ("Public Counsel") on the  
9 development and amendments of Puget Sound Energy's Service Quality Index since the  
10 program's inception during a 1997 in a merger proceeding.

11 I am a graduate of the University of Michigan (1968) and I received a J.D. from  
12 the University of Maine School of Law (1976).

13 I have attached my resume with a list of my publications and testimony as Exhibit  
14 BRA-2.

15 **Q: What exhibits are you sponsoring in this proceeding?**

16 A: I am sponsoring the following exhibits:

17	Exhibit BRA-1T	Responsive Testimony of Barbara R. Alexander
18	Exhibit BRA- 2	Resume of Barbara R. Alexander, Barbara Alexander
19		Consulting LLC
20	Exhibit BRA-3	PSE Response to Public Counsel Data Request No. 22
21	Exhibit BRA-4	PSE Response to Public Counsel Data Request No. 19,
22		Attachment A
23	Exhibit BRA-5	PSE Response to Public Counsel Data Request No. 27,
24		Attachments B, C, and D

1	Exhibit BRA-6	PSE Response to Public Counsel Data Request No. 14
2	Exhibit BRA-7	PSE Response to Public Counsel Data Request No. 15
3	Exhibit BRA-8	PSE Response to Public Counsel Data Request No. 443
4	Exhibit BRA-9	PSE Response to Public Counsel Data Request No. 28,
5		Attachment A
6	Exhibit BRA-10	PSE Response to Public Counsel Data Request No. 358
7	Exhibit BRA-11	PSE Response to Public Counsel No. 363, Attachment A
8	Exhibit BRA-12	Customer Care Center Abandonment Rate Data
9	Exhibit BRA-13	Copy of PAC Customer Service Guarantees
10	Exhibit BRA-14	Code of Maryland Regulations, 20.50.12.08
11	Exhibit BRA-15	Pennsylvania PUC Customer Service Report
12	Exhibit BRA-16	Xcel Energy Tariffs: Section 6, Section 1.9
13	Exhibit BRA-17	PSE Response to WUTC Staff Data Request No. 43
14	Exhibit BRA-18	PSE Response to WUTC Staff Data Request No. 468
15	Exhibit BRA-19	PSE Response to Public Counsel Data Request No. 13
16	Exhibit BRA-20	PSE Response to Public Counsel Data Request No. 361
17	Exhibit BRA-21	PSE Response to Public Counsel Data Request No. 362
18	Exhibit BRA-22	PSE Response to Public Counsel Data Request No. 25,
19		Attachment A and B
20	Exhibit BRA-23	PSE Response to Public Counsel Data Request No. 56
21	Exhibit BRA-24	PSE Response to Public Counsel Data Request No. 6
22	Exhibit BRA-25	PSE Response to Public Counsel Data Request Nos. 9, 10,
23		42, 43

24 **Q: What is the subject matter of your testimony in this proceeding?**

1 A: The purpose of my testimony is to respond to Puget Sound Energy's ("PSE") rate case  
2 testimony concerning the Company's Service Quality Program ("SQ Program"),  
3 including the Company's recommended change to the calculation of the Customer  
4 Access Center Answering Performance metric. I will also briefly address PSE's proposal  
5 to establish the Electric Cost Recovery Mechanism ("ECRM"), but my testimony on that  
6 topic is only intended to support Mr. Michael Brosch's primary testimony on this issue  
7 on behalf of Public Counsel.

8 **Q: Please summarize your conclusions and recommendations.**

9 A: Based on my testimony, I propose the following conclusions and recommendations with  
10 regard to PSE's service quality and customer service performance in this base rate case:

- 11 a) PSE's Service Quality Index has changed frequently and there is a clear pattern of  
12 PSE seeking to change a performance standard when it has failed to meet the  
13 required annual performance level.
- 14 b) PSE's call center performance has not met the required standard of answering 75  
15 percent of the calls within 30 seconds in several years and their monthly  
16 performance is erratic with even lower performance during many individual  
17 months.
- 18 c) PSE's call center performance is also reflective of a high rate of abandoned calls  
19 that occur when customers who enter the queue to speak with a representative but  
20 hang up before their calls are answered.
- 21 d) PSE's proposal to change the methodology for the calculation of the Customer  
22 Access Center Performance Standard by including the Integrated Interactive



1 Voice Response (“IVR”) calls into the measurement of the percentage of calls  
2 answered within 30 seconds should be rejected.

3 e) The Commission should tighten the Customer Access Center Performance  
4 Standard by requiring 80 percent of the calls to be answered within 30 seconds on  
5 an annual basis and consider the adoption of minimum monthly or quarterly  
6 performance levels.

7 f) The Commission should adopt a new performance standard to ensure that the Call  
8 Abandonment Rate does not exceed five percent annually.

9 g) The Commission should ensure that PSE’s “Get to Zero” initiative does not  
10 operate as an incentive to provide poor performance at its call center and require  
11 PSE to continue to meet its obligations to provide a quality personal experience to  
12 those customers who want or need this option.

13 h) PSE’s implementation of the outage guarantees (24-hour and 120-hour) requires  
14 customers to report their outage or specifically call to obtain the guarantee within  
15 seven days of the outage event. However, this important criterion is not always  
16 emphasized in its customer communications about this program. PSE should  
17 improve its outreach and customer education about the obligation to call and  
18 report an outage in order to trigger a potential credit for the outage restoration  
19 guarantees.

20 i) PSE should be required to develop means to automatically track and provide an  
21 outage guarantee customer bill credits when the Company has not repaired service  
22 within the applicable 24-hour and 120-hour timeframes. This eliminates the

1 obligation for customers to call and report an outage in order to qualify for this  
2 program.

3 **Q: Do you also offer supporting reasons for Mr. Bosch's recommendation concerning**  
4 **the ERCM?**

5 A: Yes. I have identified several important considerations that document that PSE's  
6 proposal for the ERCM should be rejected.

7 **II. THE COMMISSION SHOULD REJECT PSE'S PROPOSAL TO CHANGE THE**  
8 **SERVICE QUALITY INDEX AND ADOPT ADDITIONAL REFORMS**

9 **Q: Please summarize PSE's SQ Program testimony and recommendations.**

10 A: Mr. Greg Zeller submitted Pre-filed Direct Testimony<sup>1</sup> on behalf of PSE concerning the  
11 Company's SQ Program and customer service performance. In his testimony, Mr. Zeller  
12 presented a history of the specific measurements or metrics and associated performance  
13 standards for this SQ Program since its inception in 1997. Mr. Zeller also describes  
14 improvements in the Outage Management System ("OMS") to enable more timely and  
15 accurate communications with customers. Mr. Zeller also details improvements to the  
16 web-based customer service programs and the IVR system. It is Mr. Zeller's opinion that  
17 customer expectations about service quality and how to access information from PSE are  
18 changing. Most notably, customers increasingly rely on "self-service channels," referring  
19 to the use of the web-based services, text messaging, social media, and IVR or automated  
20 call answering services.

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<sup>1</sup> Pre-filed Direct Testimony of Mr. Greg Zeller, PSE Exh. No. GLZ-1T.

1           Mr. Zeller recommends that the Commission change the methodology to calculate  
2 the Customer Access Center Answering Performance metric. Specifically, this metric is  
3 now calculated monthly by dividing the calls answered by customer service  
4 representatives within 30 seconds by the total number of such calls received. The  
5 monthly performance results are averaged to get an annual percentage of calls answered  
6 within 30 seconds. The benchmark performance standard requires PSE to answer 75  
7 percent of these calls within 30 seconds on an annual basis. Mr. Zeller recommends that  
8 the metric be measured by dividing the calls answered by representatives within 30  
9 seconds by the number of calls received by IVR plus the calls directed to live customer  
10 representatives at the Customer Care Center.

11 **Q: Please describe the SQ Program and PSE's compliance with the required**  
12 **benchmark performance standards.**

13 A: The SQ Program consists of specific performance metrics, a baseline performance  
14 standard that is typically measured on an annual basis, and a penalty provision that  
15 assigns specific dollar amounts based on the degree of noncompliance. As a result, the  
16 SQ Program shifts the risk of non-compliance or poor performance from customers to  
17 shareholders. However, it is important to note that the required SQ Program metrics and  
18 associated performance standards have changed frequently. Exhibit No. BRA-3 presents  
19 the evolving nature of the performance requirements and associated performance  
20 standards.<sup>2</sup> While there may well have been reasonable grounds to approve these

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<sup>2</sup> Exh. BRA-3, PSE Response to Public Counsel Data Request No. 22, Attachment A.

1 changes, it is difficult to extrapolate any historical trends in some performance metrics as  
 2 a result of the changes.

3 **Q: What is the current status of the SQ Program?**

4 A: The current SQ Index is composed of the following performance requirements. Table 1  
 5 shows the specific performance requirements and PSE’s most recent performance for  
 6 2015:

**Table 1 - SQ Program Components and PSE’s 2015 Performance**

SQI No.	Service Quality Index	Annual Benchmark	2015 SQI Performance
2	UTC Complaint Ratio	0.40 complaints per 1000 customers, including all complaints filed with UTC	0.23
3	SAIDI (System Average Interruption Duration Index)	320 minutes per customer per year	272 <sup>3</sup>
4	SAIFI (System Average Interruption Frequency Index)	1.30 interruptions per year per customer	1.11
5	Customer Access Center Answering Performance	75 percent of calls answered by a live representative within 30 seconds of request to speak with live operator	70 percent
6	Customer Access Center Transactions Customer Satisfaction	90 percent satisfied (rating of 5 or higher on a 7-point scale)	94 percent
7	Gas Safety Response Time	Average of 55 minutes from customer call to arrival of field technician	29
8	Field Service Operations Transactions Customer Satisfaction	90 percent satisfied (rating of 5 or higher on a 7-point scale)	96 percent
10	Kept Appointments	92 percent of appointments kept	100 percent
11	Electric Safety Response Time	Average of 55 minutes from customer call to arrival of field technician	54

7 **Q: Has PSE always complied with the applicable SQ performance standards?**

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<sup>3</sup> Taking effect in SQI reporting year 2016, the target for PSE SQI SAIDI is set to 155 outage minutes per customer. The target and PSE’s performance will be reported in PSE’s Service Quality Report Card, and any failure to meet the target for consecutive years will also be noted in the Service Quality Report Card. However, the current SQI penalty for any failure by PSE to meet its SQI SAIDI benchmark is removed for reporting years 2016 and after.

1       A:     PSE has complied with the applicable standards in most years. However, there are  
 2             notable exceptions as shown in Table 2, below, which identifies the instances when the  
 3             standard has not been met and the associated penalties for such SQ failures.

**Table 2: PSE’s Compliance History with the SQ Index**

No.	Service Quality Index	Period	Final Assessed Penalty	Note
3	SAIDI	1/2006 - 12/2006	\$1,000,000	Puget Sound Energy (“PSE”) shareholders contributed refund to electric customers through Schedule 120, Electricity Conservation Service Tracker
3	SAIDI	1/2007 - 12/2007	\$512,868	PSE shareholders contributed refund to electric customers through Schedule 120, Electricity Conservation Service Tracker
3	SAIDI	1/2008 - 12/2008	\$446,691	PSE shareholders contributed refund to electric customers through Schedule 120, Electricity Conservation Service Tracker
3	SAIDI	1/2009 - 12/2009	\$1,140,074	PSE shareholders' contribution to electric Schedule 129 Home Energy Lifeline Program
5	Telephone Center Answering Performance	4/1997 - 9/1997	Combined Total of \$208,250	PSE shareholders contributed refund to electric customers by offsetting against the January 1, 1998 rate increase and the refund to gas customers by offsetting against PGA balances
6	Telephone Center Transactions Customer Satisfaction	4/1997 - 9/1997		
5	Telephone Center Answering Performance <sup>4</sup>	1/2015 - 12/2015	\$360,000	PSE shareholders' contribution to electric and natural gas Schedules 129 Home Energy Lifeline Program

5             Another takeaway from Table 2 is that PSE has sought to change the performance  
 6             standard after it has failed to meet a standard as documented in Exhibit No. BRA-3 that describes  
 7             the historical changes to the SQ performance areas and standards. The trend to request changes  
 8             to performance standards after failure to comply continues in this proceeding with the

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<sup>4</sup> This performance area is now called the Customer Access Center Answering Performance Standard.

1 Company's proposal to change the Customer Access Center Answering Performance Standard in  
2 this proceeding.

3 **Q: Please discuss your review of PSE's call answering performance.**

4 A: There are several important trends regarding PSE's call answering performance:

5 a) PSE has clearly attempted to expand transactions through IVR and web-based  
6 services by adding new menu options and deliberately seeking to decrease the  
7 volume of calls handled by customer representatives.

8 b) PSE has not actually improved its performance in handling calls where a customer  
9 wants to speak with a customer service representative.

10 c) PSE has reduced the number of full time employees and the budget for the  
11 customer call center.

12 d) Finally, PSE's call answering performance also documents a significant level of  
13 calls abandoned by customers wanting to speak to a representative and hang up  
14 prior to being connected because they were on hold for an extended period of  
15 time.

16 **Q: What is the trend regarding IVR options and associated call volume?**

17 A: The trend has been for PSE to create new menu options for the IVR. This has resulted in  
18 a complex series of choices that customers must make in order to navigate through the  
19 initial set of options to conduct a specific type of transaction and then consider the many  
20 sub-level options that customers must choose in order to conduct their transaction.<sup>5</sup> Even  
21 though PSE expanded its IVR options and promoted their "self-service" options, the

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<sup>5</sup> Exh. BRA-4, PSE Response to Public Counsel Data Request No. 19, Attachment A.

1 volume of calls handled by PSE's call center has not significantly decreased in my  
2 opinion.<sup>6</sup> As a result, data reveals that PSE's customers still rely on the call center to  
3 interact with their utility. With this in mind, it is critical to ensure that this service  
4 remains accessible and is operated with high-quality service.

5 **Table 3: PSE's Call Handling Records (2013-2016)**

Date range	No. of IVR Transactions	No. CAC Agent Offered Calls
2013	1,810,871	2,210,492
2014	1,881,498	1,850,779
2015	2,559,486	1,822,546
Jan.-Sept. 2016	1,916,688	1,317,069
Grand Total	8,168,543	7,200,886

6 **Q: Do you have any concerns about the IVR script options and design?**

7 **A:** Yes. There are two aspects of this IVR script that I have concerns about.

8 First, the initial greeting and series of menu options presented to the residential  
9 customer do not inform the customer that they can speak to a customer service  
10 representative.<sup>7</sup> While that information is presented at various times within some of the  
11 sub-level menu options, customers are not informed that they can speak to a live agent at  
12 the outset of their calls. Furthermore, once the customer selects the billing and payment  
13 options from the IVR, there is no option presented to speak with a live agent. In my  
14 opinion, this is not reasonable. While I assume that some customers make use of IVR

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<sup>6</sup> Exh. BRA-5, PSE Response to Public Counsel Data Request No. 27, Attachment B.

<sup>7</sup> My concern is highlighted even further by the fact that a customer who selects the business menu on the IVR is immediately informed of the option to speak to a live agent.

1 frequently and can easily move to the menu of their choice, the IVR script should not  
2 assume familiarity or knowledge of the menu options. Customers should be informed of  
3 their option to speak to a customer representative at the outset of the menu.

4 I welcome education to customers about routine billing and payment transactions,  
5 status of order inquiries, outage information or reporting, and other simple transactions  
6 and the use of the IVR. It is not my intent to discourage IVR options or opportunities,  
7 since it may be a viable, user-friendly option for many customers. Those who dislike or  
8 are uncomfortable using IVR may not understand their options or know that their request  
9 is more complicated than a routine transaction. Therefore, it is unreasonable to exclude  
10 an immediate prompt to speak with a live agent.

11 **Q: What is your second concern regarding PSE's IVR script options and design?**

12 **A:** My other primary concern with the IVR script and design focuses on PSE's attempt to  
13 steer customers into an IVR menu to negotiate a payment plan. This relatively new IVR  
14 option allows customers to enter into a payment plan with only two options: (1) extend  
15 the due date by ten business days to pay the bill in full and (2) pay half the balance within  
16 five business days and the remainder on or before a specific date selected by the  
17 customer. The IVR script does not inform customers that other, more individualized  
18 payment plans may be available for deposits, medical emergencies, or more liberal  
19 payment obligations for low-income customers during winter months as required by  
20 WAC 480-100-143. Furthermore, the IVR options do not offer customers a budget  
21 payment plan that is required under WAC 480-100-138, nor are customers informed of  
22 the option to qualify for or obtain additional information about low-income rate



1 assistance programs.

2 I note that this section of the script includes the option to speak to a live agent, but  
3 the lack of information about customer rights to retain essential electric and natural gas  
4 service coupled with the limited options offered on the IVR is troubling. PSE should  
5 reform this menu option to: (1) clearly state customers have additional payment plan  
6 options that can be negotiated with a customer service representative and (2) allow the  
7 customer to select this option prior to offering standardized payment agreements.

8 **Q: Has PSE’s call center performance improved since emphasizing IVR and other self-**  
9 **directed service options?**

10 A: No. PSE has reduced its call center staff from 253.5 employees in 2015 to 185 in 2017.<sup>8</sup>  
11 The budget for the call center has also decreased annually since 2013, with a significant  
12 decrease 2017.<sup>9</sup> Although staffing levels are augmented with approximately 30  
13 “overflow” agents contracted through a third party, these additional agents only handle  
14 “basic” calls and cannot investigate billing disputes, negotiate payment plans, or  
15 undertake many of the duties assigned to PSE’s employees.<sup>10</sup> Between 2013 and 2017 of  
16 budget and staffing cuts, PSE has not routinely met the annual performance standard of  
17 answering 75 percent of the calls within 30 seconds. On top of that, column labeled  
18 “service level” that provides the actual performance standard varies widely from month  
19 to month. More specifically:

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<sup>8</sup> Exh. BRA-6, PSE Response to Public Counsel Data Request No. 14.

<sup>9</sup> Exh. BRA-7, PSE Response to Public Counsel Data Request No. 15.

<sup>10</sup> Exh. BRA-8, PSE Response to Public Counsel Data Request No. 443 confirms that overflow agents cannot negotiate payment plans, handle a billing dispute, resolve a complaint, or handle details on low income programs or how to avoid a disconnection notice.

1 a) In 2013, PSE failed to meet the 75 percent performance requirement. During, and for  
 2 four months of that year, the Company was unable to surpass a 60 percent call  
 3 answering performance.<sup>11</sup> See Table 3 below, which details this pattern.

**Table 4: 2013 Call Answering Metrics**

	<b>2013</b>				
<b>Month</b>	<b>Sum of Incoming Calls</b>	<b>Sum of Abandoned 30 sec</b>	<b>Sum of Offered Calls</b>	<b>Sum of Handled Calls</b>	<b>Service Level</b>
1	209090	5825	203265	154080	75.80
2	187253	6013	181240	131300	72.45
3	187171	5519	181652	140228	77.20
4	238810	17876	220934	86939	39.35
5	188897	8514	180383	129279	71.67
6	192646	10640	182006	93480	51.36
7	249669	54974	194695	88390	45.40
8	185614	9194	176420	109521	62.08
9	188670	12527	176143	96799	54.95
10	188681	7329	181352	150209	82.83
11	177484	11243	166241	131890	79.34
12	174096	7935	166161	125768	75.69
Grand Total	2368081	157589	2210492	1437883	65.68

5 b) In 2014, the Company's performance was so poor that it was only able to meet the  
 6 annual average for the required service level by taking steps to meet an 85 percent  
 7 performance level during the last two months of the year.<sup>12</sup> Table 4, below, describes  
 8 this observation with more granularity.

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<sup>11</sup> Exh. BRA-9, PSE Response to Public Counsel Data Request No. 28, Attachment A.  
<sup>12</sup> Exh. BRA-9, PSE Response to Public Counsel Data Request No. 28, Attachment A.

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**Table 5: 2014 Call Answering Metrics**

	2014				
Month	Sum of Incoming Calls	Sum of Abandoned 30 sec	Sum of Offered Calls	Sum of Handled Calls	Service Level
1	210551	10990	199561	145734	73.03
2	184994	9113	175881	131779	74.93
3	169617	7833	161784	125799	77.76
4	165197	8015	157182	121737	77.45
5	152123	7495	144628	113456	78.45
6	152295	7630	144665	105233	72.74
7	148072	8647	139425	104835	75.19
8	133339	8670	124669	79577	63.83
9	144345	8878	135467	88633	65.43
10	179389	13055	166334	132344	79.57
11	155680	11971	143709	122444	85.20
12	166238	8764	157474	135006	85.73
Grand Total	1961840	111061	1850779	1406577	75.78

2

c) In 2015, PSE failed to meet the performance standard and performed at less than the

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75 percent call-answering standard for six individual months.<sup>13</sup> Table 5, below,

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illustrates this pattern with monthly data.

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<sup>13</sup> Exh. BRA-9, PSE Response to Public Counsel Data Request No. 28, Attachment A.

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**Table 6: 2015 Call Answering Metrics**

	2015				
Month	Sum of Incoming Calls	Sum of Abandoned 30 sec	Sum of Offered Calls	Sum of Handled Calls	Service Level
1	157,429	8,528	148,901	120,992	81.26
2	142,659	7,081	135,578	112,124	82.70
3	165,545	7,797	157,748	129,756	82.26
4	174,786	8,348	166,438	116,229	69.83
5	147,479	8,959	138,520	81,595	58.90
6	150,861	7,636	143,225	76,747	53.58
7	155,673	6,123	149,550	47,458	31.73
8	188,178	15,081	173,097	68,132	39.36
9	147,782	3,364	144,418	103,295	71.53
10	153,779	1,742	152,037	134,358	88.37
11	171,340	13,960	157,380	135,524	86.11
12	158,075	2,421	155,654	140,761	90.43
Grand Total	1,913,586	91,040	1,822,546	1,266,971	69.67

2

d) In 2016, PSE barely met the annual average service level and performed less than

3

the 75 percent level for five months during the course of the year.<sup>14</sup> This sub-

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standard performance is detailed in Table 7, below.

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<sup>14</sup> Exh. BRA-9, PSE Response to Public Counsel Data Request No. 28, Attachment A.

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**Table 7: 2016 Call Answering Metrics**

	2016				
Month	Sum of Incoming Calls	Sum of Abandoned 30 sec	Sum of Offered Calls	Sum of Handled Calls	Service Level
1	153179	2702	150477	116725	78%
2	153585	3218	150367	108235	72%
3	185782	5830	179952	147531	82%
4	144278	1872	142406	123539	87%
5	137797	1792	136005	119481	88%
6	155570	2444	153126	124296	81%
7	130600	2107	128493	103655	81%
8	144953	2623	142330	109230	77%
9	136848	2935	133913	96985	72%
10	148290	3889	144401	103848	72%
11	141470	5174	136296	83181	61%
12	142407	4673	137734	95831	70%
Grand Total	1774759	39259	1735500	1332537	77%

2 **Q: How has the Company explained its failure to meet the annual requirements?**

3 A: According to PSE, there is always an event that triggers large call volumes that explains  
 4 why the annual standard cannot be met, such as: large outages that do not qualify for  
 5 exemption as “major events,” the installation of a new customer accounting system, or a  
 6 change in credit and collection practices.<sup>15</sup> These explanations for not meeting the annual  
 7 average performance standard are unreasonable.

8 **Q: Why are PSE’s explanations for performance deficiencies unreasonable?**

9 A: Call center performance is primarily a reflection of sufficient staffing and budget for  
 10 properly trained staff to be available at the appropriate times when call volume is heavy.  
 11 Each one of the above-enumerated events is likely to occur at any utility’s call center and  
 12 is not unique to PSE. Given that increased call volumes follow a predictable pattern, the

<sup>15</sup> Exh. BRA-10, PSE Response to Public Counsel Data Request No. 358.

1 Company can implement staffing and work plans to meet these expectations. For  
2 example, it is well known that call centers are particularly busy on Mondays or the day  
3 after a holiday. That pattern is also plainly evident in PSE's call-answering statistics, yet  
4 PSE tolerates poor performance in the wake of predictable events.<sup>16</sup> If PSE sought to  
5 improve call-answering performance as opposed to seeking ways to avoid getting such  
6 calls, its call center performance and overall customer service experience would improve.

7 **Q: Please discuss PSE's call abandonment rate and its relationship to the call center's**  
8 **performance.**

9 A: Under the current methodology for calculating call-answering performance, calls  
10 abandoned after 30 seconds are eliminated from the calculation. This means that when a  
11 customer waits for more than 30 seconds in the queue to speak to a live agent and then  
12 hangs up, their call and the associated long wait time are not included in the calculation  
13 for call-answering performance. More importantly, PSE experiences a significant  
14 number of abandoned calls every month. If these abandoned calls were included in the  
15 calculation, the Company's performance would be worse.<sup>17</sup> Based on PSE's call  
16 performance data, Figure 1 presents the call abandonment rate each month from January  
17 2013 through January 2017. As clearly documented in this graphical presentation, PSE's  
18 call abandonment rate varies widely each month. In several months, the abandonment  
19 rate is more than 20 percent. As a result, the quality and promptness of a customer's

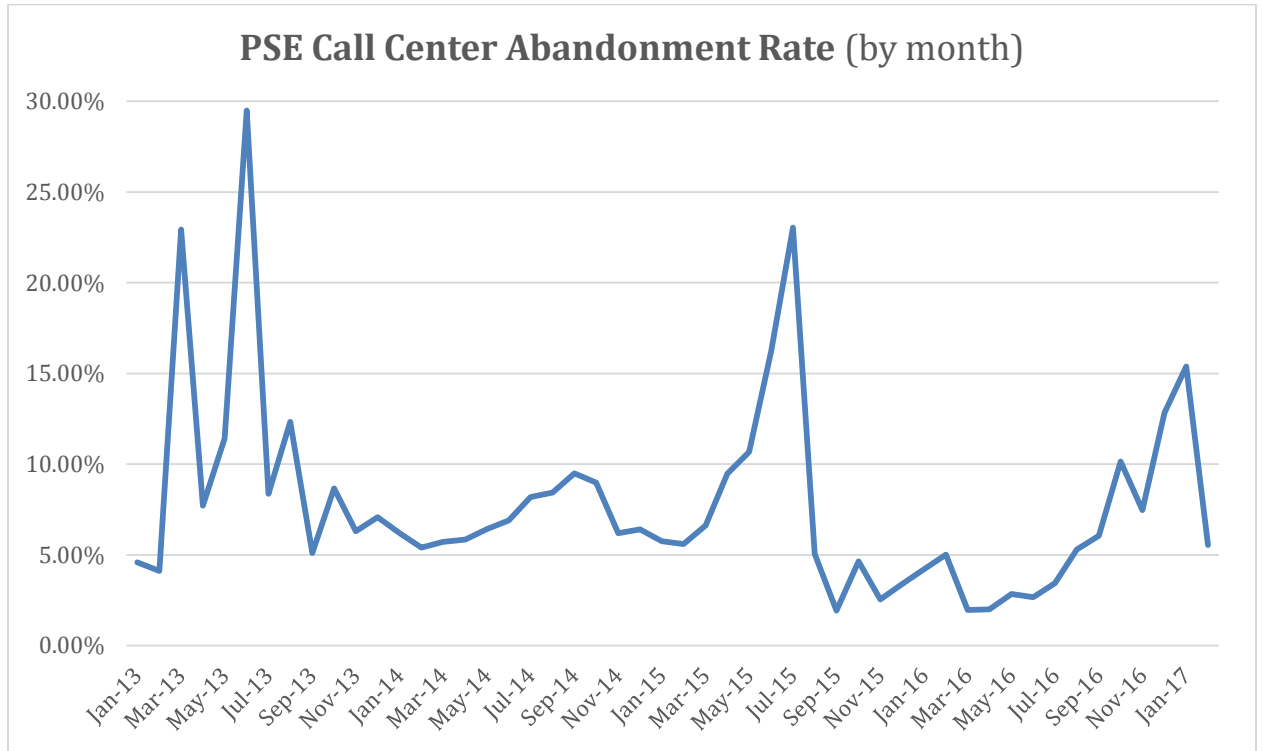
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<sup>16</sup> Exh. BRA-5, PSE Response to Public Counsel Data Request No. 27, Attachment C.

<sup>17</sup> Exh. BRA-11, PSE Response to Public Counsel Data Request No. 363, Attachment A. Ms. Alexander calculated the annual average separately.

1 experience could suffer greatly depending on which month they happen to call for  
2 assistance.

3 **Figure 1: PSE Call Abandonment Rate**



4  
5 **Q: What is the annual average abandonment rate?**

6 **A:** Based on the PSE’s call-abandonment data, the annual average was 6.29 percent in 2013,  
7 6.19 percent in 2014, 8.16 percent in 2015, and 4.54 percent in 2016.<sup>18</sup> Please see exhibit  
8 BRA-12 for a month-by-month and annual breakdown of call-abandonment frequency.

9 **Q: Please discuss PSE’s call answering performance as compared to the “best  
10 practices” of other utilities.**

<sup>18</sup> Exh. BRA-11, PSE Response to Public Counsel Data Request No.363, Attachment A. Ms. Alexander calculated the annual average separately.

1 A: I have always recommended a minimum performance standard of answering at least 80  
2 percent of calls within 30 seconds on an annual average. In fact, this is widely viewed as  
3 a common business practice for companies like PSE. Furthermore, it is typical to  
4 measure and meet a minimum abandonment call rate as well. While there is no national  
5 database on such standards or actual utility performance, I offer the following support for  
6 my assertions:

7 a) PacifiCorp in Washington (and the other states in which it operates) is required to  
8 meet a call-answering standard of 80 percent within 30 seconds as a condition of  
9 its merger approval.<sup>19</sup>

10 b) Based on Pennsylvania Public Utility Commission reports, the majority of  
11 Pennsylvania electric and natural gas utilities routinely answer 80 percent of  
12 customer calls within 30 seconds and report a call abandonment rate of five  
13 percent or less.<sup>20</sup>

14 c) New York utilities are required to meet a telephone answering performance  
15 standard with penalties attached for varying degrees of noncompliance. While the  
16 standards vary among the electric utilities, a typical example is Niagara Mohawk  
17 Power (an affiliate of National Grid) whose call answering standard averages 80%  
18 calls answered within 30 seconds over the last five years.<sup>21</sup>

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<sup>19</sup> Pacific Power, *Customer Service Guarantees*, <https://www.pacificpower.net/ya/ys/cong.html> (last visited Jun 23, 2017).

<sup>20</sup> The Pennsylvania customer service reports are published annually. Pennsylvania PUC, *Customer Service Performance Report 2015*, [http://www.puc.state.pa.us/General/publications\\_reports/pdf/Customer\\_Service\\_Perform\\_Rpt2015.pdf](http://www.puc.state.pa.us/General/publications_reports/pdf/Customer_Service_Perform_Rpt2015.pdf) (Aug. 2016).

<sup>21</sup> N.Y. State Pub. Serv. Comm'n, 2017 Niagara Mohawk Power Corp. General Rate Case, Case Nos. 17-E-0238 & 17-G-0239, Exhibit SSP-7 (Apr. 28, 2017) <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=17-E-0238> (follow "Book



- 1 d) Xcel Energy in Minnesota is required to answer 80 percent of all calls within 20  
2 seconds.<sup>22</sup>
- 3 e) NSTAR (now operating as Eversource), a large Massachusetts electric utility is  
4 subject to a call-performance benchmark such that 80 percent of calls should be  
5 answered in 30 seconds. Furthermore, Bay State Gas' performance metric is such  
6 that 82.8 percent of calls should be answered within 20 seconds. Both companies  
7 have met these benchmarks in recent years.<sup>23</sup>

8 **Q: In light of PSE's failure to improve its call center performance, what do you**  
9 **recommend?**

10 A: I recommend that the Commission require PSE to gradually improve its call center  
11 answering performance to an annual standard of 80 percent of calls answered within 30  
12 seconds. I also propose that PSE be held to an annual abandonment rate not to exceed 5  
13 percent. These new standards could be phased in over a 2-3 year period with gradual  
14 incremental improvement until my recommended standards take full effect.

15 In addition to new standards, the current penalty structure should remain in place  
16 and comparable penalties should be assessed to the new abandonment rate metric in the  
17 future. PSE's monthly performance data clearly documents that the Company is capable  
18 of answering 80 percent of calls in 30 seconds, and this higher level of performance  
19 should be sustained throughout the year. The Commission should require PSE to

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7 NMPC - SSP, ECP & GCP" hyperlink located on the Sr.No. 12 line of the "Filed Documents" page).

<sup>22</sup> Xcel Energy Minnesota tariffs, Section 6, Sheet No. 7.7 (Service Quality), available at:  
[https://www.xcelenergy.com/staticfiles/xcel/PDF/Regulatory/Me\\_Section\\_6.pdf](https://www.xcelenergy.com/staticfiles/xcel/PDF/Regulatory/Me_Section_6.pdf)

<sup>23</sup> Massachusetts Office of the Attorney General, *Recommendations for Strengthening the Massachusetts Department of Public Utilities' Service Quality Standards*, at 30-32, 64-65 (Dec. 13, 2012).

1 sustain high-quality performance throughout the entire year. A higher annual average  
2 performance requirement and abandonment rate standard will help achieve that objective.

3 Another option would be to impose a monthly or quarterly average call answering  
4 performance standards that would result in penalties if PSE does not meet the monthly or  
5 quarterly requirements. However, I have not developed such an approach in detail, but  
6 acknowledge that it would be an acceptable alternative to my recommendations to adopt  
7 more stringent annual performance standards for the call center.

8 **Q: In light of your review of PSE's call answering performance, do you agree with Mr.**  
9 **Zeller's proposal to change the methodology for the calculation of the call-**  
10 **answering standard?**

11 A: No. Mr. Zeller's proposal would water down the current performance metric. Including  
12 transactions handled by IVR in the calculation would disproportionately increase the  
13 number of customer inquiries handled within 30 seconds, thus masking the time it takes  
14 for live agents to answer customer phone calls. PSE's proposal would make it appear  
15 that the Company has significantly improved its call answering performance when the  
16 actual performance of those who seek to speak with a customer service representative  
17 would not improve at all.<sup>24</sup> Finally, Mr. Zeller's testimony on this issue is even more  
18 troubling in light of their intent to include not only the customer's call to the IVR, but  
19 separately count the customer's multiple transactions on the single IVR call.<sup>25</sup> In my  
20 opinion, IVR transactions should have no impact on the call center's performance. To

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<sup>24</sup> Exh. BRA-17, PSE's Response to WUTC Data Request No. 43, presented as Exhibit BRA-17, shows the service level for 2015 under the change in methodology recommended by Mr. Zeller. Under this new methodology, PSE's call performance service level for 2015 would be equal to 85 percent.

<sup>25</sup> Exh. BRA-18, PSE Response to WUTC Staff Data Request No. 468.

1 the extent that customers take advantage of the IVR menu options and avoid connecting  
2 with a live agent, this would benefit PSE under the proposal. However, this change could  
3 incentivize the Company to permit call center performance to deteriorate further. In light  
4 of the frequent failure to meet the current, relatively low performance standard, I  
5 recommend that the Commission require PSE to improve the call center performance  
6 instead of changing how the metric is calculated. Customers who need to contact the call  
7 center naturally have more complicated issues to discuss with the customer service  
8 representatives compared to the handling of simpler IVR transactions.<sup>26</sup> As a result, the  
9 call-answering center performance should only be measured based on calls that seek to  
10 engage a live agent.

11 **III. OTHER ISSUES WITH PSE'S CUSTOMER SERVICE QUALITY AND**  
12 **EXPERIENCE PROPOSALS**

13 **Q: In addition to Mr. Zeller's proposed metric adjustment, does his testimony also**  
14 **reflect PSE's "Get to Zero" initiative described in Mr. Mills' testimony?**

15 **A:** It would appear so, although Mr. Zeller does not specifically reference that phrase in his  
16 testimony. In his Pre-filed Direct Testimony, Mr. David Mills describes a long-term "Get  
17 to Zero" initiative intended "to improve customer experience with PSE by providing  
18 more self-service options that customers are requesting, developing new ways to

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<sup>26</sup> PSE already directs more complicated customer calls for "leased services," "energy advisors," and "construction services" to different call systems on its IVR script. As a result, the call center performance is primarily relied upon for residential customers who need to discuss bill payment, respond to collection actions, file a complaint, or have a more complicated billing and payment issue to resolve. *See* Exh, BRA-19, PSE Response to Public Counsel Data Request No. 13.

1 proactively communicate with customers and creating seamless, integrated operations to  
2 tie PSE's business processes together." And:

3 PSE's broad goal for the technology and business processes advanced by  
4 the 'Get to Zero' initiative is to anticipate customer needs and provide  
5 solutions to address those needs. These advancements and experiences  
6 will reduce customers need to call in and speak to a customer service  
7 representative and will build customer trust.<sup>27</sup>

8 Mr. Mills references Mr. Zeller's testimony that describes surveys undertaken by PSE to  
9 enhance digital solutions and "self-service" technologies. Ultimately, the Company  
10 intends to develop these self-serve experiences such that "customers will not have a need  
11 to pick up the phone and call PSE."<sup>28</sup>

12 **Q: How does PSE intend to measure the success of the "Get to Zero" initiative?**

13 A: In the near term, Mr. Mills states that the metric for the "Get to Zero" initiative will be  
14 call volume to the Customer Care Center, seeking to reduce that call volume by as much  
15 as 300,000 calls by the end of 2017 and similar results in future years.<sup>29</sup> The Company  
16 does not indicate by how much they intend to reduce call volumes beyond 2017 in order  
17 to meet their ultimate goal of zero customer interactions with live agents.

18 **Q: Please comment on the Company's "Get to Zero" initiative in terms of your  
19 recommendations concerning call center performance.**

20 A: I am concerned that the "Get to Zero" objective may be implemented in a manner that  
21 attempts to denigrate or reduce PSE's customer service performance in interacting on a  
22 personal level with its customers. While it may be appropriate to develop various

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<sup>27</sup> Pre-filed Direct Testimony of David E. Mills, Exh. DEM-1T, at 23.

<sup>28</sup> *Id.*, at 24, ll. 2-3.

<sup>29</sup> *Id.*, at 24, ll. 15-18.

1 communication channels that allow for a variety of “self-service” transactions, there is no  
2 substitute for personal interaction and communication with customers to handle more  
3 complicated inquiries and transactions. This need for personalized interaction is  
4 particularly the case for those who do not prefer the “self-service” options,” do not  
5 understand them, or need personalized education and assistance in resolving bill payment  
6 and credit-related issues. An over-emphasis on the IVR and other web-based  
7 communication tools may be particularly harmful to low-income and fixed-income  
8 customers.

9 Furthermore, when this “Get to Zero” goal is coupled with the Company’s  
10 attempt to weaken the call center performance standard, my concerns are heightened.  
11 The Company does not propose improvements to call center actions for those who need  
12 the assistance of a live agent alongside its aim to reduce personal customer interactions.  
13 PSE provides an essential utility service and customers do not have the choice to pursue  
14 service from another provider. If cellular service customers do not find their supplier’s  
15 customer service accessible or adequate, they can change their supplier. Because PSE  
16 provides a monopoly electric and natural gas service, I urge the Commission to hold PSE  
17 to a higher standard in its interactions with customers who choose or need to interact with  
18 customer service representatives.

19 **Q: Mr. Zeller cites to survey results to support his belief that customers generally**  
20 **prefer self-service options. Do you agree?**

21 **A:** Not necessarily. Mr. Zeller’s reference to survey data references does not support his

1 interpretation.<sup>30</sup> In fact, the survey responses document that there are many types of  
2 transactions in which customers stated their preference to speak with a customer service  
3 representative. According to the survey results, customers prefer self-service options *and*  
4 assistance from a live agent for the following:

- 5 • Change name or address on the account (PSE web page or live agent)
- 6 • View usage (PSE website or smartphone app)
- 7 • Report an outage (PSE website; smartphone app; live agent)
- 8 • Check status of power outage (PSE website, smartphone app; live agent)
- 9 • View account balance (PSE website; smartphone app; live agent)
- 10 • Confirm payment made (PSE website; smartphone app; live agent)
- 11 • Make payment arrangements (PSE website; live agent)

12 These results undermine Mr. Zeller's insinuation that customers no longer need or prefer  
13 a customer service agent's assistance.

14 **IV. IMPROVEMENTS TO PSE'S CUSTOMER SERVICE GUARANTEE**  
15 **EDUCATION AND REIMBURSEMENT**

16 **Q: Please explain PSE's customer guarantee program.**

17 A: PSE provides: (1) a \$50 customer credit for missing a service appointment; (2) \$50 credit  
18 for failing to repair an outage within 24 hours; and (3) \$50 credit for failing to repair an  
19 outage that lasts more than 120 hours in the wake of a major storm event.

20 **Q: Please explain the criteria to qualify for a credit for a missed appointment.**  
21

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<sup>30</sup> Exh. BRA-5, PSE Response to Public Counsel Data Request No. 27, Attachment D. This survey was conducted in August 2015.

1 A: The missed appointment credit is only applicable when PSE misses a previously  
2 scheduled appointment. However, the guarantee is not applicable for (a) appointments  
3 that are rescheduled with the customer's agreement; or (b) when major emergencies or  
4 storms suspend routine utility operations. PSE automatically provides this credit to  
5 qualified customers based on their Company records.

6 **Q: Please explain the criteria to qualify for the 24-hour outage repair guarantee.**

7 A: The credit for a failure to repair an outage within 24 hours applies only to routine outage  
8 events, but not when there is a major storm. Furthermore, this credit is triggered from the  
9 time the customer personally reports the outage to PSE or, if not immediately reported,  
10 when the customer calls to request this credit within seven days of the outage. If a  
11 customer calls after the outage is repaired, the Company references its OMS records to  
12 determine eligibility.

13 **Q: Please explain the criteria to qualify for the 120-hour outage repair guarantee.**

14 A: The credit for the failure to report an outage within 120 hours (five days) is only triggered  
15 for major storm-related outages. Again, the customer is required to report the outage to  
16 trigger the 120-hour calculation or seek to obtain the outage by communicating with PSE  
17 within seven days of the outage event. If a customer makes the call within seven days, the  
18 Company will search its OMS records to determine eligibility.

19 **Q: Please comment on PSE's performance with regard to the missed appointments  
20 service guarantee.**

21 A: PSE has dramatically improved its performance to reduce missed appointments. In 2007,  
22 PSE missed more than 2,400 appointments and paid \$122,500 to affected customers.

1           However, in 2016, PSE missed only 380 appointments for a total cost of \$19,000.<sup>31</sup> This  
2           guarantee is provided automatically to customers when PSE's records show that an  
3           appointment has been missed. Furthermore, PSE took affirmative steps to reform its  
4           appointment process and scheduling practices to reduce the number of missed  
5           appointments.<sup>32</sup> In other words, the incentive associated with this approach to customer  
6           service worked as intended.

7           **Q: Does PSE issue the outage-related credits automatically to affected customers?**

8           A: No. The missed appointment credit is the only credit that is automatically granted  
9           without any specific action by the customer. The two outage-related credits require  
10          customers to contact the Company to report an outage or to request the credit after the  
11          outage is repaired.<sup>33</sup> Therefore, the outage related service credits are not automatic in  
12          that customers who experience an outage that exceeds either the 24-hour or 120-hour  
13          criteria do not receive a credit based solely on PSE's internal outage records.  
14          Additionally, PSE calculates the outage's duration based on when the customer reports it,  
15          not the actual length of the outage itself.<sup>34</sup> This policy is potentially confusing to  
16          customers and contributes to the difficulty in communicating how to qualify for this  
17          credit.

18          **Q: In your opinion, has PSE adequately communicated the outage-related service**  
19          **credit to customers?**

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<sup>31</sup> Exh. BRA-9, PSE Response to Public Counsel Data Request No. 28, Attachment A.

<sup>32</sup> Exh. BRA-20, PSE Response to Public Counsel Data Request No. 361.

<sup>33</sup> Exh. BRA-21, PSE Response to Public Counsel Data Request No. 362, subpart (b).

<sup>34</sup> Exh. BRA-22, PSE Response to Public Counsel Data Request No. 25, Attachment B.



1 A: No. Given the criteria that customers must meet in order to obtain the outage-related  
2 credits, I recommend that PSE broadcast customers' obligation to call and report outages  
3 to qualify for the credit. While the PSE website's main outage page emphasizes the  
4 credit "guarantee" without further explanation, customers will only learn that a call to the  
5 Company is necessary if and when they click the customer clicks "guarantee" to navigate  
6 to a subsequent page.<sup>35</sup> If customers want to learn about all the qualifications and  
7 criteria, the second page provides another link to PSE's tariffs which are not, in my  
8 opinion, easily understood or appropriate to provide customer education in plain  
9 language.

10 Other communications include short bill stuffers and newsletter messages.  
11 However, these communications do provide any information about obtaining the outage  
12 credits. Rather, customers are directed to the PSE website.<sup>36</sup> Furthermore, the IVR does  
13 not include instructions on qualifying for the outage related credits.<sup>37</sup> In my opinion, PSE  
14 should clearly emphasize that they require customers to call and report the outage, even  
15 when it is obvious that an outage is occurring. When an outage occurs, it would be  
16 reasonable for customers to assume that they do not need to report it since others  
17 similarly affected have presumably done so. At the same time, I think it is reasonable for  
18 customers to assume that PSE knows where and when outages occur without customer  
19 reports. As a result, I am concerned that customers who would otherwise qualify for the

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<sup>35</sup> See PSE's website, <https://pse.com/accountsandservices/ServiceAlert/Pages/default.aspx>.

<sup>36</sup> Exh. BRA-22, PSE Response to Public Counsel Data Request No. 25, Attachment A.

<sup>37</sup> The IVR script notifies customers about the appointment service guarantee. However, there is no instruction on the IVR scripts about the outage related guarantee qualifications except for a one sentence reference to the existence of the guarantee when the Emergency Operations Center is opened. See Exh. BRA-22, PSE Response to Public Counsel Data Request No. 25.

1 outage guarantees will not receive them due to lack of understanding and proactive  
2 customer education.

3 **Q: Should PSE be able to automatically detect and pay the outage related credits**  
4 **without requiring customers to notify them?**

5 A: Yes. While there are a very small number of meters that PSE cannot rely upon to detect  
6 outages,<sup>38</sup> PSE should have the ability to detect the scope and scale of outages in most  
7 situations after service is restored. For example, Ms. Booga Gilbertson testified that PSE  
8 completed implementing and integrating an Outage Management System with the  
9 Customer Information System for use in predicting outages and improving estimating and  
10 communicating restoration times to customers. This allows PSE to inform customers  
11 about outage status through a variety of channels.<sup>39</sup> PSE should be able to conduct a  
12 post-outage review and automatically grant outage guarantee payments. This change  
13 would require an amendment to PSE's tariffs and regulations concerning these outage  
14 guarantees.

15 **V. THE COMMISSION SHOULD REJECT PSE'S PROPOSED ELECTRIC**  
16 **COST RECOVERY MECHANISM ("ECRM")**

17 **Q: Please briefly describe the Company's proposed ECRM.**

18 A: PSE witnesses Booga Gilbertson and Catherine Koch<sup>40</sup> recommend that the Commission  
19 adopt an ECRM to allow PSE to recover costs for certain investments and expenditures  
20 from its electric customers by means of a new surcharge or rider. This proposal would

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<sup>38</sup> Exh. BRA-21, PSE Response to Public Counsel Data Request No. 362, subpart (e). PSE states that 1,000 residential and 300 non-residential customers have non-AMR meters.

<sup>39</sup> Pre-filed Direct Testimony of Booga Gilbertson, Exh. No. BKG-1T, at 36, ll. 5-9.

<sup>40</sup> Gilbertson, Exh. BKG-1T and Pre-filed Direct Testimony of Catherine A. Koch, Exh. CAK-1T.

1 allow PSE to raise customer rates outside of a normal base rate proceeding. The specific  
2 investments that PSE seeks to include in the ECRM are: (1) accelerated replacements of  
3 underground distribution cable and (2) accelerated expenditures to improve the reliability  
4 of worst-performing distribution circuits.

5 **Q: What is the purpose of your testimony on this proposal?**

6 A: Public Counsel's primary witness on this proposal is Mr. Michael Brosch. My testimony  
7 is intended to highlight several policy issues from a consumer perspective that provide  
8 additional support for Mr. Brosch's testimony and recommendations.

9 **Q: What additional points do you wish to make with regard to the ECRM?**

10 A: I offer the following comments and support in endorsing Mr. Brosch's recommendation:

11 a) The Commission should not adopt a single-issue ratemaking adjustment or rider  
12 without PSE documenting significant reasons that would justify such a departure  
13 from traditional ratemaking, particularly where there is no statutory mandate for  
14 such a rider in Washington.<sup>41</sup> The distinction between the existing natural gas  
15 pipeline rider to replace gas mains for documented safety reasons is not a  
16 reasonable precedent for PSE's proposed use of the ECRM for certain reliability

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<sup>41</sup> Ms. Koch's reference to the Pennsylvania's distribution investment rider is not relevant to PSE's proposal for the ECRM. *See* Pre-filed Direct Testimony of Catherine Koch at 8. First, the Pennsylvania rider is for distribution infrastructure improvement generally and not limited to reliability improvements. Second, the Pennsylvania rider for this purpose was explicitly mandated by statute, a point not reflected in Ms. Koch's testimony on this point. On Feb. 14, 2012, Governor Corbett signed [Act 11 of 2012](#) amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes to allow jurisdictional water and wastewater utilities, natural gas distribution companies, city natural gas distribution operations, and electric distribution companies to petition the Commission for approval to implement a Distribution System Improvement Charge (DSIC). The DSIC must be designed to provide for "the timely recovery of the reasonable and prudent costs incurred to repair, improve or replace eligible property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable services." 66 Pa. Stat. and Cons. Stat. Ann. § 1353 (a). *See* [http://www.puc.state.pa.us/filing\\_resources/issues\\_laws\\_regulations/system\\_improvement\\_charges\\_act\\_11.aspx](http://www.puc.state.pa.us/filing_resources/issues_laws_regulations/system_improvement_charges_act_11.aspx) for additional information on Pennsylvania's implementation of this statute.

1 related investments that are not required for or linked to safety or public health  
2 related reasons. PSE has discretion to target its infrastructure and reliability  
3 investments based on its statutory obligation to provide adequate, reasonable, and  
4 reliable service.

5 b) There is no basis for PSE's apparent assumption that they are not obligated to  
6 respond to documented reliability deficiencies without a special surcharge or rider  
7 that will collect ratepayer funds and earn a profit outside of a base rate case.  
8 These proposed ECRM expenditures are embedded in PSE's ongoing distribution  
9 system maintenance and modernization expenditures and should be considered in  
10 a normal base rate case in which all revenues and expenses can be evaluated.  
11 PSE can undertake expenditures for these purposes and seek recovery of costs in  
12 future rate cases.

13 c) While PSE claims these expenditures are needed to bring their reliability  
14 performance in line with other Washington electric utilities, the Company does  
15 not include any specific performance standards that would ensure that these  
16 investments will result in any specific level of improvement.<sup>42</sup> This concern is  
17 heightened by PSE's previous proposals to eliminate penalties for any specific  
18 level of system wide reliability performance in the SQ Program. Finally,  
19 comparing PSE's reliability performance with other Washington utilities would  
20 require an analysis of the service territory and rural/urban nature of the utilities  
21 being compared.

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<sup>42</sup> Exh. BRA-23, PSE Response to Public Counsel Data Request No. 56.

- 1 d) PSE has not developed any plan or analysis that considers alternative or least cost  
2 approaches to specific reliability problems, such as stimulating distributed energy  
3 resources or considering investments in Distribution Automation<sup>43</sup> on selected  
4 circuits.<sup>44</sup>
- 5 e) PSE has not identified what level of outages or cable failures it would find  
6 acceptable or that would trigger the need for the ECRM. When asked to identify  
7 what level of outages relating to vegetation related outages and underground cable  
8 related outages would be acceptable, PSE did not actually answer the question,  
9 but referred to a “sustained upward trend” as being “unacceptable.”<sup>45</sup> As a result,  
10 neither the Commission nor the public has any factual information on the  
11 appropriate objective or goal that PSE will use to determine the criteria that will  
12 govern their approach to accelerate investments in this area with ERCM.

13 **Q: Does this conclude your testimony at this time?**

14 **A:** Yes, it does.

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<sup>43</sup> Distribution Automation investments would include investments to allow PSE to more directly communicate with its circuits and substations with two-way and digital devices. Such investments have the potential to improve reliability of service.

<sup>44</sup> Exh. BRA-24, PSE Response to Public Counsel Data Request No. 6.

<sup>45</sup> Exh. BRA-25, PSE Response to Public Counsel Data Request Nos. 9, 10, 42 and 43.