



Puget Sound Energy

Meter and Billing Performance Annual Report

For 1st Annual Reporting Period:
June 1, 2013 - December 31, 2013

Filed on January 31, 2014

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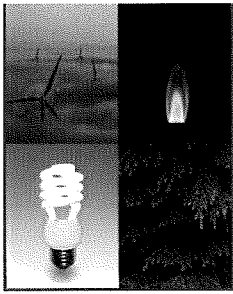
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Introduction

This is Puget Sound Energy Inc.'s ("PSE's" or the "Company's") first Meter and Billing Performance Annual Report under the revised Meter and Billing Performance Standards set forth in the Partial Settlement in Order 8 of consolidated Docket Nos. UE-111048 and UG-111049 ("Partial Settlement") for periods starting June 1, 2013. The applicable report period for this initial annual reporting includes June 1, 2013¹, through December 31, 2013, (per Partial Settlement paragraph 23). PSE met the standards for the correction of meters with unassigned energy usage problems and is substantially in compliance with the stopped meter performance standards (per Partial Settlement paragraph 20).

The meter and billing performance standards per Partial Settlement paragraph 13 ("Meter and Billing Performance Standards" or "Meter and Billing Standards") are:

- PSE will identify and correct 98 percent of all stopped meter and unassigned energy usage meter problems for both gas and electric meters within 12 months from initial occurrence of the problem.
- PSE will identify and correct all stopped meter and unassigned energy problems for both gas and electric meters within 24 months from the initial problems report.

This report also discusses the results of the one-time zero consumption 365-day investigation process that was launched on June 1, 2012, (per Partial Settlement paragraph 12) and the results of the on-going zero Consumption 180-day customer notification process (per Partial Settlement paragraph 18).

The layout and elements of this report are consistent with the draft annual meter and billing report outline reviewed and discussed with the Commission Staff on September 27, 2013. Staff provided additional comments and suggestions via an e-mail on October 30, 2013, which have been incorporated in this report.

¹ Performance standards and results prior to June 1, 2013, had been filed with the Commission at quarterly basis for 2008 Q3 through 2012 Q1 under Docket Nos. UE-072300 and UG-072301 (consolidated) and under both Docket Nos. UE-072300 and UG-072301 (consolidated) and Docket Nos. UE-111048 and UG-111049 (consolidated) for 2012 Q2 through 2013 Q2, the last quarterly report per Partial Settlement.



Summary Progress to Date

Meter and Billing Performance Summary

PSE met the Meter and Billing Performance Standards for unassigned energy usage meter cases for both the 12-month (98%) and 24-month thresholds (all meters). For the stopped meter cases, PSE is substantially in compliance with performance standards but was 2% short of meeting the 12-month threshold and corrected 9 meter cases outside the 24-month threshold. These outlier stopped meter issues will be discussed in the *Tracking and Reporting of Meter/Billing Issues* section of this report.

Resolution Results for Stopped Meters

The table below provides the total number of stopped meters that had been identified and correctly back billed between June 1, 2013, and December 31, 2013. The measure is based on the starting date of the billing adjustment (i.e., the date when the commodity was accurately measured) to the end date of the billing adjustment (i.e., the date the customer's meter again accurately records usage) as prescribed in the paragraph 14 of the Partial Settlement.

	Within 6 Months	Within 12 Months	Within 24 Months	Exceeds 24 Months	Total Meters	Within 12 Months	Within 24 Months	Exceeds 24 Months	Total Results
Electric	195	28	10	3	236	95%	4%	1%	100%
Gas	1,052	212	42	6	1,312	96%	3%	1%	100%
Total	1,247	240	52	9	1,548	96%	3%	1%	100%

Resolution Results for Unassigned Energy Usage

The table below provides the total number of meters with Unassigned Energy Usage ("UEU") that had been identified and correctly billed between June 1, 2013, through December 31, 2013. The time measure is based on the date the customer moved in to the location (i.e., the date of the customer's initial unauthorized usage to the date the billing adjustment invoice is released in PSE's billing system to be mailed to the customer (i.e., the date the back bill was issued) as prescribed in the paragraph 14 of the Partial Settlement.

	Within 6 Months	Within 12 Months	Within 24 Months	Exceeds 24 Months	Total Meters	Within 12 Months	Within 24 Months	Exceeds 24 Months	Total Results
Electric	4,010	187	31	0	4,228	99%	1%	0%	100%
Gas	3,714	491	26	0	4,231	99%	1%	0%	100%
Total	7,724	678	57	0	8,459	99%	1%	0%	100%

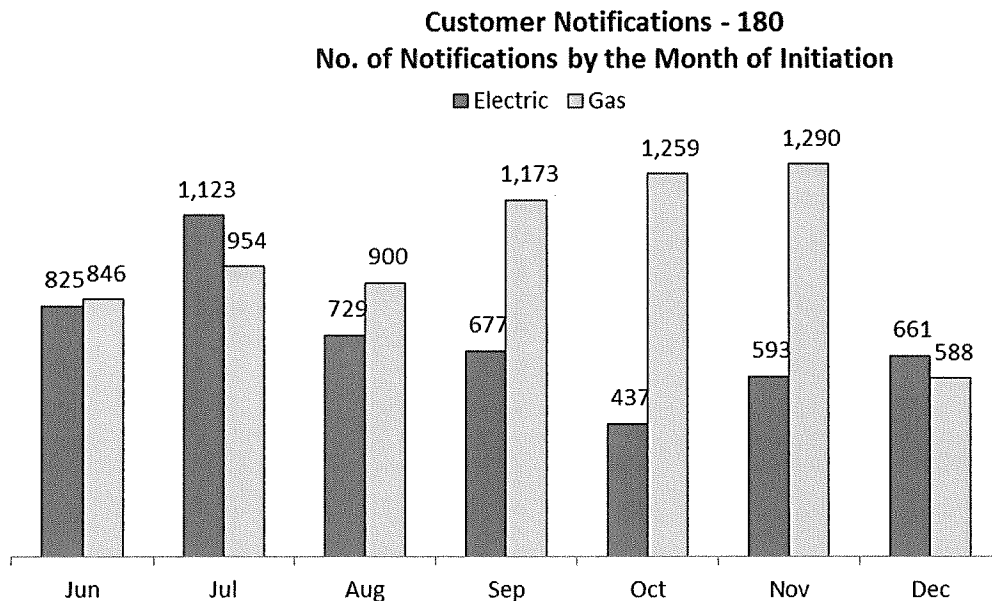


Zero Consumption 180-Day Investigation Report

On June 1, 2013, PSE launched the customer notification and investigation process for meters measuring zero consumption for 180 consecutive days. This section of the report summarizes the results of these two processes for the period June 1, 2013, through December 31, 2013.

As part of the on-going customer notification process, PSE will notify each customer with a meter showing zero consumption for 180 consecutive days or more. The initial customer notification² involves up to two auto dialer calls that include a method for receiving and tracking the customer response regarding the zero usage meter status. These calls will be followed by a letter requesting that the customer contacts PSE to verify the zero readings if the auto dialer does not record a valid respond from the customer. An example of the customer notification letter is included for reference in Appendix B: Zero Consumption 180-Day Investigation Customer Notice.

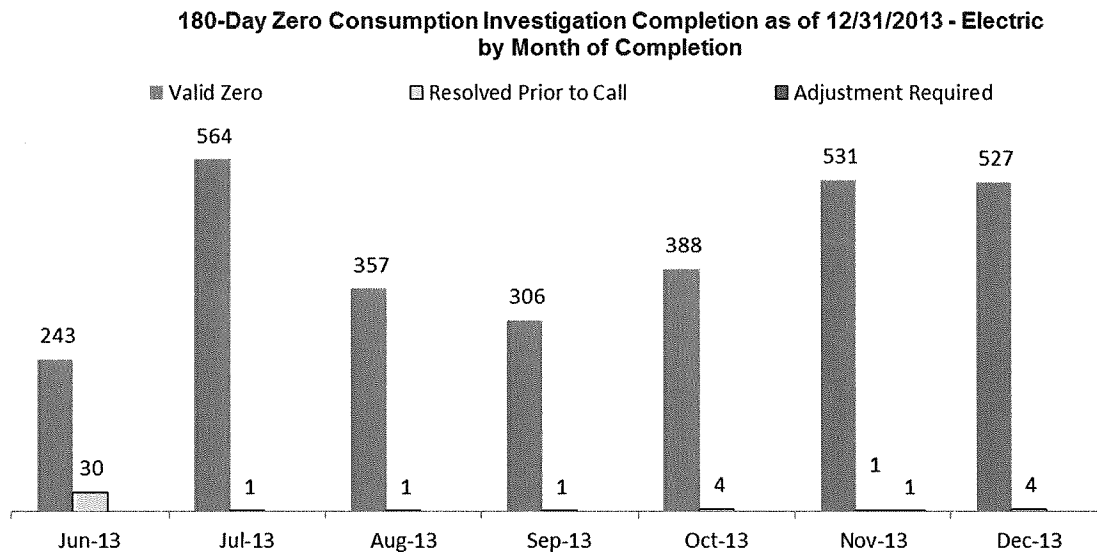
Between June 1, 2013, and December 31, 2013, PSE launched 12,055 meter cases in the zero consumption 180-day notification process. Of the 12,055 customer notifications, 5,045 were Electric customers and 7,010 were gas. The charts below show the breakdown by fuel and the month the customer notification was generated.



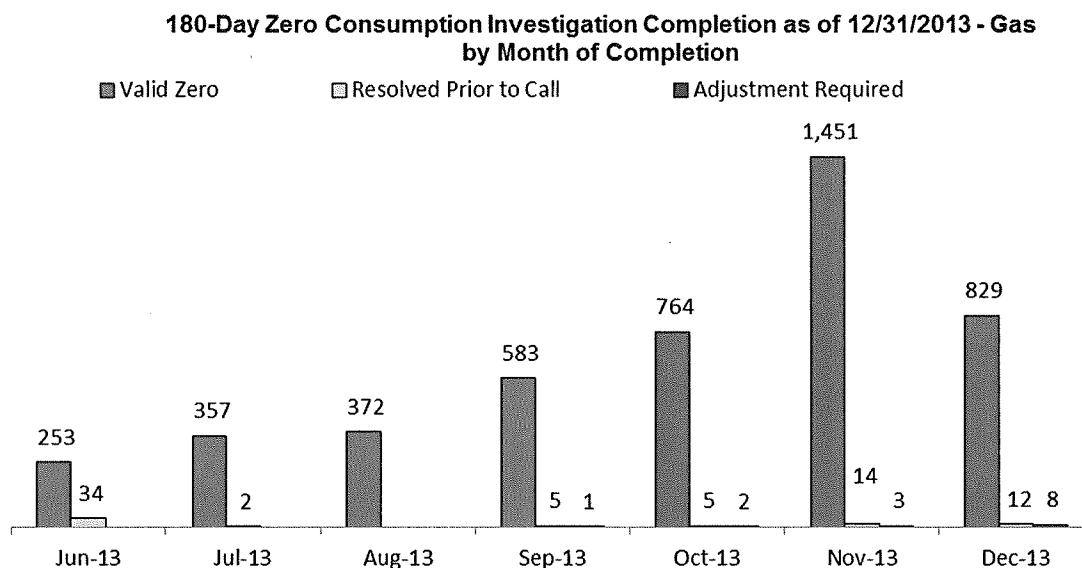
² The auto dialer call script and flow and the customer notification letter were distributed in the June 7, 2012 PSE and UTC Staff meeting. UTC Staff did not raise any general or specific concerns about these notices in the meeting or via the e-mail following the meeting.

Of the 5,045 electric customer notifications created, 0.82% of the cases were created for the investigation process but the meter usage resumed prior to the automatic dialer call therefore no customer notification/investigation action was required. PSE received responses on 2,959 meters by December 31, 2013. Among the 2,959 meter cases created, more than 98% were meters with confirmed valid zero usage by the customers and only one meter required a billing adjustment, which was completed in November.

The chart below shows the resolution status of the investigation of these zero consumption 180-day electric cases by the month of the investigation completion as of December 31, 2013.

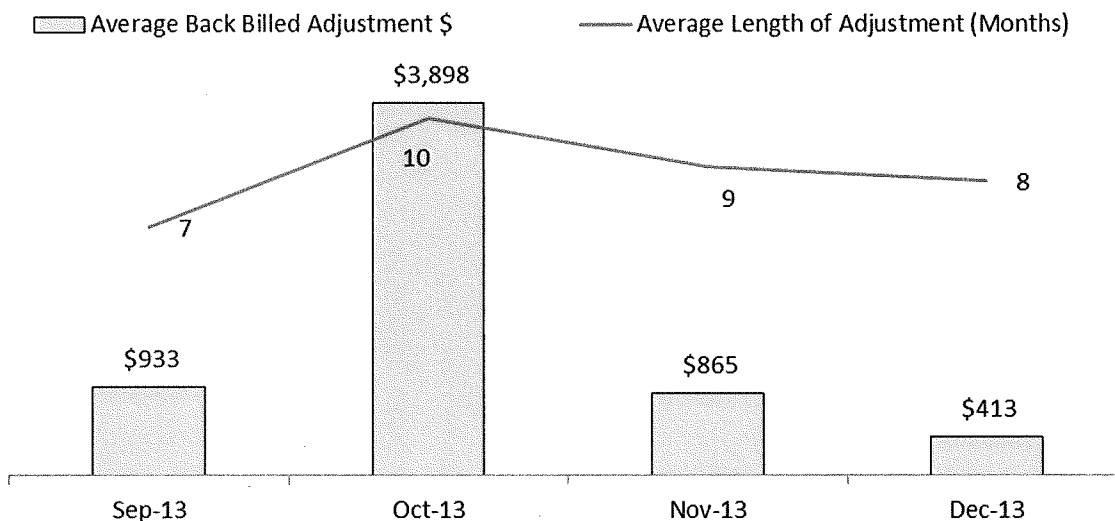


Of the, 7,010 gas customer notifications created, 1.30% of the cases were created for the investigation process but the meter usage resumed prior to the automatic dialer call therefore no customer notification was required. PSE received responses on 4,695 meters by December 31, 2013. Among the 4,695 meter cases created, over 98% were meters with confirmed valid zero usage by the customers and only 14 meters required billing adjustments. The chart below shows the resolution status of the gas cases by the month of the investigation completion as of December 31, 2013.



As demonstrated above, of the initial 12,055 electric and natural gas meter cases identified in the zero consumption 180-day notification process, only 15 meters or 0.12% required a billing adjustment, 1 electric and 14 gas meters. The following chart below show the average back-bill dollar amount and the average length of billing adjustment and the length of billing adjustment in months as of December 31, 2013, and the month the billing adjustment took place for the 14 gas meters. As discussed earlier, the billing correction for the only electric meter case requiring a correction took place in November 2013 and the back billed amount and length were \$180 and 6 months, respectively (no chart is needed).

**Length of Stopped Meter & \$ Adjustment - Gas
by the Month of Back Billing**





One Time Zero Consumption 365-Day Investigation Completion Report – Final Report

On June 1, 2012, PSE launched the customer notification and investigation process for meters reading zero consumption for 365 consecutive days (or 12 consecutive months) or more during the investigation period of June 1, 2012, through May 31, 2013. The section of the report provides an overview of results of this one-time investigation requirement per paragraph 12 of the Partial Settlement.

This group of the billing issues is independent of the issues identified under the revised Meter and Billing Performance Standard per paragraphs 13 and 14 of the Partial Settlement in the Resolution Results of for Stopped Meters and UEU sections.

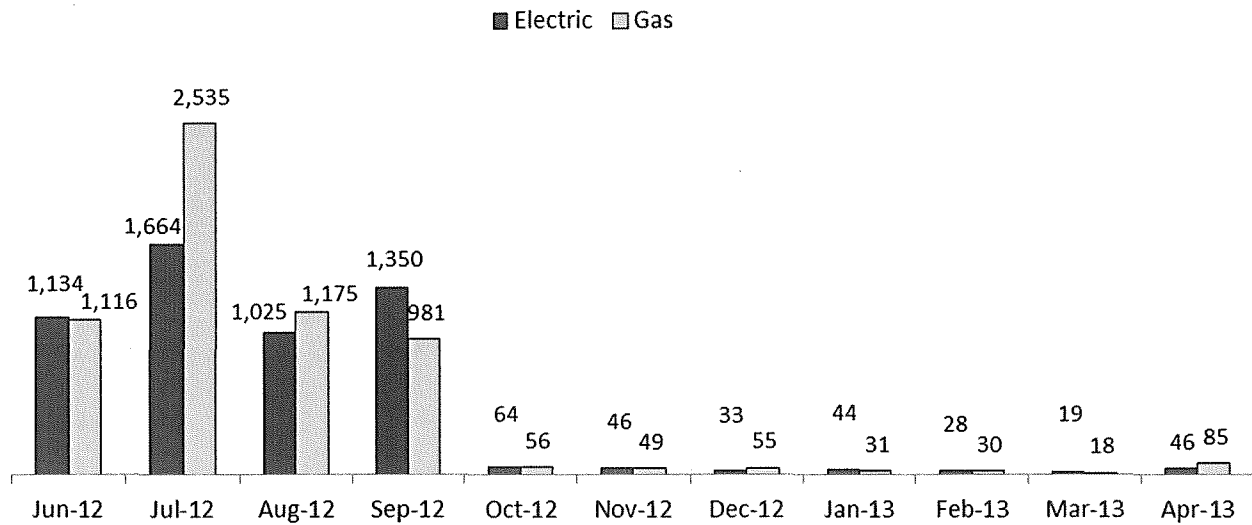
Prior to the conclusion of this zero consumption 365-day investigation process, PSE had been providing quarterly updates of its investigation results and follow-up actions in its meter and billing quarterly reports since 2012 Q2 to facilitate the review of the Commission and the UTC staff.

As part of the investigation process, PSE notified each customer with a meter showing zero consumption for 365 consecutive days or more. The initial customer notification³ involves up to two auto dialer calls that include a method for receiving and tracking the customer response regarding the zero usage meter status. These calls will be followed by a letter requesting that the customer contacts PSE to verify the zero readings if the auto dialer does not record a valid response from the customer.

PSE launched 20,168 meter cases (8,710 electric and 11,458 gas cases) in this zero consumption 365-day investigation process for the meters that had reached or could reach 365 consecutive days of no consumption during the investigation period of June 1, 2012, through May 31, 2013. Of the cases created, 7,002 meter cases were resolved prior to the customer notification process either because usage has been resumed, or the customers notified PSE that they were not being billed. 13,166 customer notifications were initiated via the customer notification process. Calls with no customer response or meters with customer reported usage were dispatched for field investigation.

³ The auto dialer call script and flow and the customer notification letter were distributed in the June 7, 2012 PSE and UTC Staff meeting. UTC Staff did not raise any general or specific concerns about these notices in the meeting or via the e-mail following the meeting.

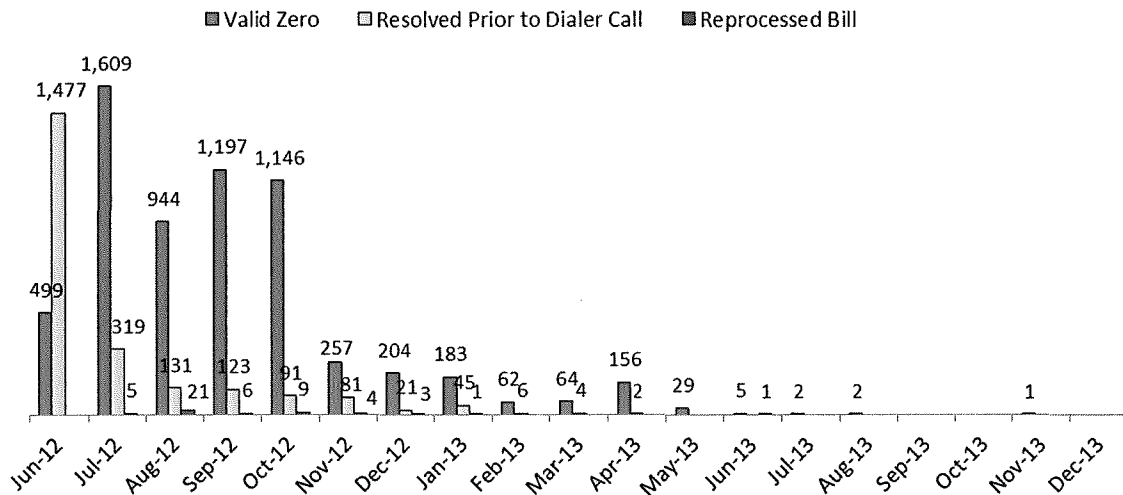
Customer Notifications - 365
No. of Notifications by the Month of Initiation



Of the 13,166 customer notifications initiated between Jun 1, 2012, and May 31, 2013, 6,756 were gas customers and 6,410 were electric. The graphs below show the breakdown by fuel and the month the first customer notification was generated. No new customer notification was initiated after April 8, 2013. The sharp decrease in the numbers of notifications initiated in September 2012 through April 2013 was due to the large volume of zero consumption meter cases that were identified at the beginning of the investigation. Most of those meters had already shown zero consumption for more than 365 days. As the investigation process went forward less and less meters were identified to have 365 days without any usage.

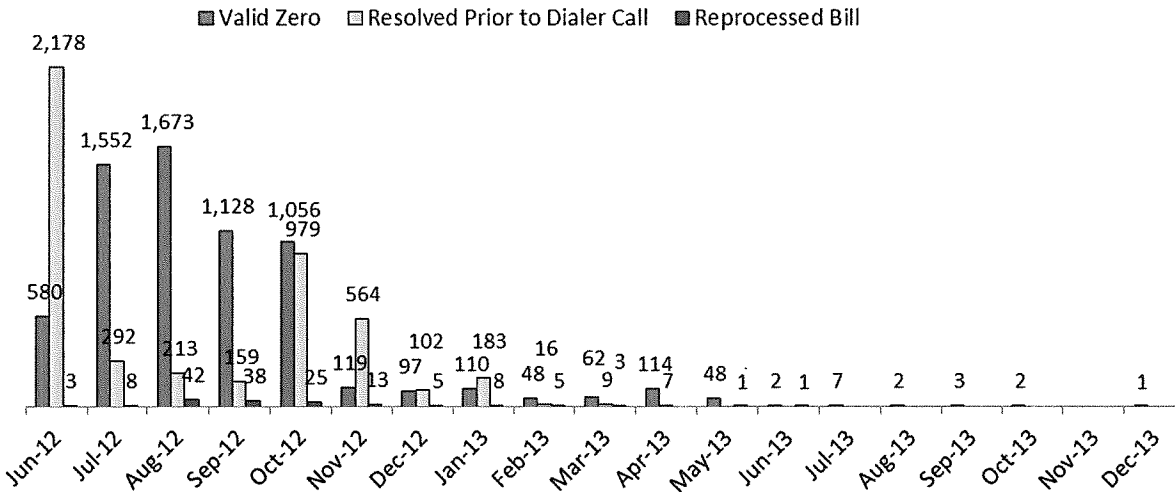
The chart below shows the final resolution status of the 8,710 electric cases by the month of the investigation completed. Some of monthly results may be different from prior quarterly reporting due to further update or correction. Most of the electric cases (73.02%) are meters with customer-confirmed valid zero usage. 26.41% of the cases were created for the investigation but the meter usage resumed prior to the automatic dialer call therefore no customer notification was required. 0.57% of the meter cases required billing adjustment (50 meter cases).

Electric - Customer Notification 365 Final Results by Month of Completion



The chart below shows the final status of the 11,458 natural gas cases by the month of the investigation completion. Some of monthly results may be different from prior quarterly reporting due to further update or correction. More than half of the natural gas cases (57.64%) are meters with customer-confirmed valid zero usage. 41.04% of the cases were created for the investigation but the meter usage resumed prior to the automatic dialer call therefore no customer notification was required. 1.33% of the meter cases required billing adjustment (152 meter cases).

Gas - Customer Notification 365 Final Results by Month of Completion

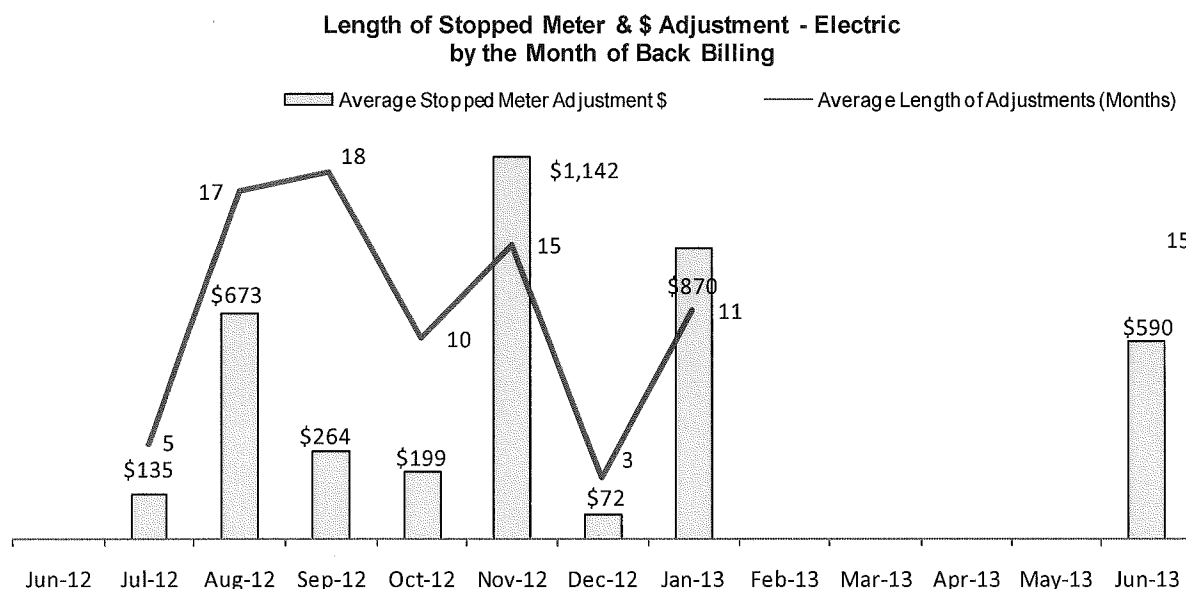


Overall, of the initial 20,168 electric and natural gas meter cases identified in the zero consumption 365-day investigation process, only 202 meters or 1.0% required a billing adjustment. For these 202 zero consumption meters that required billing adjustments, the following charts show the average back-bill dollar amount and the average length of billing adjustment as of December 31, 2013, by energy and the length of billing adjustment in month.

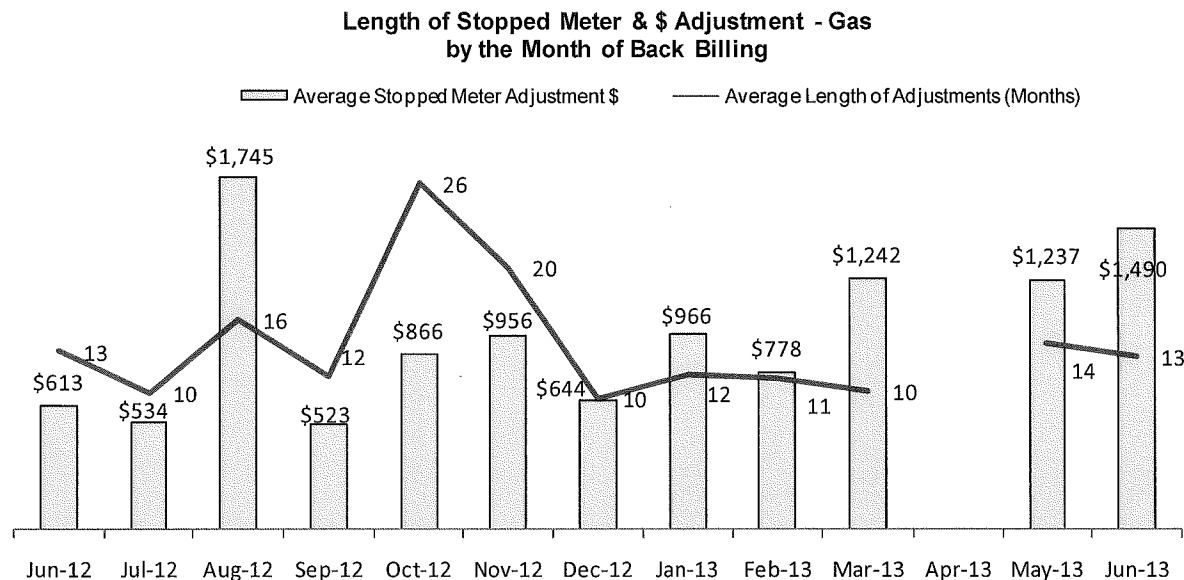
For electric meter cases identified via the 365-day customer notification process, there were no billing adjustments in the months of June 2012, February 2013, March 2013, April 2013, and May 2013.

For February 2013 through May 2013, there was no adjustment due to the transition of PSE's customer information system in April 2013. PSE commenced in October 2011 the replacement of its legacy customer information system ("CIS"), ConsumerLinX ("CLX"), with SAP's Customer Relationship and Billing system ("CR&B") as part of PSE's massive effort in business-modernization. Prior to the SAP CR&B go-live date of April 1, 2013, CLX processing for certain new transactions such as meter exchange was suspended in CLX after February 28, 2013, to ensure that all transactions started in CLX could be finished in CLX. Back-bill adjustment transactions were resumed in SAP CR&B in June 2013 and all billing adjustments associated with these electric meter cases were completed in that month. Therefore, there were no additional billing adjustments for the July 1, 2013 thru December 31, 2013 for electric meter cases identified via the 365-day customer notification process.

To clarify the June 2013 results shown in the chart, 15 is the average length of back billing in months and \$590 is the average back-bill amount.



For gas meter cases associated with the 365-day customer notification process, there was no back-bill adjustment in April 2013 due to the CIS transition. All adjustments were completed in June 2013 therefore there was no adjustment in July 2013 through December 2013.





Tracking and Reporting of Meter/Billing Issues

Issues Discussion

This section explains the meter cases that were corrected outside the Meter and Billing Performance Standards and any other tracking and reporting issues.

Stopped Meters

The table below summarizes the stopped meter results by Meter and Billing Performance Standards for the applicable reporting period of June 1, 2013, through December 31, 2013, by energy.

Stopped Meter Results	Within 12 months	Within 24 months	Greater than 24 months	Total
Electric	223	10	3	236
Gas	1,264	42	6	1,312
Total	1,487	52	9	1,548

The 9 meters that fell outside of the 24-month time measurement were “poor performing” meters. These meters showed sporadic usage over a period of time rather than constant zero consumption. Therefore, the initial period of time when these meters were not registering usage did not meet the thresholds for identification in the stopped meter process due to the sporadic usage. When the stopped meter thresholds were finally reached, the time measure would be longer than a meter that was completely stopped. The resulting billing adjustments for these meters include both the period of time where the zero consumption occurred through the time the meters were repaired or replaced, as well as the time period associated with the sporadic usage, thus resulting in a longer time measure than would have occurred if the meter had simply stopped.

There are five contributing factors that results in meter cases that exceeded the 12-month time measurement:

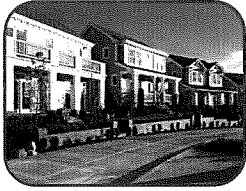
1. Meters were a “poor performing” meter as described above.
2. Meters with a module that had been slowing down and failed to measure the actual usage. Until meter actually stopped, it could not be identified as a probable stopped meter. The back-billing adjustment for these slow meters would be longer than a typical stopped meter as the billing adjustment would be back to the point when a meter started slowing down.
3. Meters that had been assigned initially a meter read validation code of “seasonal winter usage” but were found in the next season to be a stopped meter instead
4. The current design of the stopped meter process has prolonged the length of back billing for certain stopped meter cases. As a meter is identified as a probable stopped meter it is automatically logged into the stopped meter review process. However, sometimes, a meter resumed usage by itself prior to the manual investigation process taking place. Because of usage occurring, the meter is no longer considered a stopped meter and is therefore removed from the automatic tracking of the stopped meter review process when the consumption has resumed prior to an actual manual investigation. This meter will not be reviewed again unless it meets the stopped meter identification criteria again. By design, the stopped meter review process will extend the length of the bill adjustment from the time when the usage resumed to the time the field investigation is completed. Therefore, it takes a longer time to correct this type of meter cases. However, if the meter usage has resumed but a field investigation has been requested via the subsequent manual investigation, the meter will remain in the automatic tracking of the stopped meter review process until the field investigation has been completed.
5. The volumes of work combined with the effect of the new customer information system transition and the need for additional training resulted in the additional resolution time increase.

PSE has taken the following corrective measures to reduce the time taken for correcting stopping meter issues:

1. Developing strategies and processes to identify and repair/replace the poor performing and sporadic-usage meters
2. Developing strategies and processes to identify meters with a slow module
3. Reviewing current stopped meter and unassigned energy identification processes to determine where improvements can be implemented to expedite the review and investigation processes
4. Maximizing existing meter and billing reporting system to improve effectiveness in light of the new customer information system

Unassigned Energy Usage

All meter cases with unassigned energy usage have been identified and completed within the Meter and Billing Performance Standard time measurement.



Appendix A: Background, Definitions, and Standards

Background

This meter and billing performance annual reporting is designed to meet the terms and requirements of the Partial Settlement RE: Meter and Billing Performance Standards (“Partial Settlement”) in consolidated Docket Nos. UE-111048 and UG 111049 Order 08 (“Order 08”) dated May 7, 2012. The layout and elements of this report are consistent with the draft annual meter and billing report outline reviewed and discussed with the Commission Staff on September 27, 2013. Staff provided additional comments and suggestions via an e-mail on October 30, 2013, which have been incorporated in this report. The annual report is due no later than January 31 for the preceding calendar year.

The Partial Settlement dictates both the meter and billing performance standards and reporting requirements for the quarterly reporting periods 2012 Q2 through 2013 Q2 and the annual reporting periods starting 2013. The quarterly performance standards were included 2012 Q2 through 2013 Q2 reports. The on-going annual Meter and Billing Performance Standards per Partial Settlement paragraph 13 are outlined in the Standards section of this appendix.

For the meter cases that are corrected outside of the Meter and Billing Performance Standards, PSE will retain the following information for these cases:

- Stopped meters: the last date when the commodity was accurately billed, the date the customer's meter again accurately records usage and the date the Company issues the back-bill.
- Unassigned energy usage meters: the date of the customer's initial unauthorized usage and the date the Company issues the back-bill.

In addition, there are two meter and billing processes that PSE committed in the Partial Settlement to carry out after June 1, 2012.

1. An one-time investigation process to identify and correct, if needed, meters with zero consumption for 365 consecutive days.
2. An on-going process to notify each customer with a meter that showing zero consumption for 180 consecutive days.

The results of the two processes are included in the following two sections of this report: *One Time Zero Consumption 365-Day Investigation Completion Report – Final Report* and *Zero Consumption 180-Day Investigation Report*, respectively.

Definitions

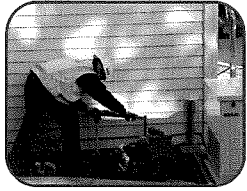
For purposes of the Meter and Billing Performance Standards time measurement will be as follows:

- Stopped meters: The performance standard for stopped meters will be measured from the last date commodity was accurately measured (the "initial occurrence" for stopped meters) to the date the customer's meter again accurately records usage.
- Unassigned energy usage meters: The performance standard for meters with unassigned energy usage will be measured from the date of the customer's initial unauthorized usage (the "initial occurrence" for unassigned energy usage) to the date the back bill was issued.

Meter and Billing Performance Standards

For effective starting June 1, 2013, and continuing until changed, the two Meter and Billing Performance Standards ("Meter and Billing Performance Standards") are:

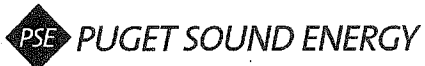
1. PSE will identify and correct 98 percent of all stopped meter and unassigned energy usage meter problems for both gas and electric meters within 12 months from initial occurrence of the problem.
2. PSE will identify and correct all stopped meter and unassigned energy problems for both gas and electric meters within 24 months from the initial problem.



Appendix B: Zero Consumption 180-Day Investigation Customer Notice

Customer Notice

The following is an example of the customer notice PSE has been sending to any customer with a meter that did not register any usage for 180 consecutive days and PSE's auto dialer did not record a valid respond form the customer.



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

January 24, 2014

[REDACTED]

[REDACTED]

Bellevue WA, 98008

Service Address: [REDACTED] Bellevue

Account Number: [REDACTED]

Service Product: Electric

Dear [REDACTED]

We have attempted to reach you by telephone regarding the above noted Puget Sound Energy account. There may be a billing discrepancy with the electric service.

In order for us to resolve this issue, please contact PSE to confirm continued usage of the service at 1-866-767-5853, option 1 or by TTY at 1-800-962-9498. PSE hours are Monday through Friday between the hours of 7:30 am and 4:30 pm or email customer@pse.com.

Sincerely,

Corporate Billing