

KIRSTIN S. DODGE
Direct: (425) 453-7326
Internet: ksdodge@perkinscoie.com

The PSE Building
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
PHONE: 425.635.1400
FAX: 425.635.2400
www.perkinscoie.com

VIA OVERNIGHT MAIL & EMAIL

November 24, 2003

Carole J. Washburn
Office of the Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

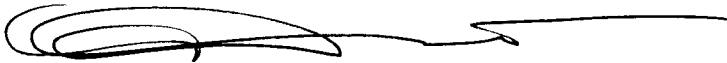
**Re: Docket Nos. UE-011570 and UG-011571
Application for Approval of Amendment to Service Quality Index
Reporting Methodology: Electric Safety Response Time**

Dear Ms. Washburn:

Enclosed are an original and 19 copies of Puget Sound Energy, Inc.'s Application for Approval of Amendment to Service Quality Index Reporting Methodology: Electric Safety Response Time, which includes an agreement regarding the proposed amendment executed by the parties to the above referenced dockets that executed the Service Quality Index settlement stipulation that the Commission approved in PSE's general rate case. We are also providing an electronic copy of this filing via email.

Please return a conformed copy in the enclosed self-addressed envelope. Thank you for your assistance.

Very truly yours,



Kirstin S. Dodge

KSD:pli
Enclosures

cc: Service List for Docket Nos. UE-011570 and UG-011571

[07771-0100/BA033250.022]

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-011570 and
UG-011571 (Consolidated)

APPLICATION FOR APPROVAL OF
AMENDMENT TO SERVICE QUALITY
INDEX REPORTING METHODOLOGY:
ELECTRIC SAFETY RESPONSE TIME

BACKGROUND AND DISCUSSION

1. In the Commission’s Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571 ("Twelfth Supplemental Order"), the Commission approved the parties' Settlement Stipulation for Electric and Common Issues (“Stipulation”). Among other things, the Stipulation authorized the continuation of the Service Quality Index (“SQI”) for Puget Sound Energy, Inc. (“PSE” or “the Company”). Exhibit J to the Stipulation sets forth details regarding Settlement Terms for the SQI ("SQI Settlement"), including SQI-11: Electric Safety Response Time, which provides: “Average number of minutes from customer call to arrival of electric field technician. Performance measurement of this index shall be suspended on days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days).” Stipulation, Exhibit J, Appendix 2, Section E, ¶ 11. This means that only days determined to have “major” storm events, where more than 5% of all of PSE's customers are out of electric service (and associated carry forward days), may be excluded from the reporting requirements for SQI-11.

2. At the time the participants in the rate case SQI collaborative entered into the Stipulation, the reporting and tracking requirements for SQI-11 did not contemplate that a localized emergency event in which less than 5% of all of PSE's customers are out of service would have the same impact on the Company's ability to track and report response times as is

APPLICATION FOR AMENDMENT
TO SQI-11 METHODOLOGY - 1

BA033250.017

experienced by the Company in the course of a "major event". However, the Company has since discovered that during a localized emergency event (e.g., an event that affects only part of the Company, such as a storm that affects only Whatcom, Skagit, and Island counties), where there are numerous outages, the Company cannot fully track performance for Electric Safety Response Time. In these situations, electric first responders are simultaneously dispatched to more than one "emergency" outage location in order to make the entire area safe and restore service where possible. Also, during a localized emergency event, PSE is in direct contact with 911 emergency service organizations, including fire and police departments. The Company places a higher priority on these calls, which typically include "wire down and burning, pole down, wires hanging low" types of calls. PSE is presently unable to track response time to initial calls during "localized emergency events," and is reluctant to slow down response time to the more critical or higher priority calls that might come along en route to the initial call simply to track response time to the initial lower priority call.

3. The Company has worked with the other parties to the SQI collaborative and settlement (the "Executing Parties") to address this issue, and the Executing Parties have agreed to amend the reporting methodology for SQI-11. The Executing Parties' Agreement Regarding Amendment to Service Quality Index Reporting Methodology, SQI-11: Electric Safety Response Time ("Agreement Regarding SQI-11 Amendment") is attached hereto as Exhibit A. The agreed amendment to SQI-11 provides as follows: "Average number of minutes from customer call to arrival of electric first responder. Performance measurement of this index shall be suspended on: 1) days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days); and 2) days that are determined by the company to be 'localized emergency event day' as defined by the dispatch and utilization of all available electric first responders to the affected area to respond to service outages." In addition, PSE must provide supplemental reporting by affected Local Area, in both its annual and semi-annual service quality reports, of all days during the reporting period on which major event days and/or localized emergency event days occurred that resulted in suspension of SQI No. 11, Electric Safety Response Time. The Company will also provide a separate reporting for Local Areas unaffected by the Localized Emergency Event day. As a result of this adjustment, the performance calculation for Electric Safety Response Time will exclude all major//localized emergency event

days, including days that are determined by the Company to be “localized emergency events days” as defined by the dispatch and utilization of all available electric first responders to the affected area to respond to service outages. The annual and semi-annual supplemental reporting shall begin with data for January 1, 2003, and shall continue for a period of at least three calendar years. The specific format of the supplemental reporting is shown in attachments A and B to revised Appendix 2.

4. One of the primary goals for this supplemental reporting is to develop an objective criterion for defining localized emergency event days. After three-years of supplemental reporting, the parties will determine if sufficient data exists to develop an objective criterion or if additional supplemental reporting is warranted. At that time, the Company or any party to this settlement may propose modifications to take effect January 1, 2006, if needed, to the performance measurement of this index, based on these supplemental reports. Such modifications, if needed, may include the benchmark of this index as well as the definition or criteria for declaring the occurrence of a localized emergency event day. As stated elsewhere in the appendix document, changes to the benchmark may not be retroactive. In the event that no modifications are made to the measurement of this index, PSE will continue to include the supplemental reports in the semiannual and annual service quality reports, unless another arrangement has been agreed to by the parties.

5. Because the Agreement Regarding SQI-11 Amendment changes the SQI Settlement that the Commission approved in its Twelfth Supplemental Order, the Company hereby requests that the Commission: (1) approve the Agreement Regarding SQI-11 Amendment that is attached hereto as Exhibit A as a supplement to the Twelfth Supplemental Order; and (2) order that the revised pages 14-18 of Appendix 2 of Exhibit J to the Stipulation and Attachments A and B that are attached to the Agreement Regarding SQI-11 Amendment be substituted for pages 14-17 of Appendix 2 of Exhibit J of the Stipulation that the Commission approved in the Twelfth Supplemental Order.

6. In the course of discussions about SQI-11 the parties discovered a discrepancy regarding the filing date of the semi annual report and wish to clarify as part of this filing the filing date for semi annual reports to be on or about July 30th of each year.

7. The Company further requests that the Commission's order specifically state that the resulting adjusted calculations are to be used for purposes of the SQI reporting beginning January 1, 2003.

REQUESTED ACTION

8. For the reasons set forth above, PSE respectfully requests that the Commission issue an order in the form attached as Exhibit B which:

- (a) approves the Agreement Regarding SQI-11 Amendment that is attached hereto as Exhibit A as a supplement to the Twelfth Supplemental Order;
- (b) orders that the revised pages 14-18 of Appendix 2 of Exhibit J and Attachments A and B that are attached to the Agreement Regarding SQI-11 Amendment be substituted for the pages 14-17 of Appendix 2 of Exhibit J of the SQI Agreement that the Commission approved in the Twelfth Supplemental Order; and
- (c) orders PSE to use such adjusted calculation in its SQI reporting effective January 1, 2003.

DATED: November 24, 2003.

PERKINS COIE LLP



By _____

Kirstin S. Dodge
Attorneys for Puget Sound Energy, Inc.

LIST OF EXHIBITS

Exhibit A

Agreement Regarding Amendment to Service Quality Index-11 Reporting Methodology:
Electric Safety Response Time

Exhibit B

Proposed Order

EXHIBIT A

**PSE GENERAL RATE CASE
DOCKET NOS. UE-011570 and UG-011571**

**AGREEMENT REGARDING AMENDMENT TO SERVICE QUALITY
INDEX REPORTING METHODOLOGY
SQI-11: ELECTRIC SAFETY RESPONSE TIME**

A. Executing Parties

1. The following parties executed the Settlement Terms for the Service Quality Index ("SQI Settlement") which was approved by the Commission as Exhibit J of the Settlement Stipulation for Electric and Common Issues ("Settlement Stipulation") in the Commission's Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571, and have reached consensus on an amendment to the reporting criteria set forth in Exhibit J to the SQI Settlement: Puget Sound Energy, Inc. ("PSE" or the "Company"); the Staff of the Washington Utilities and Transportation Commission; the Public Counsel Section of the Attorney General's Office; and Joint Intervenors the Multi-Service Center, Opportunity Council, and Energy Project (hereinafter referred to collectively as "Executing Parties").

B. Amendment to SQI-11 Reporting Methodology

2. Appendix 2, Section E, paragraph 11 of the SQI Settlement provides: "Average number of minutes from customer call to arrival of electric field technician. Performance measurement of this index shall be suspended on days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days)." This means that only days determined to have "major" storm events, where more than 5% of all of PSE's customers are out of electric service (and associated carry forward days), may be excluded from the SQI-11 reporting requirements.

3. In implementing SQI-11, PSE has encountered difficulties with respect to days on which a localized emergency event occurs, but where less than 5% of its total customers are out of electric service. During a localized emergency event (e.g., an event that affects only part of the Company, such as a storm that affects only Whatcom, Skagit, and Island counties), where there are numerous outages, the Company has represented to the Executing Parties that it cannot fully track performance for Electric Safety Response Time. In these situations, electric first responders are simultaneously dispatched to more than one "emergency" outage location in order to make the entire area safe and restore service where possible. Also, during a localized emergency event, PSE is in direct contact with 911 emergency service organizations, including fire and police departments. The Company places a higher priority on these calls, which typically include "wire down and burning, pole down, wires hanging low" types of calls. This frequently results in first responders being redirected to respond to a different outage location, and delays a first responder's response time to an initial lower priority outage call. PSE indicates that the company is presently unable to track response time to initial calls during "localized emergency events," and is reluctant to slow down response

time to the more critical or higher priority calls that might come along en route to the initial call simply to track response time to the initial lower priority call. PSE thus requested that the other Executing Parties enter into discussions concerning possible amendment to SQI-11 to recognize the difficulties caused by such localized emergency events.

4. Following discussion of these matters and review of additional information provided by the Company, the Executing Parties have agreed to amend the reporting methodology for SQI-11 as follows: "Average number of minutes from customer call to arrival of electric first responder. Performance measurement of this index shall be suspended on: 1) days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days); and 2) days that are determined by the company to be 'localized emergency event' days as defined by the dispatch and utilization of all available electric first responders to the affected Local Area to respond to service outages." In addition, PSE shall provide supplemental reporting, in both its annual and semi-annual service quality reports, of all days during the reporting period on which major events or localized emergency event days occurred that resulted in suspension of SQI No. 11, Electric Safety Response Time. The supplemental reporting shall begin with data for January 1, 2003 and shall continue for a period of at least three calendar years. The specific format of the supplemental reporting is shown in attachments A and B to revised Appendix 2.

5. One of the primary goals for this supplemental reporting is to develop an objective criterion for defining localized emergency event days. After three-years of supplemental reporting, the parties will determine if sufficient data exists to develop an objective criterion or if additional supplemental reporting is warranted. At that time, the Company or any party to this settlement may propose modifications to take effect January 1, 2006, if needed, to the performance measurement of this index, based on these supplemental reports. Such modifications, if needed, may include the benchmark of this index as well as the definition or criteria for declaring the occurrence of a localized emergency event day. As stated elsewhere in the appendix document, changes to the benchmark may not be retroactive. In the event that no modifications are made to the measurement of this index, PSE will continue to include the supplemental reports in the semiannual and annual service quality reports, unless another arrangement has been agreed to by the parties.

6. The Executing Parties agree that this amendment should be reflected in a revised version of pages 14-18 of Appendix 2 of Exhibit J and Attachments A and B to the Settlement Stipulation, as attached hereto. The Executing Parties further agree that the attached pages 14-18 of Appendix 2 and Attachments A and B should be substituted for pages 14-17 of Exhibit J to the Settlement Stipulation that the Commission approved in its Twelfth Supplemental Order in Docket Nos. UE-011570 and UG-011571.

C. Clarification to Settlement Terms Regarding Service Quality Commission Reports

Appendix 2, Section G, of the SQI Settlement provides: "Twice yearly, on or about July 30 (for semi annual report of performance for January through June) and on February 15th (for annual reports of performance for January through December), the Company shall file a report with the Commission...". Settlement Terms for SQI, Section E, paragraph 9, provides "PSE will report its results to the Commission and the Parties twice each year: (1) a semi-annual report on or about July 15th (for the January to June time period) and (2) an annual report on February 15th (for January through December)". The Executing Parties agree that the filing date for the semi-annual report in the Settlement Terms for SQI, Section E, paragraph 9 was to have been on or about July 30th as provided in Appendix 2.

D. Miscellaneous Provisions

7. **Binding on Parties:** The Executing Parties agree to support the terms and conditions of this Agreement, as described above. The Executing Parties understand that this Agreement is subject to Commission approval.

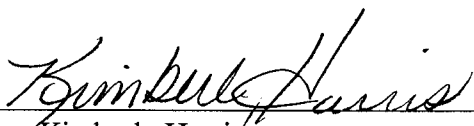
8. **Negotiated Agreement:** This Agreement represents a fully negotiated agreement. Each Executing Party has been afforded the opportunity, which it has exercised, to review the terms of the Agreement. Each Party has been afforded the opportunity, which it has exercised, to consult with legal counsel of its choice concerning such terms and their implications. The Agreement shall not be construed for or against any Executing Party based on the principle that ambiguities are construed against the drafter.

9. **Execution:** This Agreement may be executed by the Executing Parties in several counterparts, through original and/or facsimile signature, and as executed shall constitute one agreement.

DATED this 21st day of November, 2003.

PUGET SOUND ENERGY, INC.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
STAFF**

By 
Kimberly Harris
Vice President of Regulatory Affairs

By _____
Robert Cedarbaum
Shannon Smith
Assistant Attorneys General

C. Clarification to Settlement Terms Regarding Service Quality Commission Reports

Appendix 2, Section G, of the SQI Settlement provides: "Twice yearly, on or about July 30 (for semi annual report of performance for January through June) and on February 15th (for annual reports of performance for January through December), the Company shall file a report with the Commission...". Settlement Terms for SQI, Section E, paragraph 9, provides "PSE will report its results to the Commission and the Parties twice each year: (1) a semi-annual report on or about July 15th (for the January to June time period) and (2) an annual report on February 15th (for January through December)". The Executing Parties agree that the filing date for the semi-annual report in the Settlement Terms for SQI, Section E, paragraph 9 was to have been on or about July 30th as provided in Appendix 2.

D. Miscellaneous Provisions

7. **Binding on Parties:** The Executing Parties agree to support the terms and conditions of this Agreement, as described above. The Executing Parties understand that this Agreement is subject to Commission approval.

8. **Negotiated Agreement:** This Agreement represents a fully negotiated agreement. Each Executing Party has been afforded the opportunity, which it has exercised, to review the terms of the Agreement. Each Party has been afforded the opportunity, which it has exercised, to consult with legal counsel of its choice concerning such terms and their implications. The Agreement shall not be construed for or against any Executing Party based on the principle that ambiguities are construed against the drafter.

9. **Execution:** This Agreement may be executed by the Executing Parties in several counterparts, through original and/or facsimile signature, and as executed shall constitute one agreement.

DATED this 14th day of November, 2003.

PUGET SOUND ENERGY, INC.

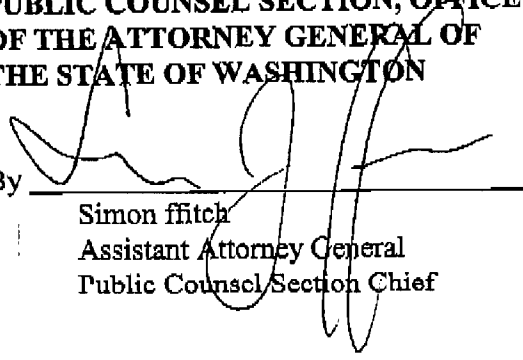
By _____
Kimberly Harris
Vice President of Regulatory Affairs

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
STAFF**

By _____
Robert Cedarbaum
Shannon Smith
Assistant Attorneys General

**PUBLIC COUNSEL SECTION, OFFICE
OF THE ATTORNEY GENERAL OF
THE STATE OF WASHINGTON**

By



Simon fitch
Assistant Attorney General
Public Counsel Section Chief

**MULTI SERVICE CENTER,
OPPORTUNITY COUNCIL, ENERGY
PROJECT**

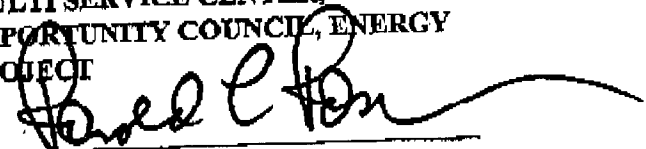
By

Ronald L. Roseman
Attorney

**PUBLIC COUNSEL SECTION, OFFICE
OF THE ATTORNEY GENERAL OF
THE STATE OF WASHINGTON**

**MULTI SERVICE CENTER,
OPPORTUNITY COUNCIL, ENERGY
PROJECT**

By _____
Simon fitch
Assistant Attorney General
Public Counsel Section Chief

By 

Ronald L. Roseman
Attorney

**APPENDIX 2
SERVICE QUALITY PROGRAM MECHANICS**

	payment	
Diagnostic Service Request	For water heater, checkup, heatout, other appliance repair, or follow-up appointment	CLX report PXPWMM1-V01 and program PXPWMM1

This data is then summarized in filename *MissedAppointments.xls*.

11. Electric Safety Response Time

a. Performance Calculation

Average number of minutes from customer call to arrival of electric first-responder. Performance measurement of this index shall be suspended on: 1) days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days); and 2) days that are determined by the Company to be "localized emergency event day" as defined by the dispatch and utilization of all available electric first responders to the affected Local Area to respond to service outages. Local Areas are defined as one of five electric first-responder operating basis throughout the PSE service territory. The Local Areas are shown in the following table

Local Area	County(s)	Number of Electric First Responders as of October 2003
North	Skagit, Whatcom, Island	13
West	Kitsap, Jefferson	14
South	Thurston, Pierce	15
North Central	King – North of Cedar River	19
South Central	King – South of Cedar River	12

On days during which performance measurement of this index is suspended, PSE will account for and report the number of outage events and the number of customers affected in a tabular format as shown on Attachment A to this appendix. Further, the Company will report similar information by Local Area, for those Local Areas not affected by the localized emergency event, as shown on Attachment B to this appendix. This supplemental reporting shall begin for data as of January 1, 2003 and shall continue for a period of at least three calendar years. This supplemental reporting shall be included with both the annual and semi-annual service quality performance reports filed during the supplemental reporting period. One of the primary goals for this supplemental reporting is to develop an objective criterion for defining localized emergency event days. At the end of the initial three year supplemental reporting period, the Company or any party to this settlement may propose modifications to take effect January 1, 2006, if needed, to the

APPENDIX 2 SERVICE QUALITY PROGRAM MECHANICS

performance measurement of this index, based on these supplemental reports. Such modifications, if needed, may include the benchmark of this index. As stated elsewhere in this document, changes to the benchmark may not be retroactive. In the event that no modifications are made to the measurement of this index, PSE will continue to include the supplemental reports in the semiannual and annual service quality reports, unless another arrangement has been agreed to by the parties.

b. Performance Level At Which Maximum Penalties Would Be Imposed
79 minutes average response time

c. Sample Performance Calculation
PSE reports average response time of 50 minutes.

d. Penalty Calculation
Penalty = ((Average Response Time – benchmark) / benchmark) * 10 *
penalty per point
Benchmark = 55 minutes from customer call to arrival of field technician
Penalty Per Point = \$225,000
The maximum penalty is \$1,000,000

e. Sample Penalty Calculation
Based on the sample performance calculation:
Penalty = ((50 - 55) / 55) * 10 * \$225,000
Penalty = \$0 (The actual calculation is -\$204,546)

f. Notes
Any penalty imposed shall be applied to electric customers.
The source of the data will be CLX, the customer billing system for PSE. This data is recorded in *Electric Emergency Response Time Access Database.mdb*.

F. PAYMENT OF PENALTIES, IF ANY, TO CUSTOMERS

Any penalty imposed regarding SQI Nos. 3, 4 and 11 will be allocated to electric customers only; any penalty imposed regarding SQI No. 7 will be allocated solely to natural gas customers. Other penalties will be provided to all customers and allocated to each energy service on a percent of average annual customer basis.

Imposed penalties, if any, as allocated between electric and natural gas operations, will be implemented as an offset to costs to be recovered in rates through the Schedule 120 Electricity Conservation Service Tracker and the Schedule 120 Gas Conservation Service Tracker, respectively.

1. Sample Calculation

Assume the following information for the full year of 20XX.

- SAIFI SQI No. 4 has a penalty of \$40,814.
- Call Center SQI No. 5 has a penalty of \$160,000
- Gas Safety Response Time SQI No. 7 has a penalty of \$127,273

APPENDIX 2 SERVICE QUALITY PROGRAM MECHANICS

- There are 1,031,831 average annual electric customers
- There are 626,124 average annual natural gas customers

The refund to customers is:

Electric Refund = $40,814 + 160,000 * (1,031,831 / (1,031,831 + 626,124))$
= \$140,390

Natural gas Refund = $127,273 + 160,000 * (626,124 / (1,031,831 + 626,124))$
= \$187,697

G. COMMISSION REPORTS

Twice yearly, on or about July 30 (for semi annual report of performance for January through June) and on February 15 (for annual reports of performance for January through December),¹ the Company shall file a report with the Commission² that includes the following information:

1. Monthly data (as available) for the applicable reporting period for each of the SQIs;
2. Calculated performance with respect to each of the Service Quality Indices, together with a comparison of calculated performance to the benchmark for each of the SQIs;
3. A description of any unusual events that had a significant effect on service quality performance (whether or not a mitigation petition is included with the report);
4. A description of any data gathering or reporting difficulties incurred by the Company and any request by the Company to alter its data gathering or reporting methods for future periods if the effect of the change will impact the performance categories or their results in any way; and
5. The number of missed appointments and missed commitments and payments to customers, by appointment and commitment category, under the Service Guarantee.
6. Annual supplemental reporting for each day in the annual reporting period on which SQI No. 11 Electric Emergency Response time was suspended. The reporting shall be in accordance with Attachments A and B to this appendix. This supplemental reporting shall begin with data as of January 1, 2003 and continue for at least three calendar years.

In addition, the annual report to be filed on February 15, shall include the following additional information:

7. The penalty calculation, if applicable, for each SQI;

¹ For the three-month period ending December 2002, the company shall file a report of its performance on February 15, 2003. Benchmarks have not been established for this interim period and there will be no penalty calculation or customer notice (customer report card) required for this period.

² A copy of all service quality reports will also be sent, contemporaneously, to Public Counsel.

APPENDIX 2 SERVICE QUALITY PROGRAM MECHANICS

8. A certification by the independent survey company that the surveys were completed in conformance with applicable procedures and guidelines and that the reported results are unbiased and valid;
9. Workpapers that explain the effect, if any, of the penalty on rates for each customer class for both natural gas and electric customers;
10. Annual statistics for the time duration from first arrival to control of gas emergencies, for incidents subject to reporting under WAC 480-93-200 and WAC 480-93-210;
11. A draft of the proposed customer notice (customer report card) that complies with Section H below; and
12. Mitigation petition, if applicable.

The Company will also provide Commission Staff and Public Counsel with semi-annual and annual reports regarding the performance of PSE's contractors tracked against relevant service quality benchmarks.

H. CUSTOMER NOTICE (CUSTOMER REPORT CARD)

At least once per year, PSE will report the annual results for each item in the SQI to all of its customers. The customer notice will be distributed to customers only after adequate consultation with Staff and Public Counsel, but no later than 90 days after the Company files its annual report³. The proposed customer notice (see Item 9, above) shall contain the following information, at a minimum:

1. Total amount of service guarantee paid and total number of appointments for which the service guarantee was paid.
2. Total amount of penalty at risk, the total amount of penalties imposed for the current reporting period (both in total and by SQI number). For example, "For this reporting period, the Company was at risk for a total of \$10,000,000 in penalties and was assessed a total of \$328,087 in penalties, including SQI No. 4 - \$40,814, SQI No. 5 - \$160,000, and SQI No. 7 - \$127,273."
3. A brief description of each benchmark and an indication as to whether the Company met the benchmark.

I. MITIGATION PETITION, IF APPLICABLE

In the annual report, the Company may include a mitigation petition for relief from penalty, if it believes, in good faith, that it meets the mitigation standard. The standard to be applied for such a petition is that the penalty is due to unusual or exceptional circumstances for which PSE's level of preparedness and response was reasonable. PSE will not file a mitigation petition unless it believes, in good faith,

³ Ordinarily the annual report will be filed on February 15th for the preceding 12-month period ending December 31. In that case, the customer notice (customer report card) would be provided to the customers no later than May 15th of that same year.

APPENDIX 2 SERVICE QUALITY PROGRAM MECHANICS

that it meets this mitigation standard. The parties contemplate that, following a procedure to be established by the Commission, a Commission order will be issued assessing any penalties and resolving any mitigation petition.

J. CUSTOMER AWARENESS OF SERVICE GUARANTEE

The Company agrees to take the following actions to promote customer awareness of the customer service guarantee (Schedule 130) for both electric and natural gas service:

1. A promotion of the customer service guarantee will be included in the customer newsletter, "EnergyWise," at least three times per year.
2. The text of the service guarantee will appear on the back of the bill-stock⁴ beginning Fall 2002.
3. The "rights and responsibilities" brochures will be updated and will include a description of the service guarantee. The rights and responsibilities brochures will be distributed to all new customers and will be made available to all customers at least once per year.⁵ Commission Staff and Public Counsel will be consulted as to form and content of this brochure.
4. Before the end of any telephone call with a customer which results in an eligible⁶ appointment being scheduled, the agent will give a short statement regarding the availability of the \$50 missed appointment credit should the agreed to time-frame for the appointment not be met by the company⁷.

In addition, PSE will continue to include questions in customer surveys regarding customer awareness of the service guarantee, as outlined in the Twenty Second Supplemental Order Approving Second Supplemental Stipulation in Docket UE-960195.

⁴ In future orders of bill-stock, the headline of the service guarantee on the back of the bill-stock will be in boldface type.

⁵ Per WAC 480-90-103 and WAC 480-100-103 Information to Consumers, PSE is required to provide this brochure to each new customer, and on an annual basis advise all customers as to how to obtain this brochure.

⁶ As defined in the Company's tariffs regarding the missed appointment credit; Customer Service Guarantee Schedule 130 for both natural gas and electric service.

⁷ As defined in the Company's tariffs regarding the missed appointment credit; Customer Service Guarantee Schedule 130 for both natural gas and electric service.



PUGET SOUND ENERGY

**SQI NO. 11 SUPPLEMENTAL REPORTING
ENERGY MAJOR EVENT AND LOCALIZED EMERGENCY EVENT DAYS
AFFECTED LOCAL AREAS ONLY**

Date	Type of Event	Local Area	Duration	No. of Customers Affected	No. of Customers in Area	% of Customers Affected	No. of Outage Events	Resource Utilization	Customer Affected? (> 5% Yes/No)	Comments

Final



PUGET
SOUND
ENERGY

**SQI NO. 11 SUPPLEMENTAL REPORTING
LOCALIZED EMERGENCY EVENT DAYS
NON-AFFECTED LOCAL AREAS ONLY**

Date	Type of Event	Local Area	Duration	No. of Customers Affected	No. of Customers in Area	% of Customers Affected	No. of Outage Events	Resource Utilization	Customer Affected? (Yes/No)	Comments
									> 5%	

Final

EXHIBIT B

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-011570 and
UG-011571 (Consolidated)

[PROPOSED] SIXTEENTH SUPPLEMENTAL
ORDER: GRANTING APPLICATION FOR
APPROVAL OF AMENDMENT TO MODIFY
SERVICE QUALITY INDEX REPORTING
METHODOLOGY

1 **PROCEEDINGS.** On November 26, 2001, Puget Sound Energy, Inc. ("PSE" or the "Company") filed tariff revisions designed to effectuate a general rate increase for electric and gas services. On December 3, 2001, PSE filed a request for an interim electric rate increase. These proceedings were consolidated under Docket Nos. UE-011570 and UG-011571. The Commission established procedural schedules for an interim phase (electric) hearing and general rate phase (electric and gas) hearing.

2 On June 20, 2002, the Commission approved the multi-party settlement stipulation of disputed electric and common issues in PSE's pending general rate case, Docket Nos. UE-011570 and UG-011571 ("Stipulation") in its Twelfth Supplemental Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation dated June 20, 2002 ("Order"). Exhibit J to the Stipulation set forth details regarding Settlement Terms for the Service Quality Index ("SQI Settlement"). At the time the participants in the rate case SQI collaborative entered into the Stipulation, the reporting and tracking requirements for SQI-11 did not contemplate that a localized emergency event in which less than 5% of all of PSE's customers are out of service would have the same impact on the Company's ability to track and report response times as is experienced by the Company in the course of a "Major Event."

3 On November 25, 2003, PSE filed its Application for Approval of Amendment to Service Quality Index Reporting Methodology. The purpose of the filing is to memorialize the outcome of a review of the reporting methodology applied to Electric Safety Response Time, based on the Company's experience during the October through December 2002 interim reporting period and to obtain Commission approval of the Agreement Regarding Amendment

to Service Quality Index Reporting Methodology; SQI-11: Electric Safety Response Time (“Agreement Regarding SQI-11 Amendment”) including a replacement exhibit for the SQI Settlement approved in the Twelfth Supplemental Order. The executed original of the Agreement Regarding SQI-11 Amendment is attached to PSE's Application as Exhibit A.

4

PARTIES. Markham Quehrn and Kirstin Dodge, Perkins Coie LLP, Bellevue, Washington, represent Puget Sound Energy, Inc. John A. Cameron and Traci Kirkpatrick, Davis Wright Tremaine, represent AT&T Wireless and the Seattle Times Company. Danielle Dixon, Policy Associate, Northwest Energy Coalition, represents that organization and the Natural Resources Defense Council. Carol S. Arnold, Preston Gates Ellis, Seattle, Washington, represents Cost Management Services, Inc., and the cities of Auburn, Des Moines, Federal Way, Redmond, Renton, SeaTac, Tukwila, Bellevue, Maple Valley, and Burien (“Auburn, *et al.*”). Ron Roseman, attorney at law, Seattle, Washington, represents the Multi-Service Center, the Opportunity Council, and the Energy Project; Charles M. Eberdt, Manager, Energy Project also entered his appearance for the Energy Project; Dini Duclos, CEO, Multi-Service Center, also entered an appearance for that organization. Angela L. Olsen, Assistant City Attorney, McGavick Graves, Tacoma, Washington, represents the City of Bremerton. Donald C. Woodworth, Deputy Prosecuting Attorney, Seattle, Washington, represents King County. Melinda Davison and S. Bradley Van Cleve, Davison Van Cleve, P.C., Portland, Oregon, represent Industrial Customers of Northwest Utilities. Elaine L. Spencer and Michael Tobiason, Graham & Dunn, Seattle, Washington, represent Seattle Steam Company. Edward A. Finklea, Energy Advocates, LLP, represents the Northwest Industrial Gas Users. Donald Brookhyser, Alcantar & Kahl, Portland, Oregon, represents the Cogeneration Coalition of Washington. Michael L. Charneski, Attorney at Law, Woodinville, Washington, represents the City of Kent. Norman J. Furuta, Associate Counsel, Department of the Navy, represents the Federal Executive Agencies (“FEA”). Michael L. Kurtz, Boehm, Kurtz & Lowry, Cincinnati, Ohio, represents Kroger Company. Kirk H. Gibson and Lisa F. Rackner, Ater Wynne LLP, Portland, Oregon, represent WorldCom, Inc. Elizabeth Thomas, Preston Gates Ellis LLP, Seattle, Washington, represents Sound Transit. Harvard M. Spigal and Heather L. Grossman, Preston Gates and Ellis LLP, Portland, Oregon, represent Microsoft Corporation. Simon ffitich, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section, Office of Attorney General. Robert D. Cedarbaum, Senior Assistant Attorney General, and Shannon Smith, Assistant Attorney General, Olympia, Washington, represent the Commission’s regulatory staff (Staff).

5

COMMISSION: The Commission grants PSE's Application for Approval of Amendment to Service Quality Reporting Methodology; Electric Safety Response Time. The Commission:

(1) approves the Agreement Regarding SQI-11 Amendment that is attached to the Application as Exhibit A as a supplement to the Twelfth Supplemental Order; (2) orders that revised pages 14-18 of Appendix 2 of Exhibit J that are attached to the Agreement Regarding SQI-11 Amendment be substituted for pages 14-17 of Appendix 2 of Exhibit J of the SQI Agreement that the Commission approved in the Twelfth Supplemental Order; and (3) orders that the resulting adjusted calculations are to be used for purposes of the SQI accounting beginning January 1, 2003.

MEMORANDUM

6 On June 20, 2002, the Commission approved the multi-party settlement stipulation of disputed electric and common issues in PSE's pending general rate case, Docket Nos. UE-011570 and UG-011571 ("Stipulation") in its Twelfth Supplemental Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation dated June 20, 2002 ("Order"). Exhibit J to the Stipulation set forth details regarding Settlement Terms for the Service Quality Index ("SQI Settlement"). However, at the time the participants in the rate case SQI collaborative entered into the Stipulation, the reporting and tracking requirements for SQI-11 did not contemplate that a localized emergency event, in which less than 5% of all of PSE's customers are out of service, would have the same impact on the Company's ability to track and report response times as is experienced by the Company in the course of a "Major Event".

7 Specifically, the SQI-11 Settlement provides: "Average number of minutes from customer call to arrival of electric field technician. Performance measurement of this index shall be suspended on days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days)." This means that only days determined to have "Major Events," where more than 5% of all of PSE's customers are out of electric service (and associated carry forward days) may be excluded from the SQI-11 reporting requirements. However, the Company has since discovered that during a localized emergency event (e.g., an event that affects only part of the Company, such as a storm that affects only Whatcom, Skagit, and Island counties), where there are numerous outages, the Company cannot fully track performance for Electric Safety Response Time. PSE thus requested that the other Executing Parties enter into discussions concerning a possible amendment to SQI-11 to recognize the difficulties caused by localized emergency events.

8 The Executing Parties subsequently agreed that an amendment to the reporting methodology for Electric Safety Response Time should be made. The Executing Parties have memorialized their agreement to this change in the Agreement Regarding Amendment to Service Quality

Index Reporting Methodology; SQI-11: Electric Safety Response Time ("Agreement Regarding SQI-11 Amendment"), which is attached to PSE's Application as Exhibit A.

9

The Agreement Regarding SQI-11 Amendment describes in some detail the adjustment that the Executing Parties have agreed should be made to the SQI Agreement that the Commission approved in the Order. As a result of this adjustment, the Agreement Regarding SQI-11 Amendment states that "Average number of minutes from customer call to arrival of electric first responder. Performance measurement of this index shall be suspended on: 1) days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days); and 2) days that are determined by the company to be 'localized emergency event days' as defined by dispatch and utilization of all available electric first responders to the affected Local Area to respond to service outages." Local Areas are defined as one of five electric first-responder operating basis throughout the PSE service territory. The Local Areas are shown in the appendix at page 14.

10

In addition, at page 2, the Agreement Regarding SQI-11 Amendment states that "PSE shall provide supplemental reporting, in both its annual and semi-annual service quality reports, of all days during the reporting period on which major events or localized emergency event days occurred that resulted in suspension of SQI No. 11, Electric Safety Response Time. This supplemental reporting shall begin for data as of January 1, 2003 and shall continue for a period of at least three calendar years." This supplemental reporting is to be included with both annual and semi-annual service quality performance reports filed during the supplemental reporting period. One of the primary goals for this supplemental reporting is to develop an objective criterion for defining localized emergency event days. After three-years of supplemental reporting, the parties will determine if sufficient data exists to develop an objective criterion or if additional supplemental reporting is warranted. At that time, the Company or any party to this settlement may propose modifications to take effect January 1, 2006, if needed, to the performance measurement of this index, based on these supplemental reports. Such modifications, if needed, may include the benchmark of this index as well as the definition or criteria for declaring the occurrence of a localized emergency event day. As stated elsewhere in the appendix document, changes to the benchmark may not be retroactive. In the event that no modifications are made to the measurement of this index, PSE will continue to include the supplemental reports in the semiannual and annual service quality reports, unless another arrangement has been agreed to by the parties.

11

Because the Agreement Regarding SQI-11 Amendment changes the SQI Settlement that the Commission approved in the Order, PSE has requested that the Commission: (1) approve the

Agreement Regarding SQI-11 Amendment that is attached to the Application as Exhibit A as a supplement to the Order; (2) order that revised pages 14-18 of Appendix 2 of Exhibit J and Attachments A and B that are attached to the Agreement Regarding SQI-11 Amendment be substituted for pages 14-17 of Appendix 2 of Exhibit J of the SQI Agreement that the Commission approved in the Order; and (3) order that the resulting adjusted calculations are to be used for purposes of the SQI reporting beginning January 1, 2003. PSE states that this reporting treatment is appropriate because the revised reporting methodology takes into account all days on which Major (including associated carryforward days) and Localized Emergency Events occur.

12 In the course of discussions about SQI-11 the parties discovered a discrepancy regarding the filing date of the semi annual report and wish to clarify as part of this filing the filing date for semi annual reports to be on or about July 30th of each year.

13 The Commission has authority to amend its Order as requested pursuant to RCW 80.04.210 and WAC 480-09-815. PSE has provided notice of its Application to the parties who executed the SQI Settlement, and to all parties to the general rate case, Docket Nos. UE-011570 and UG-011571.

FINDINGS OF FACT

14 Having discussed above all matters material to our decision, and having stated general findings, the Commission now makes the following summary findings of fact. Those portions of the preceding discussion that include findings pertaining to the Commission's ultimate decisions are incorporated by this reference.

- (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including electric companies.
- (2) Puget Sound Energy, Inc., is a "public service company" and an "electrical company" as those terms are defined in RCW 80.04.010, and as those terms otherwise may be used in Title 80 RCW. Puget Sound Energy, Inc., is engaged in Washington State in the business of supplying utility services and commodities to the public for compensation.
- (3) PSE's Application of November 25, 2003, is in the public interest and produces results that are fair, just, and reasonable.

CONCLUSIONS OF LAW

15

Having discussed above in detail all matters material to our decision, and having stated general findings and conclusions, the Commission now makes the following summary conclusions of law. Those portions of the preceding detailed discussion that state conclusions pertaining to the Commission's ultimate decisions are incorporated by this reference.

- (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, these proceedings. *Title 80 RCW.*
- (2) The Commission's prior orders in Docket Nos. UE-011570/UG-011571 should be amended to the extent necessary, or rescinded to the extent required, to effectuate the provisions of this Order. *RCW 80.04.210; WAC 480-09-815.*
- (3) The Commission should retain jurisdiction over the subject matters and the parties to this proceeding to effectuate the terms of this Order. *Title 80 RCW.*

ORDER

- (1) THE COMMISSION ORDERS that PSE's Application for Approval of Amendment to Service Quality Index Reporting Methodology is granted. The Commission therefore:
 - (a) approves the Agreement Regarding SQI-11 Amendment that is attached to the Application as Exhibit A as a supplement to the Twelfth Supplemental Order;
 - (b) orders that revised pages 14-18 of Appendix 2 of Exhibit J and Attachments A and B that are attached to the Agreement Regarding SQI-11 Amendment be substituted for pages 14-17 of Appendix 2 of Exhibit J of the SQI Agreement that the Commission approved in the Twelfth Supplemental Order,
 - (c) orders that semi annual reports are to be filed on or about July 30th of each year, and

(d) orders PSE to use such adjusted calculation in its SQI reporting effective January 1, 2003.

(2) THE COMMISSION ORDERS FURTHER That it retains jurisdiction over the subject matter and the parties to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this ___ day of _____ 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CERTIFICATE OF SERVICE

UE-011570 and UG-011571

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding via first class mail to:

Commission Staff

Robert D. Cedarbaum
Senior Counsel
Shannon E. Smith
Assistant AG
1400 S. Evergreen Park Dr. S.W.
P.O. Box 40128
Olympia, WA 98504-0128
Phone: 360-664-1160 (Cedarbaum)
360-664-1192 (Smith)
Fax: 360-586-5522
e-mail: bcedarba@wutc.wa.gov
ssmith@wutc.wa.gov

Federal Executive Agencies

Norman Furuta
Associate Counsel
Department of the Navy
2001 Junipero Serra Blvd., Suite 600
Daly City, CA 94014-1976
Phone: (650) 746-7312
Fax: (650) 746-7372
email:
<mailto:FurutaNJ@efawest.navy.mil>

Federal Executive Agencies

Maurice Brubaker
Brubaker and Associates, Inc.
1215 Fern Ridge Parkway, Suite 208
St. Louis, MO 63141
Phone: (314) 275-7007
Fax: (314) 275-7036
e-mail:
<mailto:mbrubaker@consultbai.com>

Public Counsel

Simon J. Ffitch
Public Counsel Section
Office of Attorney General
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012
phone: 206-464-7744
fax: 206-389-2058
e-mail:
SimonF@ATG.WA.GOV

Federal Executive Agencies

Kay Davoodi
Rate Intervention
Naval Facilities Engineering Command
1314 Harwood Street SE
Washington Navy Yard, DC 20374-5018
Phone: (202) 685-3319
Fax: (202) 433-7159
e-mail:
<mailto:DavoodiKR@efaches.navy.mil>

Kroger Co.

Mike Kurtz
Boehm, Kurtz and Lowry
2110 CBLD Center
36 East Seventh St.
Cincinnati, OH 45202
Phone : (513) 421-2255
Fax : (513) 421-2764
email : Mkurtzlaw@aol.com

**Northwest Energy Coalition and
Natural Resources Defense Council**

Danielle Dixon
Policy Associate
NW Energy Coalition
219 First Avenue, Suite 100
Seattle, WA 98104
Phone : 206-621-0094
Fax: 206-621-0097
e-mail: Danielle@nwenergy.org

Northwest Industrial Gas Users

Paula E. Pyron
Executive Director
Northwest Industrial Gas Users
4113 Wolf Berry Court
Lake Oswego, OR 97035-1827
Phone: 503 636-2580
Fax: 503-636-0703
e-mail: ppyron@nyigu.org

Cogeneration Coalition of Washington

Don Brookhyser
Elizabeth Westby
Alcantar & Kahl, LLP
1300 SW Fifth Avenue, Suite 1750
Portland, OR 97201
Phone : 503-402-9900
Fax: 503-402-8882
e-mail: deb@a-klaw.com

**Industrial Customers Northwest
Utilities**

S. Bradley Van Cleve
Melinda Davison
Davison Van Cleve
1000 SW Broadway, Ste 2460
Portland, OR 97205
Phone: (503) 241-7242
Fax: (503) 241-8160
e-mail: mail@dvclaw.com

Northwest Industrial Gas Users

Edward A. Finklea
Chad Stokes
Energy Advocates LLP
Attorneys at Law
526 NW 18th Avenue
Portland, OR 97209-2220
Phone: 503 721-9118
Fax: 503-721-9121
e-mail: efinklea@energyadvocates.com

Cogeneration Coalition of Washington

Elizabeth Westby
Alcantar & Kahl, LLP
1300 SW Fifth Avenue, Suite 1750
Portland, OR 97201
Phone: 503 402-9900
Fax: 503 402-8882
e-mail: mailto:deb@a-klaw.com

Seattle Steam Company

James G. Young
President & CEO
Seattle Steam Company
1325 Fourth Avenue, Suite 1440
Seattle, WA 98101
Phone: 206-623-6366
Fax: 206-467-6394
e-mail: jgyoung@seanet.com

AT&T Wireless and Seattle Times Co.

John A. Cameron
Traci A.G. Kirkpatrick
Davis Wright Tremaine LLP
1300 SW Fifth Avenue, Suite 2300
Portland, OR 97201
Phone : 503-778-5206
Fax: 503 778-5299
e-mail: johncameron@dwt.com

**Cost Management Services, Inc.
and
Cities of Auburn, Des Moines, Federal
Way, Redmond, Renton, SeaTac, and
Tukwila**
Elizabeth Thomas
Laura Clinton
Preston Gates Ellis
701 Fifth Avenue, Suite 5000
Seattle, WA 98104
Phone : 206 623-7580
Fax: 206 623-7022
e-mail: carnold@prestongates.com

City of Bremerton
Angela L. Olsen
Assistant City Attorney
McGavick Graves
1102 Broadway, Suite 500
Tacoma, WA 98401
Phone: 253-627-1181
Fax: 253-627-2247
e-mail: alo@mcgavick.com

City of Kent
Tom Brubaker
Deputy City Attorney
220 Fourth Avenue South
Kent, WA 98032
Phone: (253) 856-5770
Fax: (253) 856-6770
e-mail: tbrubaker@ci.kent.wa.us

King County
Donald C. Woodworth
Deputy Prosecuting Attorney
500 Fourth Avenue, Suite 900
Seattle, WA 98104
Phone : 206-296-0430
Fax: 206-296-0415
e-mail: don.woodworth@metrokc.gov

**Multi-Service Center, Opportunity
Council, Energy Project**
Charles Eberdt
The Energy Project
1701 Ellis Street
Bellingham, WA 98225
Phone: 360-734-5121 x332
Fax: 360-671-0641
e-mail:
chuck_eberdt@opportunitycouncil.org

**Multi-Service Center, Opportunity
Council, Energy Project**
Ronald L. Roseman
2011 – 14th Avenue East
Seattle, WA 98112
Phone: 206-324-8792
Fax: 206-568-0138
e-mail: ronroseman@attbi.com and mailto:
rros@aol.com

City of Kent
Michael L. Charneski
Attorney at Law
19812 194th Avenue NE
Woodinville, WA 98072
Phone: (425) 788-2630
Fax: (425) 788-2861
e-mail: charneskim@aol.com

King County
Thomas Kuffel
Office of the Prosecuting Attorney
E-550 King County Courthouse
516 Third Avenue
Seattle, WA 98104
Phone : 206-296-9015
Fax: 206-296-0191
e-mail: thomas.kuffel@metrokc.gov

WorldCom, Inc.
Lisa F. Rackner
Kirk Gibson
Ater Wynne LLP
222 SW Columbia, Suite 1800
Portland, OR 97201-6618
Phone 503-226-8693
Fax: 503-226-0079
e-mail: lfr@aterwynne.com

WorldCom, Inc.
Kevin Gallagher
WorldCom, Inc.
1133 – 19th St. NW
Washington, D.C. 20036
Phone : 202-736-6346
Fax : 202-736-6346
e-mail : Kevin.Gallagher@wcom.com

City of Maple Valley
John Starbard
City Manager
22035 S.E. Wax Road
P.O. Box 320
Maple Valley, WA 98038
Phone: 425-413-8800
Fax: 425-413-4282
e-mail: John.Starbard@ci.maple-valley.wa.us

City of Bellevue
Lori Molander Riordan
Supervising Attorney
City Attorney's Office
11511 Main Street
P.O. Box 90012
Bellevue, WA 98009-9012
Phone : 425-452-6829
Fax :425-452-7256
e-mail : Lriordan@ci.bellevue.wa.us

Microsoft Corporation
Harvard P. Spigal
Preston, Gates & Ellis, LLP
222 SW Columbia, Ste 1400
Portland, OR 97201-6632
Phone : 503-228-3200
Fax : 503-248-9085
e-mail : hspigal@prestongates.com

Sound Transit
Elizabeth Thomas
Preston Gates Ellis
701 Fifth Avenue, Suite 5000
Seattle, WA 98104
Phone : 206 623-7580
Fax: 206 623-7022
email: ethomas@prestongates.com

Dated: November 24, 2003.


Pam Iverson