



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

RECEIVED
RECORDS MANAGEMENT
04 MAY 24 AM 9:23

May 21, 2004

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Ms. Carole J. Washburn, Executive Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

Re: Docket No. UE-031946 - Order No. 01
(And Docket Nos. UE-011570 and UG-011571)

Dear Ms. Washburn:

On June 20, 2002, the Commission approved a multi-party settlement stipulation of disputed electric and common issues (Stipulation) in its Twelfth Supplemental Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation dated June 20, 2002, (Twelfth Supplemental Order) entered in consolidated Docket Nos. UE-011570 and UG-011571. Exhibit J to the Stipulation set forth details regarding settlement terms for the Service Quality Index (SQI Settlement), including SQI-11, which established a performance measure for electric safety response time.

On November 25, 2003, Puget Sound Energy (PSE) filed with the Commission in Docket No. UE-031946 an Application for Approval of Amendment to Service Quality Index Reporting Methodology: Electric Safety Response Time. Attached to PSE's application as Exhibit A is an Agreement Regarding Amendment to Service Quality Index Reporting Methodology; SQI-11: Electric Safety Response Time, (SQI-11 Agreement), executed by the parties to the Stipulation, PSE, Commission Staff, the Public Counsel Section of the Attorney General's Office, and Joint Intervenors the Multi-Service Center, Opportunity Council and Energy Project (Executing Parties). Exhibit A to the application also includes revised pages to Appendix 2 to Exhibit J to the Stipulation.

On May 11, 2004, in Docket No. UE-031946 - Order No. 01, the Commission approved certain modifications to the SQI Settlement and ordered PSE to file revisions to reflect the approval. Pursuant to RCW 80.28.060 and WAC 480-07-880, WAC 480-07-883, and WAC 480-07-145 enclosed are an original and 12 copies of

- Substitute revised pages 14-18 of Appendix 2 of Exhibit J and
- Attachments A and B attached to the SQI-11 Agreement,

as modified by Commission Order for pages 14-17 of Appendix 2 of Exhibit J of the Stipulation approved in the Twelfth Supplemental Order.

Ms. Carole J. Washburn

May 21, 2004

Page 2

Please contact Colleen Paulson at (425) 462-3205 for additional information about this filing. If you have any other questions please contact me at (425) 456-2797.

Very truly yours,

A handwritten signature in black ink, appearing to read 'KARZMAR', with a long horizontal line extending to the right.

Karl R. Karzmar

Director, Regulatory Relations

Enclosures

cc: Service List in Docket Nos. UE-011570 and UG-011571
Service List in Docket No. UE-031946

**APPENDIX 2
SERVICE QUALITY PROGRAM MECHANICS**

RECEIVED
RECORDS MANAGEMENT
04 MAY 24 AM 9:23
WASH. STATE
TRANSP. COMMISSION

	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 may propose modifications to take effect January 1, 2006, if needed, to the performance

APPENDIX 2 SERVICE QUALITY PROGRAM MECHANICS

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
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	>5% Customer Affected? (Yes/No)	Comments

Final

Attachment B



**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)	>5% Customer Affected? (Yes/No)	Comments

Final