



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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May 30, 2018

Mark L. Thompson, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: *A petition for an Accounting Order authorizing the deferral of costs related to offering a fee-free credit and debit card payment program for the company's residential and small business customers –Fee Free Bank Card Program Report per UTC Docket Nos. UE-160203 and UG-160204*

Dear Mr. Thompson:

Commission Staff has reviewed the final compliance filing of Puget Sound Energy dated May 28, 2018, titled *Puget Sound Energy's Fee-Free Payment Program Update Docket Nos. UE-160203 and UG-160204*. This report provides updates to the Commission about the program's progress through April of 2018.

Order 01, in the above referenced docket, requires PSE to provide quarterly updates to the Commission on its Fee Free Bank Card Program during the deferral period which ended in December of 2017. Costs associated with the Fee Free Bank Card Program are now embedded in PSE's rates.

Although not required, PSE has filed a report on the program's progress for the period spanning January through April of 2018. In the advice that accompanied its latest compliance filing, PSE stated that it believes the quarterly reports are no longer required since it is no longer deferring program costs. Staff agrees with PSE and provides in this final report, a summary of the program's progress from its inception in August of 2017 through April of 2018.

In the background section of Order 01, customers paid a \$2.00 "convenience fee" to use a credit or debit card to pay their monthly utility bill. The convenience fee was a pass-through cost paid directly to the third-party payment processor. The key value proposition associated with the Company's Fee Free Bank Card Program was that it would allow customers to take advantage of PSE's lower interchange rates thereby reducing the transaction cost to \$1.50.

Staff analyzed the monthly data (August of 2017 through April of 2018) provided by PSE and found transaction costs averaged \$1.39. The Company has also reported steady growth in the percentage of customer payments made using the program. In the first month of the program only 1.7 percent of payments were made with a bank card. In April of 2018, PSE reports that over 17 percent of its customer payments are made using the Fee Free Bank Card Program.

Staff has analyzed PSE's the May 28, 2018 filing for its Fee-Free Bank Card Program and finds that it complies fully with the Commission's Order 01, entered March 24, 2016.

Sincerely,

David Carlos Gomez
Assistant Power Supply Manager, Energy Regulation