

Puget Sound Energy

Prior Obligation Quarterly Report  
for the Quarter Ending December 31, 2011

January 15, 2012

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## Introduction

In compliance with Order 01 *Granting Joint Motion and Terminating Proceeding*, adopted by the Washington Utilities and Transportation Commission ("Commission") on December 28, 2010 (as modified by Erratum to Order 01 on January 4, 2011), in Docket Number U-100182 ("Order"), Puget Sound Energy ("PSE" or the "Company") submits this Quarterly Report of Self-Audit for the quarter ending December 31, 2011.

On October 12, 2010, the Commission issued a Penalty Assessment against PSE in the amount of \$104,300 alleging violations of Washington Administrative Codes (WACs) 480-90-123(2) which applies to gas companies and 480-100-123(3) which applies to electric companies concerning prior obligation rules. The prior obligation rules state: a gas (electric) utility may not refuse to provide new or additional service to a residential applicant or residential customer who has a prior obligation. A prior obligation is the dollar amount, excluding deposit amounts owed, the utility has billed to the customer and for which the utility has not received payment at the time the service has been disconnected for non-payment.

In the Order, the Commission granted a *Joint Motion to Accept Full Payment of Penalty; Require Investigation of Twenty-six Specific Accounts; Require Continued Plan Implementation; and Terminate Proceedings, and Certificate of Service; Authorizing and Requiring Compliance Filing* ("Joint Motion") filed by the parties on December 16, 2010. As a corrective measure PSE is required to complete a quarterly audit of its performance in handling credit disconnections.

## Definitions

### Definitions of Prior Obligation

The following definitions are used throughout this document and define when a specific category of meter issues is considered "identified".

- a. Prior Obligation Amount: Dollar amount, excluding deposit amounts owed, the utility has billed to the customer and for which the utility has not received payment at the time the service has been disconnected for nonpayment.
- b. Prior Obligation Account: A CLX product assignment with a prior obligation amount owing.
- c. Prior Obligation Processing: The process of closing a disconnected product assignment and opening a new one for the same location and fuel type to exempt the prior obligation amount from the normal PSE Active Credit process.
- d. Internal Quality Control Process: The process put in place by PSE to conduct a 100 percent review of prior obligation accounts and take corrective measures for any processing errors discovered during the review.

e. Internal Quality Assurance Process: The process put in place by PSE to perform end-to-end Quality Assurance of the Prior Obligation process and conduct the Quarterly Quality Assurance Self Audit. Process deliverables include immediate agent coaching feedback, trend analysis, daily, weekly, and monthly updates, Quarterly Self Audit report, and recommendations for training and process improvements.

f. External Quality Assurance Process: A third party review conducted by PSE internal compliance group to audit the Internal Quality Assurance Process and ensure it meets required performance standards.

Definition of a Pledge: A promise of payment from a charitable or social support agency made in lieu of immediate payment to suspend or reverse active credit and collection activities until agency can process and remit the actual payment. The account is considered to be paid on the date the promise of payment is received.

## **Performance Standards**

Implement Quality Assurance for Disconnection Process: As of December 3, 2010, PSE began conducting an end-to-end process review for accounts where customer is disconnected for non-payment. The target sample size for the review is 10% of all Disconnection Queue calls. The target for the process performance is 100% (including all reworks and/or corrections).

Improved Pledge Process: As of January 24, 2011, the Pledge process has been documented and improvements have been made to ensure that the pledges are not applied to Prior Obligation Balances. Performance of this improved process is tracked as part of the Quality Assurance Process and Self Audit.

## Quarterly Prior Obligation Report, Q4 2011

### *Internal Quality Control Results*

Month	Number of Prior Obligation Accounts Processed	Number of Accounts with Processing Errors	Prior Obligation Account Processing Error Rate
January	884	21	2.4%
February	1261	23	1.8%
March	2688	21	0.8%
April	1442	8	0.55%
May	1708	5	0.29%
June	2198	2	0.09%
July	2877	4	0.14%
August	1792	6	0.33%
September	1212	8	0.66%
October	1247	30	2.41%
November	948	9	0.95%
December	980	9	0.92%
Total	19237	146	0.90%

*Performance results from Internal Quality Control Process performed by Disconnection Queue.*

### *Internal Quality Assurance (Self Audit) Results*

Prior Obligation Audit Key Performance Indicator	December Performance	YTD Average
Residential Non-payment Disconnection Identified	99%	99%
Disconnect call transferred to Disconnection Queue	95%	89%
Customer offered reconnect for New Deposit	92%	77%
Customer offered reconnect for 1/2 New Deposit if applicable	89%	80%
Account Processed as Prior Obligation if applicable	100%	99%
Closed account Installment arrangements offered	100%	98%
Pledge Arrangement posted to Active Product Assignment	100%	95%

*Performance results from Internal Quality Assurance Audit performed by Quality Assurance Team.*

## **Analysis of Trends /Observations**

Agents in the specialized Disconnection Queue consistently performed well at handling Disconnection Calls, processing Prior Obligation, and ensuring that Pledges were correctly applied when being used to restore service after Disconnection for Non-Payment. The IVR appropriately directs most calls to the specialized queue. Customers may choose other options and speak to an agent in the general population so continual training and coaching occurs in that population to ensure the appropriate handling of calls. In October, appropriate transfer by agents to the specialized queue increased to an all time high, and stabilized at that level, driving the overall performance for Q4 to the target level of 95. The error rate for processing prior obligations is 0.9% for the year of 2011.

### ***Status of ongoing process improvement efforts:***

Effective October 12, 2011, a revised coaching model was implemented to target agents who failed to transfer calls to the disconnect queue, as well as newly hired agents just learning the process. During Quarter 4, this new coaching model had delivered a sustainable performance of 95%. In the increasingly rare case where a customer did not receive the appropriate options due to an agent error, a member of the Disconnection group contacts the customer to make the options known and reprocess the account based on the customer's informed decision. The disconnect queue continues to perform a 100% self audit of all prior obligation accounts to ensure correct processing. The audit data is tracked in a data base for reporting and trend analysis. For the prior obligation accounts tracked and reviewed in Quarter 4, 99.1% were initially processed correctly. Those with errors were corrected bringing total process compliance to 100%.

### ***Future Actions Planned by PSE:***

The Quality Assurance team will continue to use the current process. Ongoing assessment of the process will capture any changes in performance and trigger corrective action.

## ***Summary of Performance Management Actions***

### **Specialty Group of Agent Statistics**

#### **4<sup>rd</sup> Quarter 2011**

Side by side corrective coaching where an explanation and correction of accounts brought process compliance to 100% when errors were made. All 48 errors were coached, corrected and recorded. The coaching process has reduced the error rate to less than 1% for the last month of the quarter.

### **Agents *outside* of the Specialty Group Statistics**

#### **4<sup>rd</sup> Quarter 2011:**

If the QA team, a member of Management or a Specialty Agent finds a mistake on an account it is brought to the Lead or Supervisor of the Specialty Group. The Lead or Supervisor of the agent who made the mistake has side by side corrective coaching to instruct the agent to 100% compliance.

All agents understand that if compliance is not kept it will lead to performance improvement, further disciplinary action up to and including termination.

#### ***Next Steps:***

- Implementation of revised coaching model.
- Provide intentional formal and side by side corrective coaching by management to ensure process is followed and 100% compliance is reached for all agents.
- Give reminders to agents through management communication in how to handle a call when services are disconnected for non-payment which will increase overall agent performance.
- Implement continued performance improvement plans as necessary based on individual agent performance.

## ***Overall Performance Management Steps***

Formal coaching is provided on a monthly basis where calls are randomly selected (this is in addition to QA calls being monitored). Each call is discussed and any performance improvements/expectations are documented on the coaching.

Side by Side Corrective Coaching and Instruction is provided by the Quality Assurance team immediately when mistakes are made. The coaching diagram includes educating the agent on the severity of the error and ensuring they clearly understand all potential consequences. These coaching sessions are documented and reported to the Lead and Supervisor

Performance Improvement Plan is necessary when an agent is making repeat mistakes from side by side coaching and/or formal coaching or if there is a decrease in overall agent performance. Specific process improvement steps are discussed with the agent by the Supervisor requiring immediate improvement.

- For the Specialty Group if immediate improvement is not made a transition back to the general populace will be deemed immediately necessary and possible further disciplinary action up to and including termination.
- For agents outside of the Specialty Group if immediate improvement is not made disciplinary action up to and including termination may be deemed necessary based upon the infraction.

### ***Issues Discussion:***

Since the October change in the side-by-side coaching model, process performance has reached the target score of 95% and stabilized. The process has been proven to work well with new hires as well as long term agents. The process is expected to yield a performance of target level or better throughout 2012.

## **Conclusion**

Results for the fourth quarter reflect a steady-state performance of 95%. The quality monitoring effort supports root cause identification of agent errors and supports the PSE commitment to continuous improvement of the disconnection process.



## Appendix

### *Summary of Quality Assurance Processes*

On December 6, 2010, an auditing process was implemented to ensure compliance with the new Disconnection Process. Each call handled by the new Disconnection Specialist was logged in a tracking tool and reviewed for completeness and accuracy during the Quality Control Process. In addition, the Quality Assurance process randomly selected 10% of all disconnection calls to audit which is a consistent in sample size with other PSE quality control processes. During this audit, the disconnection process is reviewed from the customer's initial disconnection inquiry to application of payment for reconnection, to track compliance for each step of the process. Results of the audit are tracked on a monthly score card. A high level view of the Disconnection Process, Internal Quality Control Process, Internal Quality Assurance Process, and External Quality Assurance Process are outlined in the attached flow charts.



