

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Commission Staff Investigation Into
Reliability Benchmarking and Reliability
Reporting Inquiry.

DOCKET U-190027

INITIAL COMMENTS OF PUBLIC COUNSEL

February 28, 2019

I. INTRODUCTION

1. Pursuant to the Commission’s Request for Written Comments issued on January 22, 2019, the Public Counsel Unit of the Washington State Attorney General’s Office (“Public Counsel”) respectfully submits the following comments on Commission Staff’s inquiry into reliability reporting practices. We support Staff’s decision to investigate the reliability reporting practices of electric investor-owned utilities (IOUs) operating in Washington State. We also appreciate the work Staff has completed on the Reliability Reporting Inquiry (“Inquiry”).
2. However, Public Counsel believes two actions are required before the Commission and interested parties can assess the electric service reliability reporting and the metrics tracked through these reports. First, Public Counsel recommends that the Commission schedule workshops in this docket for each electric IOU to present how (if at all) the utility plans for reliability investments and its relation to reliability reporting, planning, and improving reliability statistics. Public Counsel believes all interested parties would benefit from fully understanding the relationship between an IOUs’ current requirements under WAC 480-100-393 and WAC 480-100-398 and actual reliability investments, including the current processes the IOUs use to determine which investments are necessary.

3. Second, Public Counsel recommends the Commission (1) require electric IOUs to establish a reliability workgroup, providing transparency into their reliability investment decision-making process, (2) expand its current definition of electric service reliability to include resiliency, and (3) discuss the intent of the reliability reports. We believe it is necessary to modernize the definition of reliability to reflect current conditions. To that end, we should evaluate the purpose of the reliability reports and determine how reliability reports should or should not influence utility investments. In other words, we believe this docket should consist of deliberations and establishing a new foundation for reliability reporting, as well as the correlation between these reports and reliability investments.
4. Finally, our comments briefly address Staff's five concerns and recommendations as stated in the Inquiry. We look forward to reading the comments of other interested parties, as well as participating in the discussions at the March 21, 2018, workshop.

II. CURRENT RULES

5. Currently, electric IOUs must file electric service reliability monitoring and reporting plans.¹ Under WAC 408-100-393(3), these plans must include the following:

- (a) What reliability statistics and information the utility will report to the commission. The utility must select and define statistics that track full-system reliability, and information, which may include statistics, that tracks localized reliability and identifies areas of greatest reliability concern.
- (b) When the utility will establish baseline reliability statistics to report to the commission. Prior to establishing baseline reliability statistics, the utility must report the best information available. The utility must establish baseline reliability statistics within three years of the effective date of this rule.
- (c) When the utility will file its annual electric service reliability report to the commission.

Under WAC 480-100-398, the Commission requires electric utilities to file electric service reliability reports annually. The annual reports must include:

(1) The report must be consistent with the electric service reliability monitoring and reporting plan filed under WAC 480-100-393. As set forth in the plan, in an identified year, baseline reliability statistics must be established and reported. In subsequent years, new reliability statistics must be compared to the baseline reliability statistics and to reliability statistics from all intervening years. The utility must maintain historical reliability information necessary to show trends for a minimum of seven years.

(2) The report must address any changes that the utility may make in the collection of data and calculation of reliability information after initial baselines are set. The utility must explain why the changes occurred and explain how the change is expected to affect comparisons of the newer and older information. Additionally, to the extent practical, the utility must quantify the effect of such changes on the comparability of new reliability statistics to baseline reliability statistics.

(3) The report must identify the utility's geographic areas of greatest reliability concern, explain their causes, and explain how the utility plans to address them.

(4) The report must identify the total number of customer complaints about reliability and power quality made to the utility during the year, and must distinguish between complaints about sustained interruptions and power quality. The report must also identify complaints that were made about major events.

6. Furthermore, as Staff stated in the Inquiry, other metrics and components are included in each electric utility's service reliability report, which may not be consistent with another utility's service reliability report.²

7. Public Counsel believes the current rules provide a reasonable basis for reliability reporting. However, as we discuss in our recommendations, we believe that greater discussion on reliability reporting and the uses of these reports is necessary before addressing the components of the monitoring and reporting plans, in addition to the annual reports. Furthermore, we believe the Commission should update the rules to include specific reliability metrics, such as SAIDI,

² Reliability Reporting Inquiry: Staff Findings and Recommendations 2018 at 5 (Jan. 22, 2019).
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SAIFI, CAIDI, and MAIFI,³ to be included in the reliability reports, once the Commission determines the intent of the reliability reports.

III. PUBLIC COUNSEL RECOMMENDATIONS

8. Public Counsel recommends that the investigation on reliability reporting begin at the foundation, before addressing reliability monitoring and reporting plans and the contents of the reliability reports. First, we recommend workshops in this docket for more transparency on how reliability is assessed in the IOUs' capital budgeting processes. Second, we believe that the definition of reliability should be updated and discussed by the Commission and interested parties. Finally, we suggest the intent and scope of the electric service reliability reports be determined in this docket.

A. Transparency

9. Staff states that it based many of its recommendations and concerns in the Inquiry on informal discussions with the electric utilities.⁴ While we realize this was necessary for Staff to produce the Inquiry, we believe it would be extremely beneficial to understand how each utility approaches reliability and its current decision-making processes (if any) for making reliability investments. In order to update and improve transparency relating to reliability investments and reliability reporting, parties must understand and be familiar with the current process. Thus, we suggest the Commission require each electric utility to provide a detailed presentation of how reliability functions in its capital budgeting process.

³ SAIFI is the system average interruption frequency index or frequency of outages, SAIDI is the system average interruption duration index or frequency of sustained outages, CAIDI is the customer average interruption duration index or duration of outages, and MAIFI is the momentary average interruption frequency index or occurrences of momentary customer interruptions.

⁴ Reliability Reporting Inquiry: Staff Findings and Recommendations 2018 at 2 (Jan. 22, 2019).

B. Defining Reliability

10. Staff's Inquiry provided a detailed explanation on how and why the reliability rules were established through the 2001 Electric System Reliability Rulemaking.⁵ Public Counsel understands that factors, such as deregulation of electricity, heavily influenced the discussion regarding reliability in the 2001 rulemaking. However, utilities are now facing different, very distinct challenges. Instead of deregulation as a prevailing threat, technology for the distribution system, as well as other areas, is rapidly changing. Furthermore, extreme weather events have become increasingly more common, requiring utilities to quickly fix damaged systems to restore service to customers. Given this new reality, Public Counsel believes that the current definition of electric service reliability, which is "the continuity of electric service experienced by retail customers,"⁶ should be modified to reflect the new capabilities of the distribution system, in addition to incorporating resiliency within this definition.
11. While continuity of electric service is vital and necessary to customers, we believe utilities have a responsibility to withstand sudden disturbances as part of their reliability standard.⁷ Resiliency is "the capacity of the utility to withstand and recover from disruption, but also prepare for the possibility of disruptions."⁸ Moreover, many other jurisdictions include resiliency into their reliability reports. For example, California requires that electric utilities

⁵ Reliability Reporting Inquiry: Staff Findings and Recommendations 2018 at Appendix E-1 (Jan. 22, 2019).

⁶ WAC 480-100-388.

⁷ Kristina LaCommare, Peter Larsen, and Joseph Eto, EVALUATING PROPOSED INVESTMENTS IN POWER SYSTEM RELIABILITY AND RESILIENCE: PRELIMINARY RESULTS FROM INTERVIEWS WITH PUBLIC UTILITY COMMISSION STAFF at 7 (Lawrence Berkley National Laboratory) (Jan. 2017) http://eta-publications.lbl.gov/sites/default/files/lbnl-_1006971.pdf.

⁸ *Id.* at 8.

report on mitigation of the reliability issues,⁹ and Oregon requires electric utilities to “use reasonable means in design, operation, and maintenance to ensure reliable service to each customer. Such means include, but are not limited to, programs to minimize service interruptions.”¹⁰

12. Thus, we propose the Commission and interested parties consider the following definition of electric service reliability: “the continuity of electric service, the preparation for the possibility of disturbances, and mitigation of sudden disturbances.”

C. Scope and Intent of the Reliability Monitoring and Planning Reports and Electric Service Reliability Reports

13. The Inquiry states, “Unfortunately, most of the information the UTC requires Washington electric investor-owned utilities (IOUs) to provide in the reliability reports is not useful in understanding these decisions. Instead, the reliability report has become a catch-all for multiple issues, some of which are only tangentially related to service reliability.”¹¹ Public Counsel believes this docket can address the gaps in reliability planning, reliability reports, and reliability’s place in IOUs’ capital budget planning processes.

14. Similarly, we believe the rules should be updated to include uniform requirements in the reliability reports and metrics. However, Staff in its Inquiry states “SQIs may technically meet the definition of a reliability statistic, but they also take into account broader company service concerns and have little bearing on the overall state of system reliability.”¹² We disagree with this statement. We believe certain consumer focused metrics or service quality indicators (SQIs)

⁹ *Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Reliability Reporting Pursuant to Public Utilities Code Section 2774.1*, Rulemaking 14-12-014, Order Instituting Rulemaking (Cal. PUC Dec. 29, 2014) <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M144/K121/144121699.PDF>.

¹⁰ Or. Rev. Stat. § 860-023-0091.

¹¹ Reliability Reporting Inquiry: Staff Findings and Recommendations 2018 at 1 (Jan. 22, 2019).

are important factors for reliability, while also maintaining adequate markers of consumer protections. We agree that it is appropriate to review the current metrics and SQIs reported by the various utilities to evaluate whether they are necessary or relevant. Nevertheless, we do not believe all customer-focused metrics should be excluded from reliability reports. Public Counsel proposes this docket discuss which customer focused metrics should be included in the reliability reports as a metric and which may be better placed in another separate report.

15. Finally, Public Counsel supports placing reliability planning in distribution planning; however, we believe that reliability should be a primary focus of distribution planning or have its own subgroup (i.e. advisory group) within the distribution planning process. We understand that distribution planning will be discussed in other forums at the UTC and we look forward to participating in the proceeding and discussions.

16. Hence, Public Counsel believes reliability monitoring and planning and the reliability reports should influence a utility's reliability investment, which we suggest be connected to an IOU's distribution planning process. Furthermore, we recommend specific uniform reliability metrics, including agreed upon SQIs, be updated in the reliability rules.

IV. STAFF'S FIVE CONCERNS AND RECOMMENDATIONS

17. Staff believes there are five concerns it has discovered in its investigations into reliability reporting. The following are Public Counsel's response to Staff's five concerns and recommendations.

A. Reliability benchmarking does little to clarify investment decisions. Individual distribution system investments rarely have a direct reliability goal, though they may offer system-wide reliability benefits. As such, reliability and business-specific needs should be evaluated holistically. Further, benchmarks should not be used to establish penalties as these metrics are too aggregated to be affected by short-term projects.

18. At this time, Public Counsel cannot say whether we agree or disagree with this statement.

We believe further discussion is required with the Commission, utilities, and interested parties before such a conclusion can be made. At this time, Public Counsel does not have a complete understanding of how utilities incorporate the reliability metrics and/or reports into decision-making processes for reliability or distribution investments. We believe it would be beneficial for all interested parties, as well as other utilities, to understand each IOUs' undertakings regarding reliability reporting and how it transpires into specific reliability investments.

19. Public Counsel does agree that reliability and distribution investments must take a holistic approach, as should all investments procured by utilities. However, Public Counsel does not believe that reliability investments should dissolve into distribution planning. As we have stated in our Distribution Planning comments filed in the UTC's Integrated Resource Planning Rulemaking proceeding, we believe that reliability investments should be a driving force in distribution planning.¹³

20. Finally, Public Counsel believes it is premature to discuss and consider reliability benchmarking and penalties for reliability. As we stated earlier, we believe preliminary steps are necessary before discussing specific reliability metrics and benchmarking.

B. Reliability rarely serves as an exclusive rationale for a company’s business decisions. However, it is unclear how utilities develop investment budgets for reliability-only projects, versus projects for the general distribution system. Companies should provide additional transparency into the budgeting process. Companies should also identify the degree to which reliability performance impacts budgeting or vice versa.

21. Again, Public Counsel believes further discussions are required before reaching the conclusion that reliability is not currently an exclusive rationale or that it cannot be used as an exclusive rationale for investment decisions. For example, in Puget Sound Energy’s 2017 general rate case, the Company proposed a mechanism (Electric Cost Recovery Mechanism) specifically for addressing its reliability challenges and needed reliability investments.¹⁴ While the Company’s proposal did not persuade the Commission, the proposal illustrates that reliability investments may not be valued appropriately in a competitive capital budgeting process.¹⁵

22. Public Counsel believes that a transparent stakeholder process, which discusses how reliability projected are included in or excluded from investment budgets, may result in the proper valuation of reliability investments. We believe the Commission should require an advisory group process for distribution planning, which includes a subsection specifically for reliability investments and related topics. IOU reliability needs and the challenges IOUs face in making reliability investment would be reviewed within the advisory group process.

¹³ *Rulemaking for Integrated Resource Planning, WAC 480-100-238, WAC 480-90-238, and WAC 480-017*, Docket U-161024, Comments of Public Counsel (May 17, 2018).

¹⁴ Prefiled Direct Testimony of Booga K. Gilbertson, Exh. BKG-1T, *WUTC v. Puget Sound Energy* (2017) Dockets UE-170033 & UG-170034 (*Consolidated*).

¹⁵ *WUTC v. Puget Sound Energy*, Dockets UE-170033 & UG-170034 (*Consolidated*) (“PSE 2017 General Rate Case”) Final Order ¶¶ 326 – 329 (Dec. 5, 2017).

C. Emerging technologies will continue to impact utility reliability. Software that integrates current and future technologies is key to addressing reliability issues. Utilities should establish pilot projects and a collaborative environment to help regulators evaluate emerging technologies.

23. At this time, Public Counsel does not have a specific recommendation or position on this point. We look forward to reviewing other parties' comments regarding emerging technologies and may develop recommendations during this proceeding.

D. Evaluating critical infrastructure security, both physical and cyber, remains a key consideration. Electric IOUs should conduct a risk evaluation that includes the existing critical infrastructure security reporting structure.

24. Public Counsel is very concerned about critical infrastructure security, and considers it an important component of grid reliability and resiliency. We also agree utilities should be conducting risk evaluations that includes the existing critical infrastructure security reporting structure.

E. Emergency management, asset management, outage classification, and vegetation management are beyond the scope of reliability reporting. A workgroup made of the electric IOUs, commission staff, and stakeholders should identify the appropriate methods for and utility of reviewing these topics.

25. Public Counsel disagrees with Staff's assessment that emergency management, asset management, outage classification, and vegetation management are beyond the scope of reliability reporting. We believe these topics are essential to reliability and resiliency. In fact, we suggest these topics be included in the reliability rules as a requirement for all electric IOU reliability reports. Many other jurisdictions include these components into their reliability reporting. For example, Florida includes "storm hardening" investments, vegetation management, and outage classification in their annual reliability reports.¹⁶ Pennsylvania includes

¹⁶ Florida Pub. Serv. Comm'n, REVIEW OF FLORIDA'S INVESTOR-OWNED ELECTRIC UTILITIES, 2017 SERVICE RELIABILITY REPORTING (Dec 2018) <http://www.psc.state.fl.us/Files/PDF/Utilities/Electricgas/DistributionReliabilityReports/2017/Review%20of%20Florida%E2%80%99s%20Investor-Owned%20Electric%20Utilities%E2%80%99%20Service%20Reliability%20in%202017.pdf>.

outage analyses and reports the performance of the worst performing circuits.¹⁷ Finally, Hawaii and Oregon both report outage classification.¹⁸ It would be reasonable for the Commission to incorporate similar requirements.

V. CONCLUSION

26. Public Counsel appreciates the opportunity to comment on Staff's Reliability Reporting Inquiry and on electric service reliability reporting. We look forward to reviewing other stakeholder comments and participating in discussions at the March 21, 2019, workshop. If there are any questions regarding these comments, please contact Carla Colamonici at (206) 389-3040 or at CarlaC@ATG.WA.GOV.

¹⁷ Pa. Pub. Serv. Comm'n, ELECTRIC SERVICE RELIABILITY IN PENNSYLVANIA 2017 (July 2018) http://www.puc.state.pa.us/General/publications_reports/pdf/Electric_Service_Reliability2017.pdf.

¹⁸ Haw. Elec. Co., Inc, Sys. Operation Dep't, ANNUAL SERVICE RELIABILITY REPORT 2016, Prepared by System Operation Department (Apr. 25, 2017) <https://puc.hawaii.gov/wp-content/uploads/2013/07/Hawaiian-Electric-Companies-Annual-Service-Reliability-Reports-for-2016.pdf>; Or. Rev. Stat. § 860-023-0151.