

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY's

Petition for Exclusion of Extraordinary
Storm Events From SQI-3 SAIDI
Performance Calculation

DOCKET UE-160345

ORDER 01

PETITION GRANTING EXCLUSION
OF AUGUST 2015 AND NOVEMBER
2015 STORM EVENTS FROM SQI-3
PERFORMANCE CALCULATIONS

BACKGROUND

1 On March 29, 2016, Puget Sound Energy (PSE or Company) filed a petition (Petition) with the Washington Utilities and Transportation Commission (Commission) seeking authority to exclude from Service Quality Index No. 3 (SQI-3) – System Average Interruption Duration Index (SAIDI) the customer outage minutes associated with the severe weather experienced in the Puget Sound region during August 2015 (August 2015 Storm Event) and November 2015 (November 2015 Storm Event #1). No party filed a response to PSE's petition within the time allowed under WAC 480-07-370 and by the Commission's Notice of Opportunity to File Response to Petition.¹

¹ All parties to this proceeding were served with PSE's Petition. The party representatives are as follows: Sally Brown, Senior Assistant Attorney General, Olympia, Washington, representing Commission Staff; Simon ffitch, Assistant Attorney General, Seattle, Washington, representing the Public Counsel Section of the Washington Office of Attorney General; S. Bradley Van Cleve and Tyler Pepple, Davison Van Cleve, Portland, Oregon, representing the Industrial Customers of Northwest Utilities; Chad M. Stokes and Tommy A. Brooks, Cable Huston Benedict Haagensen & Lloyd LLP, Portland, Oregon, representing Northwest Industrial Gas Users; Elaine L. Spencer, Graham & Dunn PC, Seattle, Washington, representing Seattle Steam Company; Michael L. Kurtz and Kurt J. Boehm, Boehm, Kurtz & Lowry, Cincinnati, Ohio, representing the Kroger Co., on behalf of its Fred Meyer Stores and Quality Food Centers divisions; Damon Xenopoulos and Shaun Mohler, Brickfield Burchette Ritts & Stone, Washington, D.C., representing Nucor Steel Seattle, Inc.; Rita Liotta, John Cummins, and Scott Johansen, Department of the Navy, San Francisco, California, and San Diego, California, respectively, representing the Federal Executive Agencies; Ronald L. Roseman, Attorney, Seattle, Washington, representing the Energy Project; and Ed Finklea, Ashland, Oregon representing the Northwest Industrial Gas Users.

2 **August 2015 Storm Event.** The August 2015 Storm Event began impacting the PSE system on Saturday, August 29, 2015. This storm was the strongest summer storm in Northwest history² with wind gusts between 60 and 70 miles per hour (mph), and was exacerbated by drier than normal weather. Throughout most of 2015, western Washington experienced abnormal to severe drought conditions due to record low snow pack and precipitation levels.³ As a result of these adverse conditions, trees were stressed and dying due to very dry soil. When soil conditions are too dry to provide a counterbalancing weight, strong winds can quickly send branches sailing and easily topple trees.⁴

3 More than 400,000 PSE electric customers lost power during the event. All of PSE's regional operating bases and the Company's Emergency Coordination Center (ECC) were mobilized during the morning and afternoon of Saturday, August 29. Regional storm bases were subsequently demobilized between August 30, 2015, and September 3, 2015, with more than 93 percent of affected customers restored by August 31, 2015.⁵

4 The August outages resulted in 268,810,338 minutes of cumulative customer interruption, which added 241 minutes to the 2015 annual SAIDI⁶ result and 48 minutes to the 2015 SQI SAIDI⁷ result.⁸

5 **November 2015 Storm Event.** The November 2015 Storm Event began to impact the PSE system on Saturday, November 14, 2015, just as precipitation levels were returning to normal.⁹ The region had seen a record amount of rain on the weekend preceding the storm and on the day the storm hit.¹⁰ When wind gusts approaching 70 mph battered the

² Cliff Mass Weather Blog, "The Strongest Summer Storm in Northwest History," (August 31, 2015). <http://cliffmass.blogspot.com/2015/08/the-strongest-summer-storm-in-northwest.html>.

³ Office of the Washington State Climatologist August Report, (September 4, 2015), *see* Exhibit A to this Petition.

⁴ Seattle Times, "Crews Scramble as Thousands Still Dark from Storm," (September 1, 2015), <http://www.seattletimes.com/seattle-news/weather/crews-working-to-restore-power-throughout-western-washington/>

⁵ PSE Petition ¶ 20.

⁶ SAIDI measures the average outage duration for each customer served. SAIDI is the reliability index commonly used by electric utilities. It is calculated as the total customer minute interruptions (outage duration [in minutes] multiplied by number of customers impacted by the outage) divided by the average number of electric customers served typically over the course of a calendar year.

⁷ SQI SAIDI = Rolling five-year average of current year total SAIDI and prior four years annual total SAIDI results.

⁸ PSE Petition ¶ 23.

⁹ Office of the Washington State Climatologist November Report, (December 4, 2015).

¹⁰ *Id.*

region, the saturated soil could not support the shallow root system of many trees, causing them to topple into power lines and trigger widespread outages.¹¹

6 During the course of this event, over one-third of PSE’s electric customers lost power. All of PSE’s regional operating bases and the Company’s ECC were mobilized over the course of Tuesday, November 17. Regional storm bases were subsequently demobilized between November 19, 2015, and November 20, 2015, with more than 95 percent of customers restored by November 19, 2015.¹²

7 The November outages resulted in 229,200,885 minutes of cumulative customer interruption, which added 206 SAIDI minutes to the 2015 actual annual SAIDI result and contributed 41 SAIDI minutes to PSE’s overall 2015 SQI SAIDI performance.¹³

8 **Petition.** According to the Company’s Petition, these two storm events rank numbers three and four among the ten most significant SQI Major Events as measured by customer minutes of interruption, customer interruptions, number of outages, and percent of customers out during each respective event. These values are only exceeded by the values for the 2006 Hanukkah Eve Windstorm and the January 2012 Storm Event, and markedly exceed the values of other events for which the Commission has authorized exclusion.

9 The Company states in its Petition that, “Since the January 2012 storm, PSE has made significant improvement in its emergency response approach, and has modeled the incident command structure that many companies and public agencies use to help manage emergencies.”¹⁴ The results of this improved emergency storm response capability appear to be reflected in improved restoration times for most customers in comparison to other prior storm events.

10 For extraordinary events in 2006 and 2012, the percentages of customers restored by a quarter of the way through the duration of the event were 56 percent and 42 percent, respectively. For the 2015 events, these percentages were 86 percent and 97 percent. Improved rates of customer restoration are also reported for half way through the duration of these storm events.¹⁵

¹¹ National Weather Service Report, (November 15, 2015), *see* Exhibit A to this Petition.

¹² PSE Petition ¶ 20.

¹³ PSE Petition ¶ 44.

¹⁴ PSE Petition ¶ 18 and 20.

¹⁵ PSE Petition ¶ 20.

11 Commission staff (Staff) reviewed the Company's Petition and finds that the Company's request to exclude the August 2015 and November 2015 Storm Events from the SQI-3 performance calculations is reasonable. These Storm Events are similar to those that the Commission has excluded in the past, and are among the four most damaging events that have occurred since 2006. The Company has also made significant improvements to its response times and procedures. Accordingly, Staff recommends the Commission grant the Company's Petition.

DISCUSSION

12 We agree with Staff's recommendation and grant PSE's Petition to exclude the August and November 2015 Storm Events from the SQI-3 SAIDI performance calculation. As the Company notes in its Petition, it has made significant improvement in its emergency response approach since the January 2012 storm, which minimized the impact of the August and November 2015 Storm Events for PSE customers. PSE took a number of measures, as detailed in its Petition, to communicate with customers, ensure prompt service restoration, and resolve customer complaints. We find that PSE's response to both Storm Events was appropriate and reasonable, and that the 447 SAIDI minutes associated with the August and November 2015 storm events should be excluded from the Company's SQI-3 SAIDI performance calculation for 2015.

FINDINGS AND CONCLUSIONS

- 13 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, regulations, practices, and accounts of public service companies, including electric companies.
- 14 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 15 (3) On March 29, 2016, PSE filed a Petition seeking authority to exclude from SQI-3 SAIDI the customer outage minutes associated with the severe weather experienced during August 2015 and November 2015 Storm Events.
- 16 (4) Staff has reviewed the Company's Petition and recommends the Commission grant PSE's request to exclude the customer outage minutes associated with the

August and November 2015 Storm Events from the SQI-3 SAIDI performance calculation for 2015.

- 17 (5) The Commission finds that PSE's response to the August and November 2015 Storm Events was appropriate and reasonable, and grants PSE's Petition for Exclusion of August 2015 and November 2015 Storm Events from SQI-3 Performance Calculation.

ORDER

THE COMMISSION ORDERS:

- 18 (1) Puget Sound Energy's Petition for Exclusion of August 2015 and November 2015 Storm Events from SQI-3 Performance Calculation is granted. The Commission authorizes the exclusion of 447 SAIDI Minutes associated with the August 2015 and November 2015 Storm Events from the performance calculation for the 2015 SQI reporting year and applicable years following.
- 19 (2) The Commission Secretary is authorized to accept by letter, with copies to all parties to this proceeding, any filing that complies with the requirements of this Order.
- 20 (3) The Commission retains jurisdiction to effectuate the terms of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

Dated at Olympia, Washington, and effective May 12, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary