

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKET UE-072300
	)	DOCKET UG-072301
	)	<i>(consolidated)</i>
Complainant,	)	
v.	)	
PUGET SOUND ENERGY, INC.,	)	MULTIPARTY SETTLEMENT RE:
	)	EMERGENCY RESPONSE AND
Respondent.	)	STORM PREPAREDNESS
	)	
	)	
	)	

**I. INTRODUCTION**

1 This Multiparty Settlement is entered into pursuant to WAC 480-07-730(2) in order to compromise and settle all issues concerning emergency response and storm preparedness that have been raised in this consolidated proceeding between the settling parties. This Multiparty Settlement sets forth revisions to the existing emergency response and storm preparedness procedures of Puget Sound Energy, Inc. ("PSE" or "the Company") that the parties agree should be approved by the Washington Utilities and Transportation Commission ("Commission") in its final order in these dockets.

**II. PARTIES**

2 This Multiparty Settlement is entered into by PSE and Commission Staff (collectively referred to hereinafter as the "Parties" and each individually as a "Party"). Public Counsel, which filed testimony on PSE's storm response performance, has not agreed to join in this Multiparty Settlement, but has authorized the Parties to state that it

will not object to the terms. All remaining parties were also provided this Multiparty Settlement in advance of filing. None of the remaining parties have expressed opposition to this agreement.

### III. BACKGROUND

3 On December 3, 2007, PSE filed with the Commission revisions to its currently effective Tariff WA U-60, Tariff G, Electric Service, Advice No. 2007-34 and Tariff WN U-2, Gas Service, Advice No. 2007-35. The proposed revisions would implement a general rate increase of \$174.5 million, or 9.50 percent, for electric service and \$56.8 million, or 5.31 percent, for natural gas service. On December 12, 2007, the Commission suspended and consolidated the filings (collectively referred to hereinafter as the "General Rate Case"). PSE subsequently amended its General Rate Case filing on April 14, 2008, revising its electric revenue requirement to \$179.7 million and its natural gas revenue requirement to \$58.1 million. In rebuttal testimony filed July 3, 2008, PSE further revised its electric revenue requirement to \$165.1 million and its natural gas revenue requirement to \$55.5 million.

4 A prehearing conference in the General Rate Case was held on January 14, 2008. The Commission granted petitions to intervene of the Industrial Customers of Northwest Utilities, the Northwest Industrial Gas Users, the Kroger Co., The Energy Project, Nucor Steel Seattle, Inc., the Seattle Steam Company and the Federal Executive Agencies.

5 In testimony filed May 30, 2008, Commission Staff made recommendations regarding PSE's emergency response and storm preparedness, particularly in light of recommendations made by KEMA in its report entitled Storm Restoration and Readiness

Review (the "KEMA Report")<sup>1</sup>, and in light of cost/benefit analyses performed by KEMA for implementation of an outage management system ("OMS").<sup>2</sup> PSE addressed storm response issues in rebuttal testimony filed July 3, 2008.<sup>3</sup>

6           The settling Parties have reached a Multiparty Settlement pursuant to WAC 480-07-730(2) and now wish to present their agreement for Commission approval. In the interests of expediting the orderly disposition of the General Rate Case, the Parties therefore adopt the following Multiparty Settlement which is entered into by the Parties voluntarily to resolve matters in dispute among them regarding emergency response and storm preparedness procedures of PSE.

7           The Parties understand that only Section IV of this Multiparty Settlement is subject to Commission approval and hereby respectfully request that the Commission issue an order approving Section IV of this Multiparty Settlement. The Parties request that the Commission hear evidence concerning their agreement as part of the hearings scheduled to commence before the Commission on September 2, 2008. The Parties to this Multiparty Settlement are also filing joint testimony in support of their agreement, pursuant to WAC 480-07-740(2).

#### IV. AGREEMENT

8           This section describes the Parties' agreement for modifying PSE's existing emergency response and storm preparedness policies and procedures.

9           1.       The Company agrees to file with the Commission an annual report addressing PSE's progress in considering and/or implementing the recommendations in the KEMA Report. The report will be filed on or about September 1 of each year and

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<sup>1</sup> Exhibit GJZ-8.

<sup>2</sup> See Exhibit DEK-1TC at 15-21 (Testimony of Douglas Kilpatrick) and Exhibit DEK-3.

<sup>3</sup> See Exhibit SML-16T (Testimony of Susan McLain) and Exhibit GJZ-10 (Testimony of Greg Zeller).

will continue until PSE either implements or communicates its intention not to implement each KEMA recommendation. For any KEMA recommendation that PSE decides not to implement, the annual report will explain PSE's rationale for not implementing such recommendation.

10           2.       The report will also address those items identified by Commission Staff in this proceeding on pages 19-21 of Exhibit DEK-1TC, and Exhibit DEK-3, as summarized below.

- Evaluation work done by PSE or on its behalf to determine the overall cost effectiveness and benefits of implementing an outage management system with an associated enterprise-wide geographic information system. The report must include a detailed description of the cost/benefit analyses PSE is doing or is having done, what quantitative and/or qualitative results would convince PSE to move forward with the OMS/GIS, and what timeline it proposes for implementation assuming the internal hurdle is met.
- PSE's assignment of damage assessors and other resources to the emergency event, including training and processes,
- PSE's expectations and metrics for all parties in storm roles,
- PSE communication of restoration information to customers no later than 72 hours after initial storm impact,
- PSE's communication with the Commission during a storm event through an initial report within 24 hours after initial storm impact and through regular status reports thereafter from PSE's Emergency Operations Center,
- PSE's actions with respect to local area coordination planning,
- PSE's emergency response process for its Bothell Emergency Center,
- PSE's actions to address recommendations from the Company's 2006 internal storm debrief sessions, and
- PSE involvement on legislative and regulatory solutions to vegetation management and infrastructure rights-of-way.

11           3.       Commission Staff agrees in this case not to recommend any  
disallowances, penalties or other enforcement action related to the Company's response  
to the 2006 Hanukkah Eve storm. This does not preclude Commission Staff in future  
proceedings from recommending disallowances, penalties or other enforcement action  
related either to the Company's storm response or its progress in considering or  
implementing the recommendations in the KEMA Report.

#### V.       MISCELLANEOUS PROVISIONS

12           1.       The Parties agree to support the terms and conditions of this Multiparty  
Settlement as a settlement of all contested issues between them in the above-captioned  
consolidated proceedings regarding emergency response and storm preparedness.

13           2.       This Multiparty Settlement represents an integrated resolution of issues  
regarding emergency response and storm preparedness. Accordingly, the Parties  
recommend that the Commission adopt and approve Section IV of this Multiparty  
Settlement in its entirety.

14           3.       The Parties shall cooperate in submitting this Multiparty Settlement  
promptly to the Commission for approval of Section IV above, and shall cooperate in  
developing supporting testimony as required in WAC 480-07-740(2)(b). The Parties  
agree to support the Multiparty Settlement throughout this proceeding, provide witnesses  
to sponsor such Multiparty Settlement at a Commission hearing, and recommend that the  
Commission issue an order adopting the Multiparty Settlement in its entirety.

15           4.       In the event the Commission rejects Section IV of the Multiparty  
Settlement, the provisions of WAC 480-07-750(2)(b) shall apply. In the event the  
Commission accepts Section IV of the Multiparty Settlement upon conditions not

proposed herein, each Party reserves the right, upon written notice to the Commission and all other parties to this proceeding within five (5) days of the Commission order, to state its rejection of the conditions. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions or upon other emergency response and storm restoration proposals of the Parties. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of PSE ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

16           5.       The Parties enter into this Multiparty Settlement to avoid further expense, uncertainty, and delay. By executing this Multiparty Settlement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Multiparty Settlement and except to the extent expressly set forth in this Multiparty Settlement, no Party shall be deemed to have agreed that this Multiparty Settlement is appropriate for resolving any issues in any other proceeding. No Party shall represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Multiparty Settlement are precedents in any other proceeding.

17           6.       This Multiparty Settlement may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

18           7.       The Parties agree:


- i. to provide each other the right to review in advance of publication any and all announcements or news releases that either Party intends to make about the Multiparty Settlement. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by the other Party; and
- ii. to include in any news release or announcement a statement that Commission Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Commission Staff.

DATED: This 19th day of August, 2008.

**PUGET SOUND ENERGY, INC.**

By \_\_\_\_\_  
Eric M. Markell  
Executive Vice President and  
Chief Financial Officer

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION  
STAFF**


By  \_\_\_\_\_  
Robert D. Cedarbaum  
Senior Counsel

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Robert D. Cedarbaum  
Senior Counsel