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Filed via WUTC Web Portal

Mr. Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive S.W.
Olympia, Washington 98504-7250

**RE: Commission Staff Electric Service Reliability Reporting Inquiry
Docket UE-190027**

Dear Mr. Johnson:

PSE appreciates the Washington Utilities and Transportation Commission (“Commission”) staff’s work on the “Reliability Reporting Inquiry” (“Inquiry”), as well as the opportunity to comment on the findings and recommendations contained in the Inquiry. PSE submits the following comments in response to the request in the Commission’s Notice of Opportunity to File Written Comments issued in Docket UE-190027 (“Notice”) on January 22, 2019.

The Inquiry helps PSE further understand how reliability reporting information is interpreted by the Commission, as well as identifying potential ways the reporting can be improved. PSE welcomes further discussion of how to improve reliability reporting in collaboration with the Commission staff and other stakeholders.

PSE’s response below addresses each recommendation contained in the Inquiry regarding electric service reliability reporting, as well as responds to staff’s request for general comments regarding aggregate benchmarking and investment planning.

Reporting Requirements

Staff identifies multiple inconsistencies in format and content between the investor owned utilities (IOUs) in their Monitoring and Reporting (M&R) plans and recommends that each IOU M&R plan should follow a consistent framework of reporting structures and terms. PSE agrees that changes should be made to the investor owned utility (IOU) Monitoring and Reporting Plans to allow for greater consistency; however, any changes to the plans should provide flexibility to accommodate the unique nature of each utility. Additionally, this report should be written in a way that is useful for customers and stakeholder groups. One report with benefit to a variety of audiences is preferable to separate, but similar reports tailored to individual audiences.

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Benchmarking and Penalties

When presenting reliability investment decisions to the Commission, staff recommends IOUs should include a comprehensive business case showing how a reliability investment ties to the company's reliability objectives. PSE agrees that it should explain its reasoning for choosing reliability objectives and demonstrate how investment decisions tie to those objectives. However, an overall system reliability target should not be the only method for making decisions and judging performance. The Commission should also consider more granular level performance targets where penalties for poor performance are allocated to those affected. One example where the Commission could look for direct performance incentives or penalties is PSE's 24-hour and 120-hour service guarantees. These metrics could be directly tied to individual customers and might produce an effective method for incenting individual performance, as opposed to the electric system as a whole. If system-wide targets are preferred by the Commission, it would make sense to have dynamic targets that are updated regularly as the factors that affect reliability performance (e.g. costs, customer opinion, industry best practices, etc.) change frequently.

Reliability Investment Decisions and Planning

Staff indicates a desire for greater insight into how budgets for reliability projects, or distribution system investments, are established. While PSE is willing to be more transparent in its budgeting and planning decisions; greater clarity from the Commission is needed regarding the types of information that would be useful in a more public budgeting and planning process. PSE welcomes further discussions over what types of information would be useful in the context of all the other planning and reporting initiatives underway.

Emerging Technologies

Staff recommends IOUs should conduct more pilot projects to test newer technologies, with the Commission's recognition that not all projects may present positive financial value. PSE regularly conducts pilot projects to determine how new technologies can improve reliability and meet other objectives. Part of our grid modernization efforts focus on piloting emerging technologies to enhance our understanding of their potential benefits and cost. As with investment decision details, PSE welcomes further discussions over where this information belongs considering the other planning and reporting initiatives underway.

Critical Infrastructure Security

Staff recommends that the current critical infrastructure security reporting structure should be separate from reliability reporting. PSE is willing to provide critical infrastructure security information to the Commission in whatever way is most useful while also ensuring such sensitive information is appropriately protected.

Additional Topics

Staff recommends that a workgroup made up of the utilities, Commission staff, and stakeholders should identify the appropriate methods and venues to review: (1) emergency management; (2) asset management; (3) outage classification; and (4) vegetation management. PSE is willing to work with Commission staff and other stakeholders to develop appropriate methods for sharing information on topics that do not fit within a reliability reporting framework, while also acknowledging that reliability is a complex topic and a thorough understanding of what affects reliability is necessary to understanding investment decisions. For example, vegetation is a major cause of outages in PSE's service territory and therefore investments that affect vegetation are a large focus of reliability planning. More information about why the Commission staff believes this should be excluded from reliability reporting would be helpful. Also, PSE would welcome Commission staff's perspective or examples of other utilities whose reporting better aligns with the Commission's reliability reporting expectations.

Aggregate Benchmarking and Investment Planning

PSE has internal, system-wide reliability targets developed using multiple sets of data including benchmarking, benefit/cost analysis, stakeholder interests, and other inputs. Plans are then developed to achieve these targets. These plans are then prioritized with consideration towards keeping customer rates at the lowest reasonable cost without compromising reliability. Since planning can never perfectly tie to execution, plans may need to be modified and resources reallocated to ensure PSE is using the available resources efficiently. While PSE agrees that benchmarking and best practices are useful inputs to developing reliability plans, it is not appropriate to use them as the sole justification for reliability investment decisions.

PSE appreciates the opportunity to provide comments on Commission staff's Reliability Reporting Inquiry, and we look forward to participating in the upcoming workshop scheduled on March 21, 2019. Please contact Nate Hill at (425) 457-5524 for additional information about these comments. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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