

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of	)	DOCKET NO. UE-031946
	)	
PUGET SOUND ENERGY, INC.	)	
	)	
for Approval of Amendment to Service	)	COMMENTS OF THE INDUSTRIAL
Quality Index Reporting Methodology:	)	CUSTOMERS OF NORTHWEST
Electric Safety Response Time.	)	UTILITIES
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**I. INTRODUCTION**

1 Pursuant to the notice published on March 31, 2004, the Industrial Customers of Northwest Utilities (“ICNU”) submits the following Comments to the Washington Utilities and Transportation Commission (“WUTC” or “Commission”) regarding Puget Sound Energy’s (“PSE” or the “Company”) application to revise its Service Quality Index (“SQI”) reporting requirements (“Application”). The SQI performance measure revisions contained in the Application were agreed to pursuant to a settlement between PSE, the Commission Staff, Public Counsel, the Multiservice Center, the Opportunity Council and the Energy Project (“Settlement”).

2 ICNU does not oppose reasonable revisions to PSE’s service quality standards; however, the changes proposed in the Application and Settlement will reduce the Company’s obligation to promptly restore service to customers. ICNU requests that the Commission condition approval of the Application on the following requirements: 1) the proposed “supplemental reporting” period should be limited to two instead of three

years; 2) the Commission should adopt the definition of “localized emergency event;” proposed below; and 3) non-parties to the Settlement should be permitted to propose changes to the SQI performance measurements at the end of the “supplemental reporting” period.

## II. BACKGROUND

3                   On June 20, 2002, the Commission approved a multi-party settlement regarding service quality issues in Puget Sound Energy’s general rate case.<sup>1/</sup> The multi-party settlement set forth the terms for the SQI, including a performance measure for electric safety response time and penalties for failing to meet the SQI standards. Currently, PSE is exempt from the SQI performance measure standards only on days that the Company experiences major “storm” events in which more than 5% of PSE’s customers are out of electric service.

4                   On November 25, 2003, PSE filed its Application to amend its service quality index reporting methodology regarding electric safety response time. PSE requests that the Commission approve its Application and amend the Twelfth Supplemental Order approving the stipulated SQI performance standards. PSE’s amendment will change its existing service performance requirements by: 1) exempting PSE from the SQI reporting requirements on days determined by PSE to be “localized emergency events;” and 2) adopting supplemental reporting requirements for three

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<sup>1/</sup>        Re PSE, Docket Nos. UE-011570, UG-011571, Twelfth Suppl. Order (June 20, 2002).

years.<sup>2/</sup> The stated purpose of the supplemental reporting requirements “is to develop an objective criterion for defining localized emergency event days.”<sup>3/</sup>

### III. COMMENTS

5 Any revisions to PSE’s service quality standards should be designed to ensure that the Company promptly provides and restores service at a reasonable cost to customers. The Commission’s rules implement this policy by requiring electric utilities to make reasonable efforts to avoid service interruptions and “to reestablish service with a minimum of delay.”<sup>4/</sup> For PSE in particular, the Commission has approved settlements that have included service quality standards and penalties for the Company’s failure to meet those standards.<sup>5/</sup> ICNU’s members believe that PSE should maintain high service quality standards and that the Company’s efforts to cut costs, including the out-sourcing of service crews, should not reduce customer service quality.

6 Approval of PSE’s Application will reduce the Company’s service quality standards and may result in delayed service restoration. Specifically, the Application provides PSE with the discretion to exempt itself from its service quality standards and avoid potential penalties by determining that a “localized emergency event” has occurred.<sup>6/</sup> PSE claims this reduction in its obligation to restore service during “localized emergency events” is necessary because its “electric first responders” are simultaneously

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<sup>2/</sup> Application at 2-3.

<sup>3/</sup> Id. at 3.

<sup>4/</sup> WAC § 480-100-148(2)(d).

<sup>5/</sup> Re Puget Sound Power & Light Co. and Washington Natural Gas Co., Docket Nos. UE-951270, UE-960195, Fourteenth Suppl. Order (Feb. 5, 1997); Re PSE, Docket Nos. UE-011570, UG-011571, Twelfth Suppl. Order (June 20, 2002).

<sup>6/</sup> Application at 2-3; Exhibit A at 2.

dispatched to numerous outages and are often redirected to higher priority emergency calls.<sup>7/</sup> In addition, PSE requests a three-year time period to evaluate its actions under the new service quality standards to develop objective criteria to determine if PSE is promptly restoring service.<sup>8/</sup>

7 ICNU is not opposed to developing realistic standards to judge whether PSE is providing prompt and efficient service restoration. However, the Application does not adequately define the reporting exception. Under the Application, the performance measurement index will be suspended on days the Company determines in its sole discretion to be “localized emergency events.”<sup>9/</sup> A “localized emergency event day” occurs when PSE determines that all available electric first responders have been dispatched to the affected area to respond to service outages.<sup>10/</sup>

8 This definition of “localized emergency event day” is vague and provides PSE with too much discretion to determine when it will be required to meet its service quality standards. PSE will potentially be able to waive its service quality standards because it inefficiently dispatched its electric first responders or failed to have an appropriate number of electric first responders available to respond to service disconnections. In addition, this definition relieves PSE of any obligation to transfer electric first responders to local areas without service problems to ensure prompt restoration in local areas experiencing service disconnections. Finally, as admitted by

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<sup>7/</sup> Application at 2.

<sup>8/</sup> Id. at 3; Exhibit A at 2.

<sup>9/</sup> Application at 2.

<sup>10/</sup> Id. at 2; Exhibit A, Appendix 2 at 14.

PSE, this definition is vague and capable of selective interpretation.<sup>11/</sup> An ambiguous service quality standard does not ensure that customers will receive reliable service or prompt service restoration as required by WAC § 480-100-148(2)(d).

9                   If the Commission approves the Application, ICNU requests that the Commission adopt a clearer definition of “localized emergency event” that does not rely upon the sole discretion of PSE. This definition should apply during the time period in which PSE is gathering supplemental information regarding localized emergency events and developing more objective criteria for determining if a localized emergency event has occurred. ICNU proposes the following: “localized emergency event” shall mean emergency conditions that: 1) result in a service outage in a local area; and 2) require dispatch and utilization of all electric first responders that should be available for the prudent operation of the Company’s electric system. This definition requires PSE to abide by prudent utility practices and dispatch all available electric first responders regardless of the local area they are located in.

10                   The Application proposes a reduction in customers’ service quality standards with an opportunity to revise the SQI performance measurements in January 2006. PSE proposes that, for a three-year period starting January 1, 2003, it will gather supplemental information that will allow the parties to “determine if sufficient data exists to develop an objective criterion or if additional supplemental reporting is warranted.”<sup>12/</sup>

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<sup>11/</sup>       Application at 3.

<sup>12/</sup>       Id.

At the end of three years of information gathering, PSE or “any party to this settlement may propose modifications” to the Company’s service quality standards.<sup>13/</sup>

11                   It is inappropriate to establish weaker service quality standards that will remain in effect until the Company or a party to the Settlement establishes that new standards should be adopted. This results in an inappropriate shift in the burden of proof to customers. Thus, the new standard essentially becomes permanent unless a party is able to carry the burden of convincing the Commission of changing the standard. In any subsequent proceeding, PSE should retain the burden of proof regarding whether the current SQI performance measurements are appropriate and meet the Commission’s requirements. Further, it will be very difficult for a customer group such as ICNU to have the appropriate information to determine whether a “localized emergency event day” has occurred. If the Commission changes the current service quality standards to allow PSE to waive the SQI when it determines that a “localized emergency event day” has occurred, then these changes should be temporary and expire after the “supplemental reporting” period. This would ensure that PSE has the burden of proof to propose new standards and justify that they are adequate to ensure that PSE provides reliable service and prompt service restoration.

12                   In addition, the Application inappropriately limits those who can propose changes to the service quality standards to only the Company and the settling parties.<sup>14/</sup>

PSE’s service quality standards affect all of its customers, not just the Company and the

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<sup>13/</sup>        Id.

<sup>14/</sup>        Id. (“After three-years of supplemental reporting . . . the Company or any other party to this settlement may propose modifications to take effect January 1, 2006 . . . .”) (emphasis added).

Settlement parties. ICNU or any other party that has not entered into the Settlement should not be prevented from proposing modifications to PSE's service quality standards or participating in any future process that establishes such standards. This limitation is contrary to the public interest.

13                    Finally, three years is too long of a time period for PSE to gather information and develop objective service quality standards. PSE has long been subject to service quality standards and its current service quality standards have been in effect for nearly two years. It also appears that PSE has been gathering information for over a year, since the Application proposes that PSE gather information from January 1, 2003, to December 31, 2005.<sup>15/</sup> PSE should report its findings to the Commission after two instead of three years and request additional time if the Company believes it needs additional information.

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<sup>15/</sup>            Id.

#### IV. CONCLUSION

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ICNU appreciates the opportunity to comment on PSE's Application to revise its service quality reporting requirements and respectfully requests that the Commission deny the Application or approve it subject to the restrictions discussed above.

DATED this 2nd day of April, 2004.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

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