



PUGET SOUND ENERGY

The Energy To Do Great Things

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October 20, 2010

VIA OVERNIGHT MAIL & ELECTRONIC FILING

Mr. David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, Washington 98504-7250

**RE: Docket No. UE-072300
Petition for Approval of Modifications to Service Quality Index Program**

Dear Mr. Danner:

Enclosed are the original and 12 copies of Puget Sound Energy, Inc.'s ("PSE's" or the "Company's") Petition for Approval of Modifications to Service Quality Index Program. The Company is seeking the Commission's approval to modify a certain element of Order 12 of consolidated Docket Nos. UE-072300 and UG-072301 ("Order 12") related to Service Quality Index ("SQI") No. 3 – System Average Interruption Duration Index ("SAIDI") and other SQI related housekeeping changes.

This is a replacement filing of a petition that was filed on July 9, 2010, under Docket No. UE-101205. Concurrently with this filing, the Company also requests withdrawal of the petition submitted under Docket No. UE-101205. The request for withdrawal of the UE-101205 filing and this replacement petition submittal under Docket No. UE-072300 is being made as a result of discussions with Commission Staff. This replacement filing also reflects other changes after discussions with Commission Staff, but the essential nature and purpose of the petition remains unchanged from the original filing.

The main purpose of this filing is to present PSE's proposal to revise the SAIDI benchmark and calculation. The proposed benchmark is 320 minutes based on 5-year rolling averages plus one standard deviation, which is consistent with the setting of the initial SAIDI benchmark in 1997. The proposed annual performance to be used in assessing potential SQI penalties will also be calculated from a 5-year rolling average without exclusion of any outage events or annual SAIDI results unless such exclusion is specifically allowed by the Commission. The current benchmark is 136 minutes but the annual performance is based on single year SAIDI results with exclusion of major events and associated carried-forward days.

Mr. David Danner
Page 2
October 20, 2010

The Company believes the proposed benchmark and performance calculation better reflects the overall customer experience regarding power restoration and more adequately measures PSE's electric system reliability. The proposed changes will ensure PSE considers the overall all system-wide effectiveness in its reliability spending in order to meet the revised benchmark.

This filing is not a joint filing of the signatory parties of Partial Settlement Stipulation Re: Service Quality, Meter and Billing Performance, and Low-Income Bill Assistance, Appendix D to Order 12. However, PSE has been working closely with the Commission Staff since early 2009 to address issues related to the current SAIDI benchmark and calculation. The other signatory parties of Appendix D to Order 12, Public Counsel and the Energy Project, were not able to participate in all the meetings but they have been provided with the same information that PSE presented to Staff in the meetings and notified of this filing.

The proposed revision is a temporary modification to the index to better reflect the impact of the Company's reliability investment and customers' overall outage experience. PSE intends to file an update to the index after 2014 in anticipation of its implementation of a new outage management system.

The Company respectfully requests that the Commission issue an order regarding this application no later than December 31, 2010, allowing the revised SAIDI benchmark and performance calculation and the other housekeeping SQI changes effective for the 2010 Service Quality Program year.

Please contact Mei Cass at (425) 462-3800 for additional information about this filing. If you have any other questions please contact me at (425) 462-3495.

Very truly yours,



Tom DeBoer
Director - Federal & State Regulatory Affairs

Enclosures

cc: Sheree Carson, Perkins Coie
Service List for Docket Nos. UE-072300 and UG-072301

CERTIFICATE OF SERVICE

DOCKET NOS. UE-072300 AND UG-072301

I hereby certify that I have this day served the foregoing, in accordance with WAC 480-07-150(6), to the following persons via regular U.S. mail:

<p><u>Commission Staff: (HC)</u> Robert D. Cedarbaum Jonathan Thompson 1400 S. Evergreen Park Dr. S.W. P.O. Box 40128 Olympia, WA 98504-0128 Phone: (360) 664-1188 Fax: (360) 586-5522 Email: bcedarba@utc.wa.gov jthomps@utc.wa.gov</p>	<p><u>Public Counsel: (HC)</u> Simon J. ffitc Sarah Shifley Public Counsel Section Office of Attorney General 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188 Phone: (206) 464-7744 Fax: (206) 389-2058 Email: simonf@atg.wa.gov SarahS5@atg.wa.gov</p>
<p><u>Attorneys for Seattle Steam: (C)</u> Elaine Spencer Graham & Dunn Pier 70 2801 Alaskan Way, Suite 300 Seattle, WA 98121-1128 Phone: (206) 624-8300 Fax: (206) 340-9599 Email: Espencer@grahamdunn.com</p>	<p><u>Attorneys for NWIGU: (C)</u> Chad Stokes Tommy A. Brooks Cable Huston Benedict Haagenen & Lloyd LLP 1001 SW Fifth Avenue, Suite 2000 Portland, OR 97204-1136 Phone: (503) 224-3092 Fax: (503) 224-3176 Email: cstokes@chbh.com tbrooks@chbh.com</p>
<p><u>Attorneys for Nucor Steel: (HC)</u> Damon Xenopoulos Shaun Mohler Brickfield Burchette Ritts & Stone 1025 Thomas Jefferson St. NW 8th Floor, West Tower Washington, D.C. 20007 Phone: 202-342-0800 Fax: 202-342-0807 Email: DEX@BBRSLaw.com SCM@BBRSLaw.com</p>	<p><u>NWIGU: (C)</u> Paula E. Pyron Executive Director Northwest Industrial Gas Users 4113 Wolf Berry Court Lake Oswego, OR 97035-1827 Phone: (503) 636-2580 Fax: (503) 636-0703 Email: ppyron@nwigu.org</p>

Dated at Bellevue, Washington: October 20, 2010



Deb Sifferman, Case Coordinator Compliance Analyst
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Puget Sound Energy, Inc.