BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

In the Matter of the Petition of: PUGET SOUND ENERGY, INC. For An Order Extending SQI SAIDI Temporary Mechanics	Docket Nos. UE-072300 and UG-072301 (consolidated) PETITION FOR EXTENDING SQI SAIDI TEMPORARY MECHANICS

I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), Puget Sound Energy, Inc. ("PSE" or the "Company") respectfully petitions the Washington Utilities and Transportation Commission (the "Commission") for an order authorizing the Company to extend the effectiveness of the temporary mechanics associated with PSE's Service Quality Index No. 3: System Average Interruption Duration Index ("SQI SAIDI") for an additional year through 2014. The one-year extension will allow PSE to collect sufficient data to work with the Commission Staff (the "Staff") and other interested parties in establishing permanent SQI electric service reliability measures as described in this petition ("Petition").

2. PSE is engaged in the business of providing electric and gas service within the State of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its retail rates, service, facilities and practices. Its full name and mailing address are:

Puget Sound Energy, Inc.
Attn: Tom DeBoer
Director - Federal and State Regulatory Affairs
P.O. Box 97034
Bellevue, Washington 98009-9734

3. Rules and statutes that may be brought at issue in this Petition include RCW 80.01.040, RCW 80.28.020, and WAC 480-07-370(b).

II. BACKGROUND

4. PSE first implemented its Service Quality Index Program ("SQI" or the "Program") in 1997 pursuant to Docket Nos. UE-951270 and UE-960195, the dockets approving the merger between Washington Natural Gas Company and Puget Sound Power & Light Company. The stated purpose of the SQI Program was to "provide a specific mechanism to assure customers that they will not experience deterioration in quality of service"[1] and to "protect customers of PSE from poorly-targeted cost cutting"[2] as a result of the merger. The Program has been continued since 1997 to affirm PSE's commitment to provide quality service to its customers. The SQI Program currently includes three Service Guarantees[3] and nine Service Quality Indices[4].

5. On October 21, 2010, PSE filed a petition with the Commission for an order authorizing amendments to PSE's SQI Program mechanics. With the Staff's support, the Commission approved the October 2010 petition on November 29, 2010, in its Order 17 of consolidated Docket Nos. UE-072300 and UG-072301 ("Order 17"). The 2010 petition includes some temporary changes to SQI-3: SAIDI measurement for the 2010 through 2013 SQI Program years and certain permanent changes to other elements of the Program.

6. One of the key PSE proposals approved in Order 17 is to change the SQI SAIDI benchmark to 320 outage minutes for four annual reporting periods, 2010 through 2013. The revised interim mechanics take into account all types of outage events including Major Events[5]. The refined SQI SAIDI measurement better reflects customers' overall experience as it includes all outages including storms.

7. In addition to proposed changes to the Company's SQI Program, PSE also made in its 2010 petition, six commitments that would have a positive impact on PSE's electric power system reliability and PSE's response to power outage events. The list of the all six

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[1] Dockets UE-951270 & UG-960195, Fourteenth Supplemental Order Accepting Stipulation (February 5, 1997) (Stipulation at 11:14-15).

[2] Id. (Order at 32:3-6).

[3] Electric Schedule 130, Customer Service Guarantee, and Schedule 131, Restoration Service Guarantee, and natural gas Schedule 130, Customer Service Guarantee.

[4] SQI-2: WUTC Complaint Ratio, SQI-3: System Average Interruption Duration Index, SQI-4: System Average Interruption Duration Index, SQI-5: Customer Access Center Answering Performance, SQI SQI-6: Telephone Center Transactions Customer Satisfaction, SQI-7: Gas Safety Response Time, SQI-8: Field Service Operations Transactions Customer Satisfaction, SQI-10: Kept Appointments, and SQI-11: Electric Safety Response Time.

[5] Major events are days when more than 5% of PSE's electric customers are out of power and associated carry-forward days, during which those customers have their service restored.

commitments including an update to each of the commitments is attached to this Petition as Exhibit A. The two commitments that pertain to the discussion of the extension of the temporary SQI SAIDI mechanics (the "Extension") are:

- **Commitment d**: Establishing an operational outage management system ("OMS") by October 1, 2012, and implementing an electric geographic information system ("GIS") by December 30, 2015.
- **Commitment e:** Initiating the discussion with UTC staff and stakeholders by June 30, 2013, to amend the Service Quality Index Program addressing, at a minimum, SQI-3: SAIDI and SQI-4: SAIFI[6], for the performance year 2014 and beyond. If the Company does not file either a petition to permanently amend the SQI Program or a request to extend the temporary SQI SAIDI benchmark and performance by December 1, 2013, SQI SAIDI will revert to the 2009 benchmark and performance calculation until modified by a Commission order. The Company may file a request to extend the effective period of the temporary SQI SAIDI benchmark and performance calculation for one year at a time prior to the Commission's approval of a permanent SAIDI measurement and the beginning of a performance year.

III. EFFORTS TOWARD ESTABLISHING PERMANENT SQI ELECTRIC SERVICE RELIABILITY MEASURES

8. The two key considerations in establishing permanent SQI electric service reliability measures are PSE's new Outage Management System and the development of industry-accepted benchmark for measuring electric system reliability. The 2003 IEEE[7] Guide for Electric Power Distribution Reliability Indices (IEEE Standard 1366-2003)[8] is one of the reliability metrics that PSE has been including in its annual reliability reporting since its initial 2003 release. While IEEE Standard 1366 is the common reliability metric used by the electric

[6] SQI-4: System Average Interruption Duration Index.
[7] The Institute of Electrical and Electronics Engineers, Inc.
[8] On May 31, 2012, IEEE published an updated standard to clarify existing definitions, introduce two additional reliability indices, and add a discussion of Major Event Days and catastrophic days. There is no change to any of the metric calculation (IEEE Standard 1366-2012).

industry for utility comparisons, there are other reliability standards that the Company has to follow such as NERC[9] requirements.

9. Additionally, the Lawrence Berkeley National Laboratory is currently conducting a study about the trends and effects of reliability metrics reported by 155 electric utilities that are based upon historic company practices (like PSE's SQI SAIDI) and the IEEE Standard 1366-2003. The study will be a useful tool for the Company in requesting the setting of permanent SQI electric reliability measures.

10. The implementation of the OMS triggers the Company's actions toward establishing permanent SQI SAIDI and SAIFI measures as outlined in Commitments d and e above. The schedule was set that would allow the Company to collect at least one year's worth of data from the new OMS.

11. The original OMS implementation schedule assumed the use of existing system data from PSE's system planning model. This assumption, validated with several vendors, accommodated an OMS schedule in 2012 and an electric GIS schedule in 2015. However, as the OMS project moved into detailed planning more information came to light, and PSE realized that the system-planning data alone would not be adequate and additional data was needed from the field to take full advantage of the technology investment.

12. To address this finding, PSE decided to accelerate the electric GIS three years ahead of schedule from 2015 to align with the OMS schedule. Implementation of the electric GIS included a data acquisition process that would include surveying of its electric overhead facilities in the field, gathering data not currently recorded and redrafting approximately 20,000 system maps.

13. Despite other project activities, including the OMS infrastructure, being on track, the project's data acquisition metrics identified in April 2012 that the schedule could not be achieved within its original plan and the go-live target would be postponed from July to late September of 2012.

14. The late September 2012 go-live target also pushed the employee training schedule from the second quarter into the third quarter of 2012. The condensed training period would leave limited time for system operators and other employees to gain operating

[9] The North American Electric Reliability Corporation, a nonprofit corporation that was formed by the electric utility industry to promote the reliability and adequacy of bulk power transmission in the electric utility systems of North America.

experience with the OMS tool prior to the 2012-2013 storm season. This created a potential customer service risk since system operators could have a drop in productivity while they become familiar with the new system, occurring at a time of year when there is a greater probability of adverse weather conditions that damage the electric system.

15. In an effort to meet the October 1, 2012 OMS implementation commitment, the Company evaluated alternative plans that would redraft maps into GIS data without field data acquisition; or have a geographical roll-out of the system. However, after review, these options were determined to be infeasible in delivering the desired customer experience, or added significant of incremental project costs, without a guarantee that the roll-out would be successful.

16. Given this information, PSE believes it is in the best interest of its customers to move the go-live schedule of OMS from before October 1, 2012, to the second quarter of 2013. Moving the schedule allows for:

- Completing the data acquisition process to enable a fully functional OMS system,
- Better customer experience with outages as PSE is able to communicate with customers more timely with outage and restoration information that is based upon field confirmed map data, and
- Better customer experience during the storm season with more time for personnel to use the tool prior to storm season.

17. The following are the revised commitments that replace the six Commitments in a through f in Docket Nos. UE-072300 and UG-072301 (consolidated) Order 17 to reflect the changes in OMS and GIS schedules:

a. Continuing investments in reliability-related plant and practices, and reporting on investment trends in the combined annual report,

b. Continuing review of outage response times and trends, and reporting on trends in the combined annual report,

c. Establishing an operational outage management system and an electric geographic information system by July 1, 2013, and

d. Initiating the discussion with UTC staff and stakeholders by December 31, 2013, or date as agreed upon with staff to amend the Service Quality Index

Program addressing, at a minimum, SQI-3: SAIDI and SQI-4: SAIFI, for the performance year 2015 and beyond. If the Company does not file either a petition to permanently amend the SQI Program or a request to extend the temporary SQI-3 benchmark and performance by December 1, 2014, SQI-3 will revert to the 2009 benchmark and performance calculation until modified by a Commission order. The Company may file a request to extend the effective period of the temporary SQI-3 benchmark and performance calculation for one year at a time prior to the Commission's approval of a permanent SAIDI measurement and the beginning of a performance year.

IV. REQUEST FOR AN EXTENSION OF SQI SAIDI TEMPORARY MEASUREMENT

18. As a result of these discussions, the Company respectfully requests the Commission approve a one-time extension of the temporary mechanics associated with PSE's SQI SAIDI for an additional program year through 2014. The one-year extension will allow PSE to collect sufficient data from its outage management system and to establish permanent SQI electric system reliability measurement based upon the industry-accepted standards.

V. REQUESTED ACTION

23. For the reasons set forth above, PSE respectfully requests that the Commission issue an order that:

(1) Approves a one-time extension of SQI-3: SQI SAIDI temporary benchmark and associated performance calculations for the 2014 SQI reporting year.

DATED: July 13, 2012

PUGET SOUND ENERGY, INC.

By Tom DeBoer

Tom DeBoer
Director -- Federal & State Regulatory Affairs

Exhibit A

Docket Nos. UE-072300 and UG-072301 (consolidated) Order 17
SQI Commitments and Updates

Docket No. UE-072300 Order 17 Commitment		Update
a.	Continuing investments in reliability-related plant and practices, and reporting on investment trends in the combined annual report	Reliability investments continue to be reported in the annual reliability report, published by March 31 of each year
b.	Continuing studies of PSE first responders' and PSE's service providers' outage response and restoration times	Initial studies were inconclusive due to the relatively short time period. Staff agreed in the October 3, 2011, meeting (under Commitment c below) to postpone the studies due to the implementation of PSE's outage management system
c.	Holding informal meetings with the Commission Staff to report on these initiatives around January 2011 and July 2011 depending on availability of 6-full-month and 12-full-month data, respectively	Meetings were held with staff on March 1 and October 3, 2011
d.	Establishing an operational outage management system by October 1, 2012, and implementing an electric geographic information system by December 30, 2015	By December 31, 2013, for both the outage management system and the electric geographic information system
e.	Initiating the discussion with UTC staff and stakeholders by June 30, 2013, to amend the Service Quality Index Program addressing, at a minimum, SQI-3: SAIDI and SQI-4: SAIFI, for the performance year 2014 and beyond. If the Company does not file either a petition to permanently amend the SQI Program or a request to extend the temporary SQI-3 benchmark and performance by December 1, 2013, SQI-3 will revert to the 2009 benchmark and performance calculation until modified by a Commission order. The Company may file a request to extend the effective period of the temporary SQI-3 benchmark and performance calculation for one year at a time prior to the Commission's approval of a permanent SAIDI measurement	Discussions to be initiated as planned. Petition requests extension of the temporary SQI-3 benchmark for one year.

	and the beginning of a performance year	
Docket No. UE-072300 Order 17 Commitment		Update
f.	Filing a proposed revision to PSE's monitoring and reporting plan under WAC 480-100-393 within ten business days of the Commission's order approving the combining of the three reports	UE-110060 accepted by the Commission on February 10, 2011