



PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

September 7, 2012

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 Nos. UE-072300 and UG-072301 (consolidated)
Petition for Exclusion of January 2012 Storm Event from SQI No. 3
Performance Calculation**

Dear Mr. Danner:

Enclosed are the original and 12 copies of Puget Sound Energy, Inc.'s ("PSE's") Petition for exclusion of the January 2012 Storm Event (as described and defined in the attached Petition) from the Service Quality Index ("SQI") No. 3 – System Average Interruption Duration Index ("SAIDI") Calculation. Specifically, PSE is seeking the Commission's approval to exclude the customer outage minutes associated with the January 2012 Storm Event from the calculation of PSE's overall SQI No. 3 performance for SQI year 2012 and applicable years following.

Among all of the SQI Major Events, where more than 5% of PSE customers were without power, that have occurred since 2002, the January 2012 Storm Event is the only Major Event with magnitude similar to the 2006 Hanukkah Eve Windstorm. The Commission authorized the exclusion of the 2006 annual SAIDI results from SQI No. 3 benchmark and performance calculations due the extraordinary impact of the 2006 Hanukkah Eve Windstorm. The total SQI effects of the customer outage minutes associated with the January 2012 Storm Event and the 2006 Hanukkah Eve Windstorm are 1,269 and 2,034 SAIDI minutes, respectively, whereas most of the other SQI Major Events resulted in about 40 SAIDI minutes. The probability of occurrence of such an extraordinary Major Event is about 2.2% among all the SQI Major Events.

After the January 2012 Storm Event, PSE retained KEMA; which had prepared a thorough review of PSE's 2006 Hanukkah Eve Windstorm readiness, response, and restoration efforts; to conduct a post storm review using the 2006 report as a baseline. The 2012 KEMA Report concluded that PSE storm "response planning was proactive and anticipated

Mr. David Danner
Page 2
September 7, 2012

the worse case scenarios” and was very effective in resource mobilization, event assessment and management, and communicating with customers and media among other positive findings. Overall, PSE’s storm preparedness and restoration response was appropriate per KEMA’s independent review.

Therefore, as discussed in the Petition and supported by the appendices to the Petition, PSE believes that the 1,269 SAIDI minutes associated with the January 2012 Storm Event should be excluded from SQI No. 3 performance calculation. The Petition meets the SQI mitigation standards ordered by the Commission: “The standard to be applied for such a petition is that the penalty is due to unusual or exceptional circumstances for which PSE’s level of preparedness and response was reasonable.

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, which is Appendix D to Order 12 of consolidated Docket Nos. UE-072300 and UG-072301. However, PSE has been working with the Commission Staff in submitting this petition. The other signatory parties of Appendix D to Order 12, Public Counsel and the Energy Project, have been notified of this filing.

The Company respectfully requests that the Commission issue an order regarding this petition no later than December 31, 2012, allowing the exclusion of the SAIDI impact of the January 2012 Storm Event being effective for the 2012 SQI No. 3 performance calculation.

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