

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKETS UE-072300
TRANSPORTATION COMMISSION,)	and UG-072301 (<i>consolidated</i>)
)	
Complainant,)	ORDER 20
)	
v.)	
)	GRANTING PUGET SOUND
PUGET SOUND ENERGY, INC.,)	ENERGY, INC’S PETITION FOR
)	EXCLUSION OF JANUARY 2012
Respondent.)	STORM EVENT FROM SQI-3
)	PERFORMANCE CALCULATION
.....)	

MEMORANDUM

1 On September 10, 2012, Puget Sound Energy, Inc. (PSE or the Company) filed a petition (Petition) seeking authority to exclude from Service Quality Index (SQI) No. 3 – System Average Interruption Duration Index (SAIDI) the customer outage minutes associated with the severe weather experienced in the Puget Sound region during January 2012 (January 2012 Storm Event). Staff filed a response stating that it has no objection to PSE’s petition. No other party filed a response to PSE’s petition within the time period allowed under WAC 480-07-370 and the Commission’s Notice of Opportunity to File Response to Petition.¹

¹ All parties to this proceeding were served with PSE’s Petition. The party representatives in the underlying general rate proceedings in Dockets UE-072300 and UG-072301 (consolidated) were as follows: Kirstin S. Dodge, Sheree S. Carson and Jason Kuzma, Perkins Coie, Bellevue, Washington, representing PSE; Robert D. Cedarbaum, Senior Assistant Attorney General, Olympia, Washington, representing the Commission Staff; Simon ffitc, Assistant Attorney General, Seattle, Washington, representing the Public Counsel Section of the Washington Office of Attorney General; S. Bradley Van Cleve and Irion Sanger, Davison Van Cleve, Portland, Oregon, representing the Industrial Customers of Northwest Utilities; Chad M. Stokes, Cable Huston Benedict Haagensen & Lloyd LLP, Portland, Oregon, representing Northwest Industrial Gas Users; Elaine L. Spencer, Graham & Dunn PC, Seattle, Washington, representing Seattle Steam Company; Michael L. Kurtz and Kurt J. Boehm, Boehm, Kurtz & Lowry, Cincinnati, Ohio, representing the Kroger Co., on behalf of its Fred Meyer Stores and Quality Food Centers divisions; Norman Furuta and Scott Johansen, Department of the Navy, San Francisco, California, and San Diego, California, respectively, representing the Federal Executive Agencies;

- 2 **Background.** The January 2012 Storm Event began on Saturday, January 14, 2012, and included a series of severe snow, wind, and ice storms that quickly spread across much of western Washington by the following day. Snowfall continued on Monday and Tuesday with significant accumulations. On Wednesday, a major storm system resulted in near record snowfall within the southwest interior of the Puget Sound area. On Wednesday, January 18, 2012, the snow turned to freezing rain and continued into the day on Thursday, January 19, 2012. The ice storm warning issued by the National Weather Service on January 19, 2012, was the first ever of its type in this region.
- 3 Ice accumulations that were originally forecasted to be less than 0.10 inch for areas south of Tacoma actually ranged from 0.25 inch in King County to more than 1 inch in some parts of Pierce and Thurston Counties. Total snowfall during January 14 - 20, 2012, ranged from approximately six inches in Kitsap County to more than twenty-four inches in some parts of Thurston County. These ice and snow accumulations caused extraordinary damage to PSE infrastructure in these areas. A windstorm occurred overnight on Tuesday, January 24, 2012, causing additional damage across much of PSE's service territory.
- 4 Due to the unusual compounding impact of these weather events, about one-third of PSE's transmission lines were out of service and half of PSE's electric customers were without power at some point during the January 2012 Storm Event. Some customers experienced multiple outages. PSE's total system damage amounted to more than \$70 million. The customer outage minutes logged in SAIDI (SAIDI Minutes) from the January 2012 Storm Event total 1,269 minutes.
- 5 Among all of the SQI Major Events that have occurred since 2002,² the January 2012 Storm Event is the only one with a magnitude comparable to the 2006 Hanukkah Eve Windstorm. The total SQI effects of the customer outage minutes associated with the 2006 Hanukkah Eve Windstorm were 2,034 SAIDI Minutes. Most other SQI Major Events since 2002 resulted in approximately 40 SAIDI Minutes. The probability of extraordinary Major Events the magnitude of the Hanukkah Eve Windstorm and the

Ronald L. Roseman, Attorney, Seattle, Washington, representing the Energy Project; and Damon Xenopoulos and Shaun Mohler, Brickfield Burchette Ritts & Stone, Washington, D.C., representing Nucor Steel Seattle, Inc.

² An "SQI Major Event" is one in which more than 5 percent of PSE customers are without power.

January 2012 Windstorm is about 2.2% among all the SQI Major Events. 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.

- 6 **PSE Petition.** PSE states in its Petition that after the January 2012 Storm Event, the Company retained KEMA -- the independent consultant that reviewed and prepared a report on PSE's 2006 Hanukkah Eve Windstorm readiness, response, and restoration efforts -- to conduct a post storm review using the 2006 KEMA report as a baseline. In its 2012 KEMA Report, KEMA reported significantly improved PSE performance in connection with the 2012 January Storm Event compared to the 2006 Hanukkah Eve Windstorm.³ Among other improvements mentioned in the report, KEMA concluded that the Company was very effective in planning for the storm and in assessing and managing power restoration efforts. The 2012 KEMA Report concluded that PSE's storm "response planning was proactive and anticipated the worse-case scenarios." Moreover, KEMA found that PSE was very effective in resource mobilization, event assessment and management, and communicating with customers and the media.
- 7 PSE states in its Petition that the Company has reviewed the four recommendations to improve future performance included in the 2012 KEMA Report. The Company reports that three of these recommendations already have been adopted, while the fourth (field use of mobile digital devices such as smart phones and tablets) is under further review.
- 8 PSE also supports its Petition with the actions it took in the immediate aftermath of the January 2012 Storm Event. Recognizing the extensive customer impact, the Company petitioned the Commission on January 23, 2012, for waiver of certain terms of PSE's electric tariff Schedule 131, Restoration Service Guarantee that limited the Company's obligations. PSE requested specifically that the Commission grant a one-time waiver of: (i) the requirements that customers either report their outage or request the Schedule 131 credit; and (ii) the limitation to \$1.5 million and 30,000 customers per calendar year.

³ PSE filed confidential and redacted versions of the KEMA report in Docket U-120231 on June 21, 2012. PSE attached the redacted version to its Petition here as Appendix C.

- 9 On January 27, 2012, the Commission granted PSE's Schedule 131 petition.⁴ The Commission acknowledged "the Company's proactive approach to ensuring that all customers who experienced 120-hour power outages as a result of the most recent severe weather in the Puget Sound region will receive a \$50 Service Guarantee credit."⁵ Since the Commission's approval, more than 48,000 customers have received the credit. This is 18,000 customers or \$900,000 more than the 30,000 customers or \$1.5 million limits set in Schedule 131.
- 10 **Commission Determination:** The extensive and prolonged outages that occurred during and after the January 2012 Storm Event were due principally to unusual and exceptional weather conditions beyond the Company's control. PSE's storm preparedness and restoration response were appropriate, as confirmed and verified by KEMA's independent third-party review. Therefore, the Commission determines that the 1,269 SAIDI Minutes associated with the January 2012 Storm Event should be excluded from the performance calculation for the 2012 SQI reporting year and subsequent years, as PSE requests.
- 11 After reviewing PSE's unopposed Petition and Staff's response, giving due consideration to all relevant matters and for good cause shown, the Commission finds and concludes that the relief PSE seeks is in the public interest and its Petition should be granted.

ORDER

THE COMMISSION ORDERS THAT:

- 12 (1) Puget Sound Energy, Inc.'s Petition for Exclusion of January 2012 Storm Event from SQI-3 Performance Calculation is granted. The Commission authorizes the exclusion of 1,269 SAIDI Minutes associated with January 2012 Storm Event from the performance calculation for the 2012 SQI reporting year and applicable years following.

⁴ Dockets UE-072300 & UG-072301, Granting Puget Sound Energy's Request to Amend Certain Terms of Schedule 131; Requiring Compliance Filing (January 27, 2012).

⁵ *Id.* ¶12.

- 13 (2) Puget Sound Energy, Inc. is authorized and required to make any compliance filing or other filing required to implement the terms of this Order.
- 14 (3) The Commission Secretary is authorized to accept by letter, with copies to all parties to this proceeding, any filing that complies with the requirements of this Order.
- 15 (4) The Commission retains jurisdiction to effectuate the terms of this Order.

Dated at Olympia, Washington, and effective October 15, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner

NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.