

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-072300 and
UG-072301 (consolidated)

ANSWER OF COMMISSION STAFF
IN OPPOSITION TO PUGET SOUND
ENERGY'S PETITION FOR
MODIFICATION OF SQI SAIDI
MECHANICS AND REQUEST FOR
HEARING

I. INTRODUCTION

1 On November 30, 2015, Puget Sound Energy, Inc. (PSE or Company) filed a Petition requesting an order from the Washington Utilities and Transportation Commission (Commission) that authorizes permanent modifications to the Company's Service Quality Index (SQI) No. 3: System Average Interruption Duration Index (SAIDI). In its Petition, PSE proposes three significant modifications to its SQI No. 3 SAIDI mechanics:

- (1) Establish an annual SQI SAIDI performance determination that is consistent with the IEEE Standard 1366;
- (2) Establish a "Benchmark Calculation," whereby the Company's annually performance benchmark would fluctuate each year based on a proposed calculation, as opposed to a fixed benchmark that remains consistent from year-to-year; and
- (3) Establish a standard definition and threshold calculation for identifying catastrophic events (which are excluded from the performance determination) to replace the case-by-case identification of catastrophic events currently required by the Commission.

2 While Staff finds merit in certain elements of PSE's proposal, Staff opposes the Petition as filed because the package of proposed modifications fails to honor the stated purpose of the Service Quality Program (SQ Program), which is to "provide a specific mechanism to assure customers that they will not experience deterioration in quality of

service” and to “protect customers of PSE from poorly-targeted cost cutting.”¹ Moreover, the Company’s Petition does not provide adequate justification for the proposed modifications because it omits some key findings of industry literature regarding SAIDI best practices, as well as critical information about its downward trending investment in distribution projects that affect service quality. Staff’s position is that a hearing is necessary to create a full record to inform a Commission decision in this matter. Accordingly, Staff opposes PSE’s Petition and requests that the Commission schedule a prehearing conference to establish a process to address any modification to the current SQI SAIDI benchmark and performance evaluation mechanics.

II. BACKGROUND

3 PSE’s Petition accurately captures the initial implementation of its SQ Program, which stemmed from a settlement stipulation in the dockets approving the merger of Washington Natural Gas Company and Puget Sound Power & Light Company.² In 2010, the Company petitioned in this docket for temporary modifications to its SQI No. 3 SAIDI benchmark and performance evaluation mechanics to facilitate implementation of an operational outage management system (“OMS”). The Company’s requested modifications included temporarily raising the annual benchmark from 136 minutes (excluding major events) to 320 minutes (including major events). Staff supported the 2010 petition. The Commission granted the temporary modifications in Order 17. Importantly, Order 17 further provided:

¹ Docket Nos. UE-951270 and UG-960195, Fourteenth Supplemental Order Accepting Stipulation (Feb. 5, 1997) (Stipulation at 11:11-15); *Id.* Fourteenth Supplemental Order, at 32; *See also* Docket Nos. UE-072300 and UG-072301 (consolidated), PSE’s Petition for Modification of SQI SAIDI Mechanics, ¶ 6 (Nov. 30, 2015) (hereinafter, PSE Petition).

² *See* PSE Petition ¶¶ 6–9.

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 and the beginning of a performance year.³

4 In 2012, and again in 2014, the Company petitioned to extend for an additional year the effectiveness of the interim benchmark and performance mechanics for SQI SAIDI. Staff supported both one-year extensions—each of which the Commission ultimately granted—based on the rationale that such extensions would advance implementation of an electric geographic information system (“GIS”) and enable the Company to collect sufficient data from the new OMS with accuracy supported by the GIS.⁴ Staff further reasoned that the extensions would allow PSE to work with Staff and other stakeholders in establishing permanent SQI electric service reliability measures based upon both PSE's OMS experience and industry-accepted standards.⁵

5 On November 30, 2015, PSE filed a Petition for a Commission order that authorizes permanent modifications to the Company's SQI No. 3: SAIDI mechanics. The Petition presents *PSE's proposal* for the permanent SQI No. 3: SAIDI benchmark and performance evaluation mechanics because the Company was not able to come to an agreement with Staff or the Public Counsel Unit of the Attorney General on the design of permanent electric service reliability measures.⁶

³ Docket Nos. UE-072300 and UG-072301 (consolidated), Order 17, Granting PSE's Petition for Approval of Modifications to Its Service Quality Index Program, ¶ 12 (Nov. 29, 2010).

⁴ See Docket Nos. UE-072300 and UG-072301 (consolidated), Order 19, Granting Puget Sound Energy's Petition to Extend SQI SAIDI Temporary Mechanics, ¶ 5 (Aug. 10, 2012); Docket Nos. UE-072300 and UG-072301 (consolidated), Order 25, Granting Puget Sound Energy's Petition to Extend SQI SAIDI Temporary Mechanics, ¶ 5 (Dec. 30, 2014).

⁵ *Id.*

⁶ PSE Petition ¶ 13.

III. DISCUSSION

6 PSE's Petition for a Commission order authorizing permanent modifications to the Company's SQI No. 3: SAIDI mechanics is ultimately a request for an amendment to Commission Order 17, which established the temporary SAIDI mechanics and benchmark currently applicable.⁷ The Commission may rescind, alter, or amend any order upon notice to the public service company affected and to all parties in the underlying proceeding, and after allowing an opportunity for hearing.⁸

7 Staff believes that a hearing is necessary to create a full record to inform a Commission decision in this matter. Staff opposes PSE's Petition, in part, because the Company's proposed modifications would fail to ensure that PSE customers will not experience deterioration in quality of service. One of Staff's primary concerns is that PSE's Petition does not adequately justify its proposed Benchmark Calculation because the Company did not provide sufficient data or conduct the analysis necessary to understand whether service quality has remained consistent since the implementation of an OMS.⁹

8 PSE's Petition also fails to demonstrate that the Company has avoided "poorly targeted cost cutting" detrimental to the quality of service it provides. In particular, PSE omitted specific evidence demonstrating that the Company's investment in O&M and capital distribution projects has trended downward since 2011.¹⁰

⁷ Docket Nos. UE-072300 and UG-072301 (consolidated), Order 17, Granting PSE's Petition for Approval of Modifications to Its Service Quality Index Program, (Nov. 29, 2010).

⁸ RCW 80.04.210; WAC 480-07-875(1).

⁹ For instance, PSE did not sufficiently demonstrate the degree to which implementation of its OMS changed the accuracy of its count of customers affected by outages. PSE included in its Petition one anecdotal example, and dismissed undertaking additional analysis as being too difficult. Staff believes this particular data and analysis is necessary to justify modification of the benchmark. *See* PSE Petition at ¶¶ 14(a), 39-41.

¹⁰ Docket Nos. UE-072300 and UG-072301 (consolidated), Petition for Extending SQI SAIDI Temporary Mechanics through 2015 Program Year, page 6 (Nov. 26, 2014).

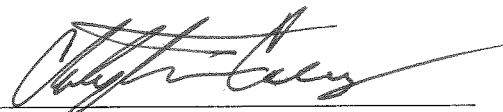
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For the reasons stated above, and for any others which Staff reserves the right to raise at hearing, Staff requests that the Commission set the Company's Petition for a full adjudication, and schedule a prehearing conference to establish a procedural schedule to address the modification of SQI SAIDI benchmark and performance evaluation metrics.

DATED this 21st day of December 2015.

Respectfully submitted,

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