

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

|                            |   |                                       |
|----------------------------|---|---------------------------------------|
| WASHINGTON UTILITIES AND   | ) | DOCKETS UE-072300                     |
| TRANSPORTATION COMMISSION, | ) | and UG-072301 ( <i>consolidated</i> ) |
|                            | ) |                                       |
| Complainant,               | ) |                                       |
|                            | ) | MULTIPARTY SETTLEMENT                 |
| v.                         | ) | STIPULATION ADDRESSING                |
|                            | ) | PUGET SOUND ENERGY’S                  |
| PUGET SOUND ENERGY,        | ) | PETITION FOR MODIFICATION             |
|                            | ) | OF SQI SAIDI MECHANICS                |
| Respondent.                | ) |                                       |
| .....                      | ) |                                       |

**I. INTRODUCTION**

1           This Settlement Stipulation (“Settlement”) resolves all issues with respect to the Petition for Modification of SQI SAIDI Mechanics filed by PSE on November 30, 2015. It is entered into by Puget Sound Energy (“PSE” or “the Company”) and the Staff of the Washington Utilities and Transportation Commission (“Commission Staff”). These parties are hereinafter collectively referred to as “Settling Parties” and individually as a “Settling Party.”

2           Because this Settlement is entered into by some, but not all of the parties to this case, and it resolves the issues in the docket, it is a “multiparty settlement,” as that term is defined in WAC 480-07-730(3). The Public Counsel Unit of the Attorney General’s Office (“Public Counsel”) participated in Settlement discussions but does not join in the Multiparty Settlement.

3           This Settlement is subject to review and disposition by the Washington Utilities and Transportation Commission (“Commission”). Section III of the Settlement is effective on the date of the Commission order approving the Settlement, except where a different date is specifically set forth in Section III.

## II. BACKGROUND AND NATURE OF THE DOCKET

4 On November 30, 2015, PSE filed a Petition requesting an order from the Commission that authorizes permanent modifications to the Company's Service Quality Index (SQI) No. 3: System Average Interruption Duration Index (hereafter "SAIDI" or "SQI SAIDI"). PSE's SAIDI mechanism was first implemented pursuant to a settlement in Docket Nos. UE-951270 and UE-960195. The SAIDI mechanism has been extended and revised several times since that time, and the history of the mechanism is set forth in PSE's Petition.

5 On December 21, 2015, Staff answered PSE's Petition and opposed PSE's proposed revisions to the SAIDI mechanism. Public Counsel filed a letter on December 21, 2015, responding to, and opposing, PSE's petition. A prehearing conference was held on January 22, 2016. Following the prehearing conference, the parties engaged in several settlement conferences, and on May 10, 2016, PSE notified the Commission that a settlement in principle had been reached between Commission Staff and PSE.

6 The Settling Parties have reached agreement on the following terms of a Settlement, and respectfully request that the Commission approve the Settlement.

## III. AGREEMENT

7 The Settling Parties hereby stipulate and agree to the following modifications to PSE's SAIDI mechanism:

- 1) PSE will use IEEE 1366 metric for reporting SQI SAIDI, taking effect in reporting year 2016.
- 2) IEEE 1366 target for PSE SQI SAIDI will be set to 155, taking effect in reporting year 2016. The target and PSE's performance will be reported in PSE's Service Quality

Report Card, and any failure to meet the target for consecutive years will also be noted in the Service Quality Report Card.

- 3) The current SQI penalty for any failure by PSE to meet its SAIDI benchmark is removed, taking effect in reporting year 2016.
- 4) PSE will revise Electric Tariff G, Schedule 131, to add a 24-hour restoration service guarantee for non-major-event outages with the general terms below. This restoration service guarantee will become effective on 1/1/2017.
  - a. PSE will provide a bill credit to eligible electric customers in the amount of \$50 if PSE fails to restore electric service within 24 hours of notification of an outage, except for the following instances:
    1. The outage is associated with a Major Event Day,<sup>1</sup> which includes any associated subsequent days while PSE is restoring the major-event outage;
    2. The Company is prevented from restoring electric service by an action or default by someone outside the control of the Company (other than a Company employee/agent);
    3. The Company does not have safe access to its facilities in order to perform the needed repair;

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<sup>1</sup> A Major Event Day is a day in which the daily system SAIDI exceeds a threshold value,  $T_{MED}$ . The  $T_{MED}$  value is calculated at the end of each reporting year for use during the next reporting year. It is determined by reviewing the past five years of daily system SAIDI, and using the IEEE Std 1366 2.5 Beta methodology in calculating the threshold value. Page 10 of IEEE Std 1366 has the specific methodology and formulas. Any days having a daily system SAIDI greater than  $T_{MED}$  are days on which the electric distribution system experienced stresses beyond those normally expected, *i.e.*, IEEE Std 1366 Major Event Days.

4. The Company verifies that there was no outage as reported by the Customer;
  5. The customer's equipment has caused the outage; or
  6. The customer's system has not received the proper electrical inspections and certifications.
- b. Safe access is prevented by conditions such as, but not limited to, a flooded road, a slide blocking a road, or other conditions which prevent the Company from accessing its facilities.
  - c. The Company will not seek recovery of the restoration service guarantee payments from ratepayers.
  - d. An electric customer is eligible for the \$50 credit after either:
    1. Reporting their outage to PSE; or
    2. Requesting the Guarantee credit within seven (7) calendar days following restoration of the customer's electric service.
  - e. The Company will provide the credit to an eligible electric customer's bill within two billing cycles after the restoration of the customer's outage.
  - f. There will be no change to the existing 120-hour restoration service guarantee offered under Schedule 131.
  - g. The Company shall inform customers of the 24-hour outage restoration guarantee through its service guarantee messaging and effectively located on the Company's website. The Company will undertake efforts to encourage customers to notify PSE of an outage and special efforts to inform customers of the 24-hour guarantee

within 90 days of the effective date of the tariff, and also regularly through the Company's typical publicity mediums as described in Attachment A to this settlement.

- h. The Company shall report the payout of the 24-hour restoration service guarantee in PSE's Service Quality Report Card.
- 5) For purposes of SQI SAIDI calculation, a catastrophic day will be defined as any Major Event Day that exceeds 4.5 Beta, taking effect in reporting year 2016.
- a. Because catastrophic days are already Major Event Days, they are already excluded from IEEE SAIDI.
  - b. Setting a catastrophic day threshold removes the need to petition for specific SQI SAIDI exclusions going forward.
  - c. With a catastrophic day definition in place, these days do not adversely impact the  $T_{MED}$  going forward.
  - d. Use framework set forth on Page 14, Paragraph 25, of PSE's 2015 Petition in this docket.
- 6) The Company will gather information on customers experiencing multiple outages ("CEMI"). The Company will include the CEMI metric in its annual electric service reliability reports beginning with its 2019 report.

#### IV. GENERAL PROVISIONS

8 **Entire agreement; no precedent.** This Settlement is the entire agreement of the Settling Parties. Accordingly, the Settling Parties recommend that the Commission adopt and approve the Settlement in its entirety. This Settlement may not be cited as precedent in any proceeding

other than a proceeding to enforce the terms of this Settlement. The Settling Parties enter into this Settlement to avoid further expense, uncertainty, and delay. By executing this Settlement, no Settling Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Settlement, and no Settling Party shall be deemed to have agreed that this Settlement is appropriate for resolving any issues in any other proceeding, except to the extent expressly set forth in this Settlement. No Settling Party shall represent that any of the facts, principles, methods, or theories employed by any Settling Party in arriving at the terms of this Settlement are precedents in any other proceeding, except to the extent expressly set forth in this Settlement.

9           **Manner of execution.** This Settlement is executed when all Settling Parties sign the Settlement. A designated and authorized representative may sign the Settlement on a Settling Party's behalf. The Settling Parties may execute this Settlement in counterparts. If the Settlement is executed in counterparts, all counterparts shall constitute one agreement. A Settlement signed in counterpart and sent by facsimile or emailed as a pdf is as effective as an original document. A faxed or emailed signature page containing the signature of a Settling Party is acceptable as an original signature page signed by that Settling Party. Each Settling Party shall indicate the date of its signature on the signature page. The date of execution of the Settlement will be the latest date indicated on the signature page(s).

10           **Approval process.** Each Settling Party agrees to support the terms and conditions of this Settlement as a settlement of all contested issues between them in the above-captioned consolidated proceedings. Each Settling Party agrees to support the Settlement during the course of whatever procedures the Commission determines are appropriate.

11           **Commission approval with conditions.** In the event the Commission approves this Settlement, but with conditions, the Settling Parties will have ten business days to file a letter with the Commission accepting or rejecting each such condition. If, in such a timely filed letter, a Settling Party rejects a condition, this Settlement is void and the Settling Parties will jointly and promptly request the Commission convene a prehearing conference to address procedural matters, including a procedural schedule for completion of the case.

12           **Publicity.** Each Settling Party has the right to review in advance of publication each announcement or news release another Settling Party intends to issue about this Settlement. This right of advance review includes a reasonable opportunity for the non-issuing Settling Party to request changes to such an announcement. While the issuing Settling Party is not required to make any such requested change, the Settling Parties agree that if a news release or announcement issued by a Settling Party refers to Commission Staff, it shall include a statement that Commission Staff's recommendation to approve this Settlement is not binding on the Commission.

Dated this \_\_\_ day of May, 2016.

**ROBERT W. FERGUSON**  
**Attorney General**

**PUGET SOUND ENERGY**

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Andrew J. O'Connell  
Assistant Attorney General  
Counsel for Commission Staff



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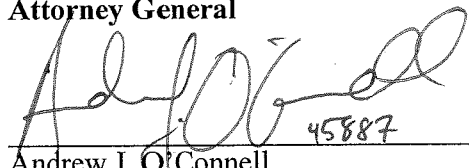
Ken Johnson  
Director, State Regulatory Affairs

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Dated this 31<sup>st</sup> day of May, 2016.

**ROBERT W. FERGUSON**  
Attorney General

  
45887  
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Andrew J. O'Connell  
Assistant Attorney General  
Counsel for Commission Staff

**PUGET SOUND ENERGY**

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Ken Johnson  
Director, State Regulatory Affairs



# ATTACHMENT A

SETTLEMENT STIPULATION  
ADDRESSING PSE'S SAIDI  
MECHANISM: DOCKETS UE-072300  
AND UG-072301  
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