## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

# WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-072300 and UG-072301 (consolidated)

ORDER 29

FINAL ORDER APPROVING AND ADOPTING MULTIPARTY SETTLEMENT; CLOSING DOCKET

### **MEMORANDUM**

#### I. Proceedings

- I 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).<sup>1</sup> As discussed below, PSE's petition is consistent with commitments the Company had previously made to stakeholders to propose a set of permanent SAIDI benchmark and performance evaluation mechanics once PSE implemented its outage management system (OMS) and Geographic Information System (GIS), and after it has collected sufficient data under the new OMS to adopt permanent SAIDI mechanics.
- 2 The Commission's Regulatory Staff (Staff) answered PSE's Petition on December 21, 2015. Staff opposed PSE's Petition, in part, because of Staff's judgment that the Company's proposed modifications would fail to ensure that PSE customers would not experience deterioration in quality of service. The Public Counsel Unit of the Attorney General (Public Counsel) filed a letter on December 21, 2015, responding to, and

<sup>&</sup>lt;sup>1</sup> SAIDI is the reliability index commonly used by electric utilities to measure the average outage duration for each customer served. It is calculated as the total customer minute interruptions (outage duration in minutes multiplied by number of customers impacted by the outage) divided by the average number of electric customers served typically over the course of a calendar year.

opposing, PSE's petition. Public Counsel argued that "the company's Petition raises several issues that will require further investigation and review from stakeholders."

- 3 The Commission convened a prehearing conference in this docket at Olympia, Washington on January 22, 2016. The Commission entered Order 27 Prehearing Conference the same day, establishing a procedural schedule that included the date of May 11, 2016, for Company direct testimony and exhibits. The presiding officer encouraged the parties to work cooperatively together with the goal of reaching agreed results via negotiations.
- 4 On May 10, 2016, PSE filed a letter with the Commission stating that PSE and Staff had reached agreement with respect to the SQI-3: SAIDI benchmark petition. According to the letter, "Staff and PSE will file a settlement agreement and supporting testimony/narrative in the next few weeks." PSE asked that the procedural schedule be suspended in the interim, an unopposed request that the Commission granted in Order 28.
- 5 PSE stated in its letter of May 10, 2016, that Public Counsel participated in the settlement discussions with Staff and PSE, was aware of the settlement, but elected not to join in it. According to PSE, Public Counsel planned to submit a letter stating its position, after Staff and PSE filed the multiparty settlement. Thus, the Commission anticipated a multiparty settlement, as defined in WAC 480-07-730(3).
- <sup>6</sup> The Commission found it appropriate in Order 28 to set May 31, 2016, as the deadline date for the multiparty settlement to be filed. Order 28 established June 9, 2016, as the deadline date for Public Counsel's comments. The Commission stated that it would consider whether additional process is required once these documents and any supporting documents were filed and given due consideration.

#### **II. Procedural Determinations**

7 Public Counsel's objections to the multiparty settlement agreement raise only policy issues. It appears there are no material issues of fact in dispute. The parties have ably presented their positions to the Commission in their filings. We determine that it is not necessary to conduct further hearing proceedings in this docket and here discuss the multiparty settlement, and our reasons for approving and adopting it as our own full resolution of this proceeding.

8

We determine further that this docket should be closed permanently. Any further matter concerning PSE's Service Quality Program that is brought forward in the future will be assigned a new docket number.

#### **III. Discussion and Determination**

#### A. History of PSE's Service Quality Program and SQI 3: SAIDI

- 9 PSE's Service Quality Program (SQ Program) was first approved in 1997 as part of a settlement stipulation allowing the merger between Washington Natural Gas Company and Puget Sound Power & Light Company.<sup>2</sup> The purpose of the SQ Program was to "provide a specific mechanism to assure customers that they will not experience deterioration in quality of service"<sup>3</sup> and to "protect customers of PSE from poorly-targeted cost cutting"<sup>4</sup> as a result of the merger.
- 10 The SQ Program was initially set to be effective for five years. The SQ Program mechanics established performance benchmarks, potential penalty calculations, and reporting requirements. The mechanics prescribed, among other things, the SQI No. 3: SAIDI performance and benchmark that would be used to calculate potential penalties. The benchmark at the initiation of the SQ Program was set to 149.4 outage minutes per customer per year based on a statistical calculation [mean + 1 standard deviation] of historical performance from 1987 to 1996. The benchmark and the performance calculation excluded Major Events, which were days when more than 5 percent of PSE's customers were without service.<sup>5</sup>
- 11 The SQ Program was extended for a minimum of five years as part of the settlement in PSE's 2001 general rate case. The settling parties agreed to measure PSE's SQI SAIDI performance based upon a single-year SAIDI result, 142.7 outage minutes per customer

<sup>&</sup>lt;sup>2</sup> In the Matter of the Proposal by Puget Sound Power & Light Company To Transfer Revenues from PRAM Rates to General Rates, Docket UE-951270, and In the Matter of the Application of Puget Sound Power & Light Company and Washington Natural Gas Company for an Order Authorizing the Merger of Washington Energy Company and Washington Natural Gas Company with and into Puget Sound Power & Light Company, and Authorizing the Issuance of Securities, Assumption of Obligations, Adoption of Tariffs, and Authorizations in Connections Therewith, Docket UE-960195, Fourteenth Supplemental Order Accepting Stipulation; Approving Merger (Feb. 5, 1997).

<sup>&</sup>lt;sup>3</sup> *Id.* (Stipulation at 11:11-15).

<sup>&</sup>lt;sup>4</sup> *Id.*, Fourteenth Supplemental Order at 32

<sup>&</sup>lt;sup>5</sup> Major Events are days when more than 5 percent of PSE's customers are out and involve associated carry-forward days, which end when those customers have their service restored.

per year for calendar year 2000 and 136.1 minutes for 2001, rather than the five-year rolling average that had previously been in place. In each of these two years, the statistical calculation discounted the standard deviation by 20 percent. The settling parties also agreed that beginning in 2002 the fixed benchmark would be 136 outage minutes per customer per year with the 5 percent-customer-out Major-Event exclusion.

- In 2007, Puget Holdings LLC and Puget Sound Energy, Inc. filed an application seeking approval of the acquisition of Puget Energy by Puget Holdings, an investor consortium. The first commitment made by the Joint Applicants in that docket was that PSE would continue its service quality program. As part of a multiparty settlement stipulation, PSE and Puget Holdings ultimately committed "to continue the Service Quality measures currently in place for PSE or as may be modified in any future proceeding." <sup>6</sup> The Commission approved the merger and the commitments made by PSE.<sup>7</sup>
- 13 The SQ program was extended indefinitely, with additional modifications, in PSE's 2007 general rate case.<sup>8</sup> The SQI No. 3 benchmark remained at an average of 136 outage minutes per customer per year excluding Major Events and carry-forward days. Additionally, potential penalty amounts were increased to \$1.5 million with a doubling of penalty amounts if the standard was missed two years in a row.
- In 2010, PSE proposed a change to the SQI-3 SAIDI benchmark and associated performance calculation that would be effective for four annual reporting periods, 2010 through 2013, in anticipation of PSE's implementation of a new outage management system (OMS) and the availability of analysis-ready data from the new system. Following this period, PSE would establish permanent SQI SAIDI mechanics based on the industry accepted benchmark similar to IEEE Standard 1366.<sup>9</sup> With Commission Staff's support, the Commission approved the proposed temporary SQI No. 3: SAIDI mechanics,<sup>10</sup> which included an annual total SQI SAIDI benchmark of 320 minutes and a

<sup>&</sup>lt;sup>6</sup>In re Joint Application of Puget Holdings LLC and Puget Sound Energy, Inc., For an Order Authorizing Proposed Transaction, Docket U-072375, Order 08 Approving and Adopting Settlement Stipulation; Authorizing Transaction Subject to Conditions (December 30, 2008) (Appendix A to Attachment A at 1).

<sup>&</sup>lt;sup>7</sup> Id.

<sup>&</sup>lt;sup>8</sup> See WUTC v. PSE, Dockets UE-072300 & UG-072301, Order 12 (October 8, 2008) (Appendix D to Partial Settlement Stipulation Re: Service Quality, Meter and Billing Performance, and Low-Income Bill Assistance).

<sup>&</sup>lt;sup>9</sup> *Id.* at ¶ 18.

<sup>&</sup>lt;sup>10</sup> *Id.*, Order 17, Granting PSE's Petition for Approval of Modifications to Its Service Quality Index Program, (Nov. 29, 2010).

corresponding annual performance calculation based on the 5-year-rolling average of annual all-inclusive SAIDI results.<sup>11</sup> There was no provision for excluding Major Events in this temporary SQI SAIDI mechanics except certain exclusions approved by the Commission.

- In 2012, the target date of implementation for the OMS was revised to April 1, 2013, due to PSE accelerating its Geographic Information System (GIS) deployment so that both the OMS and the GIS could be implemented at the same time. PSE petitioned for an one-year extension of the temporary SQI SAIDI benchmark of 320 to 2014 in order to collect a full year of data from the new OMS system. Commission Staff supported PSE's petition because it advanced deployment of the electric GIS by over two years (from the original target of 2015 to 2013).<sup>12</sup> The Commission approved PSE's petition.<sup>13</sup>
- In 2014, PSE petitioned for an additional one-year extension of the temporary SQI No. 3: SAIDI benchmark because it recognized the need of additional data for the design of permanent electric service reliability measures. In its petition, PSE cited the results of studies suggesting that utilities would report "worse" SAIDI results initially due to a more accurate measurement of reliability, after implementation of an OMS system.<sup>14</sup> Again, Commission Staff supported the 2014 petition because it allowed PSE "to collect sufficient data from the new OMS with accuracy supported by the GIS."<sup>15</sup> The extension of the temporary SQI SAIDI mechanics would also allow PSE to work with the Staff and other stakeholders to establish permanent SQI electric service reliability measures that are based upon both PSE's OMS experience and industry-accepted standards. The Commission approved PSE's petition.<sup>16</sup>
- 17 During 2015, PSE, Commission Staff, and Public Counsel participated in a series of nine discussions on PSE's SQI No. 3: SAIDI benchmark and performance evaluation mechanics. Although PSE stated in its petition that the talks were "productive and

<sup>14</sup> *Id.* at ¶ 9.

<sup>&</sup>lt;sup>11</sup> The actual annual results used in the SQI No. 3 evaluation exclude 2006 annual results due the catastrophic impact of the 2006 the Hanukkah Eve windstorm. The exclusion was petitioned by PSE and approved by the Commission in Order 17.

<sup>&</sup>lt;sup>12</sup> Answer of Commission Staff in Support of Petition for Extending SQI SAIDI Temporary Mechanics (July 19, 2012).

<sup>&</sup>lt;sup>13</sup> Dockets UE-072300 and UG-072301, Order 19 (August 10, 2012).

<sup>&</sup>lt;sup>15</sup> Id., Answer in Support of Petition for Extending SQI SAIDI Temporary Mechanics at ¶7 (Dec. 9, 2014).

<sup>&</sup>lt;sup>16</sup> Dockets UE-072300 and UG-072301, Order 25 (December 30, 2014).

educational," the parties were not able to reach agreement concerning permanent electric service reliability measures. It was for this reason that PSE filed the petition that is now before us.

#### **B.** Impact of Implementation of New Systems

- On April 1, 2013, PSE implemented its updated OMS, GIS, and a Customer Information System (CIS). The OMS, along with GIS and CIS, provides PSE with a fully integrated platform for managing electric service restoration and tracking and reporting more accurately the Company's reliability performance. The implementation of these major information systems is part of PSE's effort to modernize its infrastructure and enhance the Company's capability to better serve its customers and fulfill its responsibilities to provide them reliable, safe, and efficient electric service.
- As expected, implementation of the automated OMS and other systems provided PSE with more inclusive and accurate data than were previously available relying on the legacy processes that depended on a customer information system known as "ConsumerLinX," or CLX, developed in the late 1990s. The CLX did not have the functionality to include automatically all customers affected by an outage; it only estimated the number of customers based on those customers who called in to report the outage. Experienced outage managers could adjust the CLX estimate based on their expertise but nonetheless the number of customers out of service was still an estimate rather than an exact figure. The OMS, coupled with geospatial information from the GIS, produces a more accurate number of customers affected during an outage because the OMS has functionality to include all customers impacted, whether or not the customer reports the outage.
- 20 Before OMS implementation, PSE used paper maps to correlate the customers who reported an outage with the likely source of the outage. By contrast, OMS immediately and automatically identifies reporting customers' locations on an electronic network map when the customer calls in, and prediction rules automate the identification of the source of the outage so that response personnel can be dispatched promptly to the source of the outage. Thus, OMS provides a faster and more precise identification of an outage than the CLX processes.
- 21 From 2004 through 2009, PSE audited and corrected, if necessary, all non-Major Event outages that caused 20,000 or more customer minute interruptions. These audited outages accounted for approximately 10 percent of the recorded outages. In 2010, PSE added

Major Events that caused 20,000 or more customer minute interruptions to the audit process. Since the OMS implementation in 2013, PSE enhanced the business process and is now reviewing all outage data on a daily basis. This results in data that are more inclusive and accurate compared to data gathered via CLX-based processes.

- 22 To better understand post-OMS implementation changes to reliability metrics PSE reviewed independent studies and peer utilities, which it presented to, and discussed with, Commission Staff and Public Council throughout the discussions in 2015. These studies, conducted by the Lawrence Berkeley National Labs and Navigant Consulting, concluded utilities would report "worse" SAIDI scores reflecting the more complete and accurate outage data that results with the implementation of an OMS and GIS.
- 23 PSE also discussed in its petition PacifiCorp's experience with implementing an OMS more than 10 years ago. In 2004, PacifiCorp filed a Commission report on Washington network performance<sup>17</sup> in which the utility detailed its adoption of an outage management system called Computer Aided Distribution Operations (CADOPS) and the impact of CADOPS on its paper-based outage reporting processes. PacifiCorp identified that a combination of CADOPS and better reporting processes caused a large increase in its outage reporting data without a corresponding degradation in actual customer reliability. Given the technological and business process changes, PacifiCorp applied a normalizing adjustment to its 1995-1999 reliability data from which to set its targets for reliability. PacifiCorp determined that its historical SAIDI measurements in Washington required a 67 percent increase to properly reflect the difference in reporting methodology. PacifiCorp then used this 67 percent factor to recalculate its reliability performance baseline from 87 SAIDI minutes up to 146 minutes.
- 24 PSE examined its own pre- and post-OMS data and, consistent with the experiences of other utilities discussed above, PSE identified an increase in reliability metrics coincident with the transition to PSE's OMS and associated business practices. PSE manually examined a small population of PSE outages occurring at the same location pre- and post-OMS and confirmed the existence of significant differences in customer counts between the legacy CLX processes and the new OMS.
- 25 PSE, in addition, used two methods to analyze the differences between the pre-OMS results and the post-OMS results, both consistent with the Institute of Electrical and

<sup>&</sup>lt;sup>17</sup> PacifiCorp Network Performance and Outage Reporting (Apr. 1, 2003 – Mar. 31, 2004), attached to PSE's petition as Attachment G.

Electronics Engineers, Inc. (IEEE) methodologies. The results of these analyses fell within the range of increase seen elsewhere due to OMS implementation. The first method is based on IEEE's Standard 1782 concerning interruption events. The second methodology, the 1.75 Beta Method, is a methodology focusing on "blue-sky" types of events that has been discussed by IEEE members through the Distribution Reliability Working Group. These studies showed that PSE experienced a significant change in its reported SAIDI minutes following its installation of the OMS system and the change of business processes that accompanied the OMS installation. The magnitude of this change is consistent with national-level studies, consultant studies, and individual utility experiences over the past decade. PSE's analysis points to an average post-OMS average increase of 22 percent in its SAIDI reporting over its legacy CLX system.

#### C. Settlement Stipulation

- 26 Under the Multi-Party Settlement Agreement, PSE and Staff agree to the following terms:
  - Use of the Institute of Electrical and Electronics Engineers (IEEE) Standard 1366 method for calculating System Average Interruption Duration Index (SAIDI).
  - New SAIDI benchmark of 155 outage minutes per customer per year.
  - Establishment of a new customer guarantee that requires PSE to provide a \$50 bill credit to customers who are without power for 24 hours, or more, under certain circumstances (excluding Major Events<sup>18</sup>) and who have either requested the guarantee or reported their outage.
  - Informing customers about the new 24-hour customer guarantee and how to take advantage of the guarantee.
  - Retention of the customer guarantee that requires PSE to provide a \$50 bill credit to customers who have been without power for 120 hours or more and who have

<sup>&</sup>lt;sup>18</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 (*i.e.*, 2.5 standard deviation) methodology in calculating the threshold value. Page 10 of IEEE Std 1366 describes 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).

either requested the guarantee or reported the outage. This guarantee includes outages that occur during Major Events.

- Defining "catastrophic day" as any major event that exceeds 4.5 Beta (*i.e.*, standard deviations) of the daily system SAIDI.
- Collection of Customers Experiencing Multiple Interruptions (CEMI) data, with reporting to start in 2019.
- Informing customers of consecutive years missed on PSE's annual service quality report card, if applicable.
- Elimination of potential monetary penalties of up to \$1.5 million for missing the SAIDI benchmark.
- 27 Based on the joint testimony of PSE and Staff filed in support of the multi-party settlement, it is clear that the elimination of penalties and the implementation of the new 24-hour customer guarantee, coupled with the negotiated SAIDI benchmark of 155 outage minutes per customer per year, is among the key trade-offs the parties negotiated. Indeed, it is the only point that remains contested.
- 28 Ms. Barnard testifies for PSE that:

PSE had concerns with the use of the 155-minute annual SAIDI target because it does not include a 22 percent uplift to PSE's performance prior to implementation of the OMS. However, PSE agreed to this as part of an overall negotiated settlement that included removal of penalties associated with this target. While PSE is willing to strive to meet this target, PSE does not view this is a reasonable benchmark against which penalties should be imposed.<sup>19</sup>

[and]

Absent removal of the penalties associated with SQI 3—the SAIDI benchmark, PSE would not be able to agree to a benchmark of 155 minutes. From the Company's perspective, the current and future impacts

<sup>&</sup>lt;sup>19</sup> Joint Testimony at 14:14-19.

of the Company's use of OMS and GIS technology have not been fully considered in this 155 target.<sup>20</sup>

<sup>29</sup> Ms. Barnard testifies to the Company's view that the direct customer benefit provided by the new 24-hour customer guarantee is both more fair and beneficial to customers than penalties. She observes that "[t]his service guarantee is similar to guarantees offered by other regulated electric utilities in Washington; hence customers throughout the state have uniform protections creating fairness."<sup>21</sup> She also testifies that "[n]either Avista nor PacifiCorp are subject to penalties for failure to meet their SAIDI targets, and they each provide a single service guarantee to their customers related to electric outage restoration."<sup>22</sup>

30 Ms. Reynolds testifies for Staff that:

Staff is confident that a SAIDI target of 155, based upon IEEE 1366 standards, contributes to ensuring that customers will not experience a deterioration in quality of service and, coupled with the introduction of a new 24-hour service restoration guarantee, should be protected from poorly-targeted cost-cutting.<sup>23</sup>

Ms. Reynolds testifies that in lieu of the SQI penalty, the 24-hour customer guarantee will provide a financial incentive to the Company to make improvements to its system's reliability, thus minimizing PSE's outlay when outages occur.<sup>24</sup> Reflecting the give and take of the negotiations that led to the multi-party settlement, Ms. Reynolds testifies further that:

Staff also thinks that a reasonable target, without penalty, is preferable to a penalty-enforced target that is too lenient or only penalizes the Company for extreme mismanagement of its distribution system and outage response operation. The Company's filing proposed a benchmark that, in Staff's opinion, was too high and would not provide any real pressure upon the Company to prevent the deterioration of its service. It would also likely fail to ever result in a penalty being assessed against the Company. The Settlement Stipulation reached by the Parties diverges from the design of a

<sup>24</sup> *Id.* at 28:2-4,

<sup>&</sup>lt;sup>20</sup> Id. at 16:9-12.

<sup>&</sup>lt;sup>21</sup> *Id.* at 17:6-9.

<sup>&</sup>lt;sup>22</sup> *Id.* at 15:6-8.

<sup>&</sup>lt;sup>23</sup> *Id.* at 19:5-9.

benchmark with a corresponding penalty, and instead establishes a benchmark for the Company's SAIDI score independent of any direct financial punishment, but creates a new 24-hour service restoration guarantee that will add real pressure to incentivize the Company to make those improvements which will prevent any deterioration of service. Staff supports this 24-hour guarantee because, unlike the former penalty, any distribution under this guarantee will directly benefit customers and at the same time incentivize the Company.<sup>25</sup>

31 Public Counsel's analysis of the multi-party settlement is generally positive. Indeed, Public Counsel comments favorably on the various settlement terms, including the point that "Public Counsel views positively the retention of PSE's 120-hour customer guarantee and establishment of a new 24-hour customer guarantee under Tariff 131."<sup>26</sup> Public Counsel does not, however, regard the benefit of the 24-hour customer guarantee to be an appropriate trade for the removal of penalties under SQI-3.<sup>27</sup> According to Public Counsel:

Potential financial penalties have a different purpose and serve a different function from customer guarantees. Potential penalties assessed for failing to meet an SQI metric motivate the Company to direct necessary and appropriate funds and resources to prevent outages, improve restoration, and meet reliability benchmarks, including SAIDI.<sup>28</sup>

[and]

Customer guarantees, on the other hand, serve a different purpose. Those payments recognize harm to particular customers resulting from power outages and provide some compensation to the affected customers for the harm. While both are important and beneficial for customers, they are not interchangeable and it is inappropriate to replace one with the other.<sup>29</sup>

Thus, Public Counsel says, it is unable to join or support the multi-party settlement.

<sup>28</sup> Public Counsel Comment Letter at 4, second full paragraph.

<sup>&</sup>lt;sup>25</sup> *Id.* at 28:20-29:10.

<sup>&</sup>lt;sup>26</sup> Public Counsel Comment Letter at 3, first full paragraph.

<sup>&</sup>lt;sup>27</sup> Note that there continue to be significant penalties under PSE's SQI Program if PSE fails to meet other measures of service quality. The total amount at risk to PSE under the SQI program, if the multi-party settlement is approved, would be reduced from \$13.5 million to \$12 million on an annual basis.

<sup>&</sup>lt;sup>29</sup> *Id.*, third full paragraph.

# IV. Discussion and Determination

- 32 All participating parties offer support for the terms on which PSE and Staff settled except for the question of whether penalties should continue to be imposed under SQI-3 SAIDI if PSE fails to meet the 155 minute annual target. It is clear from the record that PSE and Staff achieved a delicate balance with PSE accepting a SAIDI measurement criterion it describes as presenting a "stretch goal" for the Company, and accepting an alternative financial consequence in the form of payments directly to affected customers in lieu of penalties associated with SQI-3 SAIDI. It appears from the testimony by both PSE and Staff witnesses that this is the key, critical exchange in the negotiations that made settlement possible.
- It is also clear from the record that the parties expended considerable resources and 33 undertook extensive research in pursuit of determining new parameters for SQI-3 SAIDI. We applaud their success, particularly their ability to arrive at a measure of outage minutes per customer per year that all parties support. PSE's support, however, was gained by Staff's willingness to accept the new 24-hour customer guarantee payment of \$25, coupled with retaining the \$50 bill credit to customers without power for 120 hours, in lieu of retaining penalties in the event PSE fails to meet in a given year the criterion measure of outage minutes per customer per year. We think this is an appropriate tradeoff. It provides a direct benefit to customers that they currently do not enjoy. It continues to give PSE a financial incentive to make appropriate expenditures on an ongoing basis to maintain the reliability of its system and its ability to restore service following unavoidable outages that inevitably occur. In this context, penalties paid to the Commission take on more the quality of punishment than an incentive. Under some circumstances this might be appropriate, but we see no evidence in this case that PSE has been anything but diligent and proactive in maintaining and improving its ability to provide reliable service.
- 34 Thus, we will approve and adopt the multiparty settlement as a full resolution of the issues in this proceeding that is lawful and in the public interest. We do so with the caveat that we appreciate the concern expressed by Public Counsel in its comments. We emphasize to Public Counsel and all Parties that the Commission has ample authority to monitor the Company's SQI performance and to ensure that it achieves appropriate outcomes in outage management.

#### **ORDER**

#### THE COMMISSION ORDERS THAT:

- 1) The multiparty settlement filed in this proceeding on May 31, 2016, is approved and adopted in full resolution of the issues in this proceeding.
- 36 2) PSE is authorized and required to file such tariff sheets and take such other action as may be required to implement the terms of the multiparty settlement within 10 days following the date of this order.
- 37 3) The Commission Secretary is authorized to accept by letter, with copies to all parties to this proceeding, a filing that complies with the requirements of this Final Order.
- 38 4) The Commission retains jurisdiction to effectuate the terms of this Final Order.

Dated at Olympia, Washington, and effective June 17, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, 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.