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April 21, 2004

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Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: *In the Matter of the Application of Puget Sound Energy, Inc. for Approval of
Amendment of Service Quality Index Reporting Methodology: Electric Safety Response
Time, Docket No. UE-031946*

Dear Ms. Washburn:

Enclosed for filing in the above-referenced docket are the original and 11 copies
of the Comments of Commission Staff in Reply to ICNU and Certificate of Service..

Very truly yours,

ROBERT D. CEDARBAUM
Senior Counsel

Enclosures
cc: Parties



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**BEFORE THE
 WASHINGTON STATE UTILITIES AND TRANSPORTATION
 COMMISSION**

In the Matter of the Application of)	
)	DOCKET NO. UE-031946
PUGET SOUND ENERGY, INC.)	
)	
for Approval of Amendment to Service)	COMMENTS OF COMMISSION
Quality Index Reporting Methodology:)	STAFF IN REPLY TO ICNU
Electric Safety Response Time.)	
.....)	

I. INTRODUCTION

1 On November 25, 2003, Puget Sound Energy, Inc. (PSE or the Company) filed this Application to amend the Service Quality Index Reporting Methodology, SQI-11: Electric Safety Response Time. The proposed amendment would exempt PSE from the SQI-11 reporting requirements on days that the Company determines are "localized emergency events."¹

2 The Company also proposes to provide annual and semi-annual supplemental reporting, by affected local area, of all days during the reporting period on which major event days and/or localized emergency event days occur

¹ Application at 2, ¶ 3. The current SQI-11 exempts PSE from those requirements only on days when the Company experiences major storm events in which more than 5% of PSE's customers are out of service.

that result in suspension of SQI-11. This supplemental reporting would be provided for a minimum three-year period beginning January 1, 2003.²

3 Staff, Public Counsel, the Multi Service Center, Opportunity Council, and Energy Project all agree with the Company's proposed amendments.³ The Industrial Customers of Northwest Utilities (ICNU), however, assert that the changes proposed by PSE will reduce the Company's obligation to promptly restore service to customers. Thus, ICNU requests that the Commission condition approval of the Application by: 1) limiting the supplemental reporting period to two years instead of three years; 2) adopting ICNU's proposed definition of "localized emergency event;" and 3) permitting non-parties to the original stipulation to propose changes to the SQI performance measurements at the end of the supplemental reporting period.⁴

4 Staff opposes the conditions requested by ICNU and recommends that the Commission approve PSE's Application as filed. The proposed changes will not reduce the Company's obligation to promptly restore service. Moreover, the conditions that ICNU proposes are unnecessary and will not contribute to maintaining or improving service quality.

² Application at 2, ¶ 3 to 3, ¶ 4.

³ Application at Exhibit A. These are the same parties that agreed to SQI-11 in Exhibit J to the Settlement Stipulation for Electric and Common Issues (SQI Stipulation) in Docket Nos. UE-011570 and UG-011571. The Commission approved the SQI Stipulation in its 12th Supplemental Order issued in that proceeding on June 30, 2002.

⁴ Comments of ICNU at 1-2, ¶ 2.

II. REPLY COMMENTS

5 There are several reasons to reject ICNU's comments and proposed conditions. First, any outages associated with a localized emergency event will still be included in another performance benchmark, the System Average Interruption Duration Index (SAIDI).⁵ Moreover, at the time SQI-11, Electric Safety Response Time, was established, the SAIDI benchmark was lowered from 149.4 minutes to 136 minutes per customer per year.⁶ The Company will also include emergency response times to unaffected local areas in the supplemental reporting. Thus, PSE's obligation and incentive to promptly restore service will continue to be captured in the SQI performance measures even with the changes proposed by PSE.

6 Second, the purpose of the supplemental reporting is to develop an objective and informed definition of a "localized emergency event" by providing data on the cause of such events, the number of customers affected, the number of outages, and the type of response by the Company in terms of crews dispatched.⁷ At least three years of such data collection is required to meet that

⁵ *WUTC v. Puget Sound Energy, Inc.*, 12th Supplemental Order, Settlement Stipulation for Electric and Common Issues, Exhibit J, Appendix 2 at 6, ¶ 3a, Docket Nos. UE-011570 and UG-011571 (2002).

⁶ *WUTC v. Puget Sound Energy, Inc.*, 12th Supplemental Order, Settlement Stipulation for Electric and Common Issues, Exhibit J, Appendix 2 at 7, ¶ 3d, Docket Nos. UE-011570 and UG-011571 (2002).

⁷ Application at Appendix 2, Attachments A and B.

objective.⁸ Two years of data collection, as proposed by ICNU, compromises the integrity of an objective benchmark because it will result in only a point estimate that may fail to capture any relevant cycles or tendencies.

7 Third, ICNU asserts that the definition of a “localized emergency event” is vague and provides PSE with too much discretion. Thus, ICNU proposes to define “localized emergency event” to mean emergency conditions that: 1) result in a service outage in a local area; and 2) require dispatch and utilization of all electric first responders that should be available for the prudent operation of the Company’s electric system.”⁹ ICNU states that “[t]his definition requires PSE to abide by prudent utility practices and dispatch all available electric first responders regardless of the local area they are located in.”¹⁰

8 ICNU’s definition of localized emergency event is neither appropriate nor necessary. It is not practical to dispatch all available first responders to one local area due to distance and travel time. Dispatching all available first responders to one local area also leaves other areas in the Company’s service territory potentially more vulnerable to service outages of longer duration.

9 Staff was concerned that the Application gave too much discretion to the Company to identify localized emergency events. However, given 1) the lack of

⁸ Staff’s position is also consistent with WAC 480-100-393(3)(b), which requires electric utilities to establish baseline reliability statistics within three years.

⁹ Comments of ICNU at 5, ¶ 9.

¹⁰ *Id.*

data available at the time, 2) the added requirement of supplemental reporting for these events, and 3) the fact that the Company remains subject to SAIDI and the other service quality measures during such events, the Application strikes a fair and reasonable balance between the Company's concern over response time tracking and Staff's concern over allowing the Company, for the time being, to identify localized emergency events.

10 Lastly, the Application states that the supplemental reporting is required for three years, but will continue until otherwise agreed by the parties and approved by the Commission.¹¹ ICNU requests that non-parties to the original SQI Stipulation be permitted to propose changes to the Electric Safety Response Time performance measures at the end of the supplemental reporting period. Staff does not object to this request, but believes that the request does not require a condition for approval of the Application. Any changes to the Electric Safety Response Time performance measures will require Commission approval. Any party, whether or not they executed the SQI Stipulation, will be allowed to participate in that approval process.

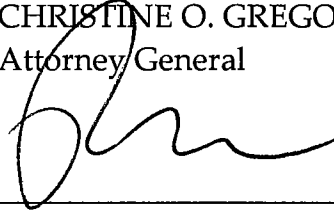
¹¹ Application at 3, ¶ 4.

For the reasons set forth above, the Commission should reject ICNU's proposed conditions as unnecessary and inappropriate. Staff recommends that the Commission approve the Company's Application as filed.

DATED This 21st day of April, 2004.

Respectfully submitted,

CHRISTINE O. GREGOIRE
Attorney General

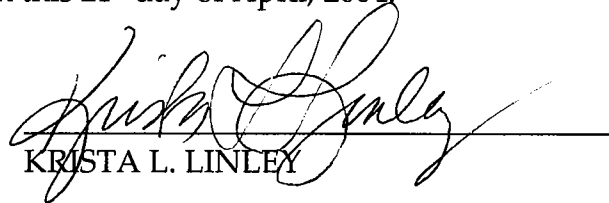


Robert D. Cedarbaum
Senior Counsel
Washington Utilities and
Transportation Commission

Docket No. UE-031946
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the persons and entities listed on the Service List below by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 21st day of April, 2004.


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