

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NO. UE-031946

PUGET SOUND ENERGY, INC.'S RESPONSE
TO COMMENTS OF THE INDUSTRIAL
CUSTOMERS OF NORTHWEST UTILITIES

1. Pursuant to the Commission's Notice of Extension of Time to File Comments in this proceeding dated April 6, 2004, Puget Sound Energy, Inc. ("PSE" or "the Company") hereby submits its response to the Comments of the Industrial Customers of Northwest Utilities ("ICNU") that were filed on April 5, 2004 ("ICNU's Comments").

2. The Company's Application for Approval of Amendment to Service Quality Index Reporting Methodology ("SQI Application") is not intended to reduce the quality of service the Company provides to its customers and should not have that effect. Instead, it addresses technical issues associated with the new SQI No. 11 Electric Safety Response Time reporting requirement for localized emergency events, which was scheduled to begin as of January 1, 2003. As described in the Company's SQI Application, the parties to the SQI collaborative and settlement in the 2001 general rate case, Docket Nos. UE-011570 and UG-011570,¹ ("SQI Agreement") did not realize when they established that prospective reporting requirement that the Company would have difficulty tracking response times during localized emergency events. That difficulty is a direct result of the Company's efforts to provide excellent customer service and outage response. For example, PSE may instruct electric first responders that have been dispatched to an event to instead first attend to a higher priority,

¹ ICNU did not participate in the 2001 general rate case SQI collaborative.

emergency call that threatens public safety. In addition, PSE dispatches electric first responders to restore safety and service to an area rather than a particular event. The new SQI No. 11 reporting methodology would effectively create a negative incentive to reduce actual customer service in the interest of meeting a technical reporting requirement. This is not what the SQI requirements were intended to accomplish.

3. PSE therefore worked for months with Commission Staff and Public Counsel analysts who were involved in the SQI Agreement to arrive at a solution to the SQI-11 localized emergency response time issue. Ultimately, the parties to the SQI Agreement developed the proposal to amend the reporting methodology for SQI No. 11 that has been placed before the Commission for approval in PSE's SQI Application.

4. The proposal that is before the Commission contains safeguards to prevent PSE from abusing its discretion to determine when a localized emergency event has occurred. The localized emergency event definition that results in suspension of SQI-11 reporting can only be triggered by the dispatch and utilization of all available electric first responders in the affected Local Area. Thus, PSE will in fact be required to send its first responders in a Local Area to respond to outages. In addition, PSE must provide supplemental reporting by affected Local Area, in both its annual and semi-annual service quality reports, of all days during the reporting period on which major event days and/or localized emergency event days occurred that resulted in suspension of SQI No. 11. The Company will also provide a separate reporting for Local Areas unaffected by the Localized Emergency Event day. This will permit other parties to monitor PSE's implementation of the localized emergency event definition.

5. ICNU's proposed definition of "localized emergency event" should not be adopted. *See* ICNU's Comments, ¶ 9. It is premature to develop such a definition at this time, since one of the primary goals for the proposed change to the SQI-11 reporting requirement and supplemental reporting is to develop an objective criterion for defining localized emergency event days. Moreover, ICNU's proposed definition is not reasonable given the Company's large service territory. For example, it does not make sense to require the Company to dispatch first responders located in Thurston County in order to declare that a localized emergency event has occurred in Whatcom County. In addition, while the Company has some ability to pull first responders in from neighboring Local Areas, responders must

remain available in the neighboring Local Area in case an outage or emergency event occurs in their assigned Local Area.

6. For these reasons, PSE also believes the reporting period should not be reduced to two years rather than three. *See* ICNU's Comments, ¶ 13. In order to develop an objective and appropriate criterion for defining "localized emergency events" or related reporting requirements, the parties will need to have information on a number of different types of events in different areas over time. Three years of data would provide a better basis for such analysis than two.

7. The Company does not oppose ICNU's suggestion that parties other than parties to the SQI Settlement be permitted to propose modifications to take effect January 1, 2006, if needed, to the performance measurement of SQI No. 11, based on these supplemental reports. *See* ICNU's Comments, ¶ 12.

DATED: April ____, 2004.

PERKINS COIE LLP

By _____
Kirstin S. Dodge
Attorneys for Puget Sound Energy, Inc.

CERTIFICATE OF SERVICE

Docket No. UE-031946

I hereby certify that on this day I caused to be served via electronic mail and regular U.S. mail, postage prepaid, a true and correct copy of the attached Puget Sound Energy, Inc.'s Response to Comments of the Industrial Customers of Northwest Utilities to the individuals listed below:

Robert Cedarbaum
Washington Utilities & Transportation
Commission
1400 S. EveregreenPark Drive S.W.,
Olympia, WA 98504
bcedarba@wutc.wa.gov

Simon ffitch
Washington State Attorney General's
Office
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012
simonf@atg.wa.gov

Irion Sanger
Melinda Davison
Davison Van Cleve
1000 SW Broadway, Suite 2460
Portland, OR 97205
ias@dvclaw.com

Dated this ____ day of April, 2004.

Pam Iverson