

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of:

PUGET SOUND ENERGY

For Mitigation of Service Quality Index
Penalty for Period Ending December 31,
2009

DOCKET NO. UE-10_____

Petition for Mitigation

I. INTRODUCTION

1. In this petition, Puget Sound Energy, Inc. ("PSE" or the "Company") seeks mitigation of part of the calculated service quality index ("SQI") penalty for the period ending December 31, 2009. The penalty pertaining to SQI No. 3 SAIDI (System Average Interruption Duration Index) stems in part from lack of safe access due to circumstances caused by unusual and exceptional weather events and subsequent hazardous events that occurred in the first half of January 2009. As explained below and in this petition, crews were not able to safely access PSE's facilities for repair and restoration due to various combinations of weather, flooding and other hazardous conditions, and state authorized road closures. Some PSE customers experienced prolonged outages due to the circumstances. Nine SAIDI minutes can be directly attributed to lack of safe access during the unusual and exceptional events.
2. Although under the Service Quality Program PSE is subject to penalty for failing to meet the SQI No. 3 SAIDI benchmark, the Service Quality Program anticipated mitigation of penalty under appropriate circumstances. Here, mitigation is

appropriate. The circumstances underlying the below standard performance were exceptional and PSE's level of preparedness and response was reasonable. PSE proposes, therefore, the following mitigation: the actual annual results for SQI No. 3 be reduced by the nine SAIDI minutes attributed to lack of safe access and the penalty amount be adjusted accordingly.

II. Background.

3. PSE's Service Quality Program (the "Program") includes a Service Guarantee component and a Service Quality Index component. The Program was originally implemented pursuant to the Stipulation in Docket Nos. UE-951270 and UE-960195, the dockets merging Washington Natural Gas Company and Puget Sound Power & Light Company (the "Merger Stipulation"). The purpose of the Program is to "provide a specific mechanism to assure customers that they will not experience deterioration in quality of service." The Merger Stipulation page 11. The Washington Utilities and Transportation Commission (the "WUTC" or the "Commission") approved the Merger Stipulation on February 5, 1997.
4. The Program has been modified twice as part of PSE's general rate case settlement agreements with certain amendments and additional conditions in consolidated Docket Nos. UE-011570 and UG-011571 and in consolidated Docket Nos. UE-072300 and UG-072301 (the "SQI Settlement Agreements".)
5. The procedure for requesting mitigation of penalty under the SQI portion of the Program was originally defined on page 13 of the Merger Stipulation and has been incorporated into the subsequent SQI Settlement Agreements without modification.

This mitigation petition is filed in conjunction with, and as part of, PSE's reporting of its 2009 annual SQI performance.

6. PSE's overall SQI performance for the twelve month period of January 1 through December 31, 2009 is shown in the following table.

Category of Service	Index No.	Description	Performance	Calculated Penalty
Customer Satisfaction	SQI No. 6	Customer Access Center Transaction Satisfaction	93% satisfied	None
	SQI No. 8	Field Service Operations Transactions Customer Satisfaction	95% satisfied	None
	SQI No. 2	WUTC Complaint Ratio	0.34 per 1,000 Customers	None
Customer Services	SQI No. 5	Customer Access Center Answering Performance	78% answered in 30 Seconds	None
	SQI No. 9	Disconnection Ratio	0.029 Disconnections per Customer	None
Operations Services	SQI No. 4	SAIFI	1.09 interruptions per customer	None
	SQI No. 3	SAIDI	190 minutes per customer	\$1,340,074
	SQI No. 11	Electric Safety Response Time	51 Minutes	None
	SQI No. 7	Gas Safety Response Time	33 minutes	None
	SQI No. 10	Kept Appointments	99% of appointments	None
Total Calculated Penalty				\$1,340,074.

The monthly data for each service quality index are reported in Exhibit A to the 2009 PSE SQI Performance Report. The following table shows the monthly SAIDI results. Both the monthly and annual results are shown without the potential effect of this Petition:

2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
SAIDI Minutes	41	4	15	6	13	9	14	13	7	21	29	17

7. PSE's overall January 2009 SAIDI performance was forty-one minutes but only nine minutes can be directly attributed to lack of safe access during unusual and exceptional events occurred in first half of January 2009. The nine prolonged SAIDI minutes stem from twenty-five outages that affected 7,179 customers. Overall there were 1,219 outages that affected 149,942 customers in the month.

III. Standard of Review.

8. The Merger Stipulation and the succeeding SQI Settlement Agreements provide that the Company may include a mitigation petition for relief from penalty in its annual SQI report, if it believes, in good faith, that it meets the mitigation standard.

*"The standard to be applied for such a petition is that the penalty is due to unusual or exceptional circumstances for which PSE's level of preparedness and response was reasonable. PSE will not file a mitigation petition unless it believes, in good faith, that it meets this mitigation standard. The parties contemplate that, following a procedure to be established by the Commission, a Commission order will be issued assessing any penalties and resolving any mitigation petition."*¹

9. The standard for review was established and applied in PSE's first petition for mitigation of SQI penalty in its 1997 SQI annual report. The 1997 petition is included as Attachment A to this petition.

¹ Docket Nos. UE-951270 & UG-960195, Stipulation, paragraph 4, page 13, lines 10-15.

IV. PSE's Preparation Before The Storm Season

10. Annually, PSE updates its Corporate Emergency Response Plan, reviews employee emergency response assignments, conducts training and exercises its plan. PSE organizes for storm response with an Emergency Operations Center (the "EOC") which has responsibility for corporate-wide oversight of storm response and recovery. In each electrically served region of the Company (Whatcom, Skagit, Island, King, Pierce, Thurston, Kitsap, Jefferson, and Kittitas), PSE utilizes fully staffed operating bases with responsibility for local/regional outage restoration. When storms hit, the operating base management team, working with the EOC, determines crew resource needs and mobilizes crews from other areas as required.
11. Each PSE operating base engages in annual training and exercises which includes training of all employees with emergency response assignments to support field crews such as damage assessors, contract crew coordinators, storm board support (prioritizing outage restoration), and community relations. Materials for storm response are staged at each regional operating base prior to October 1 each year to ensure adequate supplies over the course of winter storm season, and the storm rooms at each base are reviewed and tested to ensure radios, computers, and other equipment and resources are ready for use.
12. Prior to storm season each year, a fall leadership meeting is held with senior management of PSE and its primary electric emergency response support service provider, Potelco, to review any plan changes, expectations and goals for storm response for that winter season. Participants required to attend include each

regional operating base manager and electric first response supervisor, as well as the EOC management personnel.

13. PSE also meets with each emergency management department ("EMD") at the county level annually, presenting information on its preparations for the season's winter storms. PSE maintains strong working relationships with the county and state EMD personnel, and has an agreement with the Washington State Department of Transportation ("WSDOT") and public works roads divisions to coordinate restoration activity, referred to as the Utility Road Clearing Task Force. Through this agreement, PSE, the WSDOT, and regional roads jurisdictions share 24/7 contact information for local response.

V. The Circumstances Underlying the January Level of Performance was Exceptional and PSE's Response Was Appropriate

14. After the record-breaking frigid cold and snowy December 2008, a La Niña event followed and brought more precipitation into January 2009. The relentless rain and quickly melting snow led to extreme flooding throughout the state. 21 counties and 14 cities declared emergencies. In addition to the exceptional flooding, the heavy rainfall triggered almost 600 major and minor landslides, mostly in western Washington. The series of extraordinary events and perilous conditions that occurred in January 2009 not only caused outages but also prevented PSE crews from reaching the affected areas to restore outages in a timely manner. Many highways and roads were closed due to flooding, mud slides, and avalanche hazards that greatly hindered PSE's electric outage restoration efforts. Customers

in certain areas experienced extended outages because the Company was not able to safely access its facilities and customer sites in order to repair the system due to various combinations of weather conditions and road closures.

15. King County: During the first two weeks of January 2009, the Snoqualmie and Carnation communities in east King County as well as Greenwater in the southeast part of the county were continuously hard hit from rain, flooding, landslides, avalanche danger, and road closures. The rain totals in the 48-hour time period are astonishing: Snoqualmie Falls - 4.90"; Greenwater - 6.82"; and Snoqualmie Pass - 9.20". The Snoqualmie River set a new high water record, cresting at 62.31', which flooded downtown Snoqualmie, forced residents to evacuate, and caused extended outages for residents as PSE crews constantly monitored the situations but were unable to access damaged equipment until flood waters receded. The saturated hillsides became landslides, bringing down power lines and closing highways. King County had 27 major and minor landslides during this period. Most notable was the landslide that closed SR 410 between Greenwater and Enumclaw. The Washington State Department of Transportation closed nine locations on state and federal highways in east King and southeast King County due to avalanche danger, water and/or debris over roadways. These road closures were necessary for public safety but also prevented PSE crews from repairing damaged equipment. PSE crews were unable to access damaged facilities in the Greenwater vicinity January 4th through January 5th and January 7th through January 9th due to flooding, road closures, and avalanche danger. Overall, county wide from January 1st through January 14th, 2009, there were 11 outages or 1,836

customers affected by access issues. Power was restored to these 1,836 customers from January 8th through January 14th.

16. Kittitas County: Snowfall on Stampede Pass in December 2008 and early January 2009 created avalanche danger and forced road closures in the area. The La Niña pineapple express that came through a few days later also affected PSE's customers in upper Kittitas County. On January 6th and January 7th, the 9.20" of rain that fell at Snoqualmie Pass and the accompanying snow melt caused flooding in Cle Elum. Neighborhoods were evacuated due to the rising flood waters from the Yakima River which prevented PSE crews from restoring power to affected areas. During January 6th and January 19th, three outages, 256 customers, in the area were affected by the access issues. Once the flood water completely receded on January 19, 2009, PSE was able to restore electric service to the last ten of the 256 customers in the affected area.

17. Skagit County: Heavy snow fell in Concrete at the beginning of January which caused outages and impeded outage restoration due to unsafe road conditions. The snow turned to rain on January 6 and 7, 2009 – the Marblemount area recorded 10.1" and Concrete recorded 4.89" of rain. The rain and accompanying snow melt caused creeks to overflow and buried roadways under mudslides. Skagit County had 64 major and minor landslides during this period. On January 7th, a mudslide on SR 20 tore out power poles and lines, leaving a half-mile of mud and debris in its wake. The slide closed the highway and prevented PSE crews from reaching downed lines in Marblemount and Rockport. Also on January 7th, PSE crews were called off Pipeline Road due to landslides creating unsafe

conditions. WSDOT closed four state and federal highways in the area. During January 4th and January 12th, seven outages were affected by access issues and resulting in 2,519 customers without power. On January 13, 2009, power was restored to all of these 2,519 customers.

18. Whatcom County: The Nugent's Corner rain gauge recorded 3.82" and Baker Lake recorded 7.80" during the January 6 and 7, 2009 storm. The rain and accompanying snow melt caused the Nooksack River to overflow and flood the city of Lynden on January 7th. Underground equipment was damaged by the flood and PSE crews were unable to repair and restore until flood waters receded. Whatcom County had 30 major and minor landslides and ten state and federal highways were closed due to flooding and mudslides on January 7th and January 8th. Water ran over SR 9 in multiple locations and closed the roadway which prevented PSE crews from reaching downed power lines. A mudslide brought down power lines and also blocked portions of SR 9 which impeded PSE's ability to repair the damaged equipment. The flooding, mudslides, and road closures prolonged the outages experienced by 307 customers in the area. Around the midnight of January 9th, all the 307 customers had their electric service restored.
19. Under the unusual and exceptional circumstances illustrated above for each of the affected counties, PSE worked hard to restore of electric service to the affected customers as soon as a safe access was available. PSE's restoration efforts combined with its readiness before storm season demonstrates that PSE's level of preparedness and response was reasonable.

VI. Overall Impact of The Unusual and Exceptional Events

20. As a result of the extraordinary weather events and subsequent flooding, avalanches, mudslides, and road closures, PSE customers experienced a total of twenty-five prolonged outages in January 2009 due to access issues. Attachment B to this petition details the twenty-five outages.

21. The table below shows the customer impact of the unusual and exceptional events to the twenty-five outages:

County	No. of Prolonged Outages	Total No. of Customers Out	No. Customers NOT Impacted by Access Issues	No. of Customers Impacted by Access Issues
King	11	1,965	129	1,836
Kittitas	3	337	81	256
Skagit	7	2,939	420	2,519
Whatcom	4	1,938	1,631	307
Total	25	7,179	2,261	4,918

22. The table below summarizes the SAIDI performance impact of the unusual and exceptional events associated with the twenty-five outages:

County	No. of Prolonged Outages	Total SAIDI Minutes	SAIDI Minutes w/o Access Issues	SAIDI Minutes w Access Issue
King	11	4.82	3.03	1.79
Kittitas	3	1.25	0.53	0.72
Skagit	7	8.75	2.15	6.60
Whatcom	4	0.37	0.18	0.19
Total	25	15.19	5.89	9.30

The overall SAIDI performance impact of the unusual and exceptional events was fifteen SAIDI minutes. Six of the fifteen SAIDI minutes were associated with the performance PSE had safe access for power restoration. Nine of the fifteen SAIDI minutes associated with the delay in outage restoration that can be directly attributed to lack of safe access during the unusual and exceptional events.

23. PSE is seeking mitigation of the nine SAIDI minutes associated access issues due to the unusual and exceptional circumstances described in the petition. The

difference in the penalty amount due to the exclusion of the nine SAIDI minutes is \$223,346.

VII. CONCLUSION

24. For all of these reasons, Puget Sound Energy proposes an exclusion of nine SAIDI minutes for SQI No. 3 from the reporting period results and a penalty reduction of \$223,346. The Company respectfully requests that the Commission issue an order in the form attached hereto as Attachment C.

DATED this 16th day of February, 2010.

PUGET SOUND ENERGY, INC.

By Tom DeBoer

Tom DeBoer,
Director, Federal and State Regulatory
Affairs

**Verification of Petition of
Puget Sound Energy, Inc.
for a Mitigation of Service Quality Penalty for the Period
Ending December 31, 2009**