

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-011570 and
UG-011571 (Consolidated)

[PROPOSED] SIXTEENTH SUPPLEMENTAL
ORDER: GRANTING APPLICATION FOR
APPROVAL OF AMENDMENT TO MODIFY
SERVICE QUALITY INDEX REPORTING
METHODOLOGY

- 1 **PROCEEDINGS.** On November 26, 2001, Puget Sound Energy, Inc. (“PSE” or the “Company”) filed tariff revisions designed to effectuate a general rate increase for electric and gas services. On December 3, 2001, PSE filed a request for an interim electric rate increase. These proceedings were consolidated under Docket Nos. UE-011570 and UG-011571. The Commission established procedural schedules for an interim phase (electric) hearing and general rate phase (electric and gas) hearing.
- 2 On June 20, 2002, the Commission approved the multi-party settlement stipulation of disputed electric and common issues in PSE's pending general rate case, Docket Nos. UE-011570 and UG-011571 ("Stipulation") in its Twelfth Supplemental Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation dated June 20, 2002 ("Order"). Exhibit J to the Stipulation set forth details regarding Settlement Terms for the Service Quality Index ("SQI Settlement"). At the time the participants in the rate case SQI collaborative entered into the Stipulation, the reporting and tracking requirements for SQI-11 did not contemplate that a localized emergency event in which less than 5% of all of PSE's customers are out of service would have the same impact on the Company's ability to track and report response times as is experienced by the Company in the course of a "Major Event."
- 3 On November 25, 2003, PSE filed its Application for Approval of Amendment to Service Quality Index Reporting Methodology. The purpose of the filing is to memorialize the outcome of a review of the reporting methodology applied to Electric Safety Response Time, based on the Company's

experience during the October through December 2002 interim reporting period and to obtain Commission approval of the Agreement Regarding Amendment to Service Quality Index Reporting Methodology; SQI-11: Electric Safety Response Time (“Agreement Regarding SQI-11 Amendment”) including a replacement exhibit for the SQI Settlement approved in the Twelfth Supplemental Order. The executed original of the Agreement Regarding SQI-11 Amendment is attached to PSE’s Application as Exhibit A.

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PARTIES. Markham Quehrn and Kirstin Dodge, Perkins Coie LLP, Bellevue, Washington, represent Puget Sound Energy, Inc. John A. Cameron and Traci Kirkpatrick, Davis Wright Tremaine, represent AT&T Wireless and the Seattle Times Company. Danielle Dixon, Policy Associate, Northwest Energy Coalition, represents that organization and the Natural Resources Defense Council. Carol S. Arnold, Preston Gates Ellis, Seattle, Washington, represents Cost Management Services, Inc., and the cities of Auburn, Des Moines, Federal Way, Redmond, Renton, SeaTac, Tukwila, Bellevue, Maple Valley, and Burien (“Auburn, *et al.*”). Ron Roseman, attorney at law, Seattle, Washington, represents the Multi-Service Center, the Opportunity Council, and the Energy Project; Charles M. Eberdt, Manager, Energy Project also entered his appearance for the Energy Project; Dini Duclos, CEO, Multi-Service Center, also entered an appearance for that organization. Angela L. Olsen, Assistant City Attorney, McGavick Graves, Tacoma, Washington, represents the City of Bremerton. Donald C. Woodworth, Deputy Prosecuting Attorney, Seattle, Washington, represents King County. Melinda Davison and S. Bradley Van Cleve, Davison Van Cleve, P.C., Portland, Oregon, represent Industrial Customers of Northwest Utilities. Elaine L. Spencer and Michael Tobiason, Graham & Dunn, Seattle, Washington, represent Seattle Steam Company. Edward A. Finklea, Energy Advocates, LLP, represents the Northwest Industrial Gas Users. Donald Brookhyser, Alcantar & Kahl, Portland, Oregon, represents the Cogeneration Coalition of Washington. Michael L. Charneski, Attorney at Law, Woodinville, Washington, represents the City of Kent. Norman J. Furuta, Associate Counsel, Department of the Navy, represents the Federal Executive Agencies (“FEA”). Michael L. Kurtz, Boehm, Kurtz & Lowry, Cincinnati, Ohio, represents Kroger Company. Kirk H. Gibson and Lisa F. Rackner, Ater Wynne LLP, Portland, Oregon, represent WorldCom, Inc. Elizabeth Thomas, Preston Gates Ellis LLP, Seattle, Washington, represents Sound Transit. Harvard M. Spigal and Heather L. Grossman, Preston Gates and Ellis LLP, Portland, Oregon, represent Microsoft Corporation. Simon ffitich, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section, Office of Attorney General. Robert D. Cedarbaum, Senior Assistant Attorney General, and Shannon Smith, Assistant Attorney General, Olympia, Washington, represent the Commission’s regulatory staff (Staff).

5 **COMMISSION:** The Commission grants PSE's Application for Approval of Amendment to Service Quality Reporting Methodology; Electric Safety Response Time. The Commission: (1) approves the Agreement Regarding SQI-11 Amendment that is attached to the Application as Exhibit A as a supplement to the Twelfth Supplemental Order; (2) orders that revised pages 14-18 of Appendix 2 of Exhibit J that are attached to the Agreement Regarding SQI-11 Amendment be substituted for pages 14-17 of Appendix 2 of Exhibit J of the SQI Agreement that the Commission approved in the Twelfth Supplemental Order; and (3) orders that the resulting adjusted calculations are to be used for purposes of the SQI accounting beginning January 1, 2003.

MEMORANDUM

6 On June 20, 2002, the Commission approved the multi-party settlement stipulation of disputed electric and common issues in PSE's pending general rate case, Docket Nos. UE-011570 and UG-011571 ("Stipulation") in its Twelfth Supplemental Order: Rejecting Tariff Filing; Approving and Adopting Settlement Stipulation dated June 20, 2002 ("Order"). Exhibit J to the Stipulation set forth details regarding Settlement Terms for the Service Quality Index ("SQI Settlement"). However, at the time the participants in the rate case SQI collaborative entered into the Stipulation, the reporting and tracking requirements for SQI-11 did not contemplate that a localized emergency event, in which less than 5% of all of PSE's customers are out of service, would have the same impact on the Company's ability to track and report response times as is experienced by the Company in the course of a "Major Event".

7 Specifically, the SQI-11 Settlement provides: "Average number of minutes from customer call to arrival of electric field technician. Performance measurement of this index shall be suspended on days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days)." This means that only days determined to have "Major Events," where more than 5% of all of PSE's customers are out of electric service (and associated carry forward days) may be excluded from the SQI-11 reporting requirements. However, the Company has since discovered that during a localized emergency event (e.g., an event that affects only part of the Company, such as a storm that affects only Whatcom, Skagit, and Island counties), where there are numerous outages, the Company cannot fully track performance for Electric Safety Response Time. PSE thus requested that the other Executing Parties enter into discussions concerning a possible amendment to SQI-11 to recognize the difficulties caused by localized emergency events.

8 The Executing Parties subsequently agreed that an amendment to the reporting methodology for Electric Safety Response Time should be made. The Executing Parties have memorialized their

agreement to this change in the Agreement Regarding Amendment to Service Quality Index Reporting Methodology; SQI-11: Electric Safety Response Time ("Agreement Regarding SQI-11 Amendment"), which is attached to PSE's Application as Exhibit A.

9 The Agreement Regarding SQI-11 Amendment describes in some detail the adjustment that the Executing Parties have agreed should be made to the SQI Agreement that the Commission approved in the Order. As a result of this adjustment, the Agreement Regarding SQI-11 Amendment states that "Average number of minutes from customer call to arrival of electric first responder. Performance measurement of this index shall be suspended on: 1) days that are excluded for SAIDI and SAIFI performance measurement (e.g., major events and associated carry forward days); and 2) days that are determined by the company to be 'localized emergency event days' as defined by dispatch and utilization of all available electric first responders to the affected Local Area to respond to service outages." Local Areas are defined as one of five electric first-responder operating basis throughout the PSE service territory. The Local Areas are shown in the appendix at page 14.

10 In addition, at page 2, the Agreement Regarding SQI-11 Amendment states that "PSE shall provide supplemental reporting, in both its annual and semi-annual service quality reports, of all days during the reporting period on which major events or localized emergency event days occurred that resulted in suspension of SQI No. 11, Electric Safety Response Time. This supplemental reporting shall begin for data as of January 1, 2003 and shall continue for a period of at least three calendar years." This supplemental reporting is to be included with both annual and semi-annual service quality performance reports filed during the supplemental reporting period. One of the primary goals for this supplemental reporting is to develop an objective criterion for defining localized emergency event days. After three-years of supplemental reporting, the parties will determine if sufficient data exists to develop an objective criterion or if additional supplemental reporting is warranted. At that time, the Company or any party to this settlement may propose modifications to take effect January 1, 2006, if needed, to the performance measurement of this index, based on these supplemental reports. Such modifications, if needed, may include the benchmark of this index as well as the definition or criteria for declaring the occurrence of a localized emergency event day. As stated elsewhere in the appendix document, changes to the benchmark may not be retroactive. In the event that no modifications are made to the measurement of this index, PSE will continue to include the supplemental reports in the semiannual and annual service quality reports, unless another arrangement has been agreed to by the parties.

11 Because the Agreement Regarding SQI-11 Amendment changes the SQI Settlement that the Commission approved in the Order, PSE has requested that the Commission: (1) approve the Agreement Regarding SQI-11 Amendment that is attached to the Application as Exhibit A as a supplement to the Order; (2) order that revised pages 14- 18 of Appendix 2 of Exhibit J and Attachments A and B that are attached to the Agreement Regarding SQI-11 Amendment be substituted for pages 14- 17 of Appendix 2 of Exhibit J of the SQI Agreement that the Commission approved in the Order; and (3) order that the resulting adjusted calculations are to be used for purposes of the SQI reporting beginning January 1, 2003. PSE states that this reporting treatment is appropriate because the revised reporting methodology takes into account all days on which Major (including associated carryforward days) and Localized Emergency Events occur.

12 In the course of discussions about SQI-11 the parties discovered a discrepancy regarding the filing date of the semi annual report and wish to clarify as part of this filing the filing date for semi annual reports to be on or about July 30th of each year.

13 The Commission has authority to amend its Order as requested pursuant to RCW 80.04.210 and WAC 480-09-815. PSE has provided notice of its Application to the parties who executed the SQI Settlement, and to all parties to the general rate case, Docket Nos. UE-011570 and UG-011571.

FINDINGS OF FACT

14 Having discussed above all matters material to our decision, and having stated general findings, the Commission now makes the following summary findings of fact. Those portions of the preceding discussion that include findings pertaining to the Commission's ultimate decisions are incorporated by this reference.

- (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including electric companies.
- (2) Puget Sound Energy, Inc., is a "public service company" and an "electrical company" as those terms are defined in RCW 80.04.010, and as those terms otherwise may be used in Title 80 RCW. Puget Sound Energy, Inc., is engaged in Washington State in the business of supplying utility services and commodities to the public for compensation.

- (3) PSE's Application of November 25, 2003, is in the public interest and produces results that are fair, just, and reasonable.

CONCLUSIONS OF LAW

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Having discussed above in detail all matters material to our decision, and having stated general findings and conclusions, the Commission now makes the following summary conclusions of law. Those portions of the preceding detailed discussion that state conclusions pertaining to the Commission's ultimate decisions are incorporated by this reference.

- (1) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, these proceedings. *Title 80 RCW.*
- (2) The Commission's prior orders in Docket Nos. UE-011570/UG-011571 should be amended to the extent necessary, or rescinded to the extent required, to effectuate the provisions of this Order. *RCW 80.04.210; WAC 480-09-815.*
- (3) The Commission should retain jurisdiction over the subject matters and the parties to this proceeding to effectuate the terms of this Order. *Title 80 RCW.*

ORDER

- (1) THE COMMISSION ORDERS that PSE's Application for Approval of Amendment to Service Quality Index Reporting Methodology is granted. The Commission therefore:
 - (a) approves the Agreement Regarding SQI-11 Amendment that is attached to the Application as Exhibit A as a supplement to the Twelfth Supplemental Order;
 - (b) orders that revised pages 14-18 of Appendix 2 of Exhibit J and Attachments A and B that are attached to the Agreement Regarding SQI-11 Amendment be substituted for pages 14-17 of Appendix 2 of Exhibit J of the SQI Agreement that the Commission approved in the Twelfth Supplemental Order,
 - (c) orders that semi annual reports are to be filed on or about July 30th of each year, and

(d) orders PSE to use such adjusted calculation in its SQI reporting effective January 1, 2003.

(2) THE COMMISSION ORDERS FURTHER That it retains jurisdiction over the subject matter and the parties to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this ___ day of _____ 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION