

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

In the Matter of the Petition of)	DOCKET UE-100338
)	
PUGET SOUND ENERGY)	ORDER 01
)	
For Mitigation of Penalty for Period)	
Ending December 31, 2009 for Failing)	ORDER GRANTING IN PART AND
to Achieve Benchmark for its Service)	DENYING IN PART THE PETITION
Quality Index)	FOR MITIGATION
.....)	

BACKGROUND

- 1 On February 16, 2010, Puget Sound Energy, (PSE or Company), filed a petition for mitigation of SQI penalties for its 2009 performance. The Company stated that the penalties pertaining to its Service Quality Index (SQI) Number 3 System Average Interruption Duration Index (SAIDI) stem, in part, from lack of safe access due to the circumstances caused by unusual and exceptional weather and subsequent hazardous events that occurred in early January 2009. The total penalty assessed against PSE is \$1,340,074. PSE proposed in its petition to exclude nine SAIDI minutes from the reporting period which results in a corresponding penalty reduction of \$223,346.

- 2 The Company's SQI contains 10 service-quality indexes that provide for specific mechanisms to ensure customers would not experience deteriorating quality of service after its merger with Washington Natural Gas Company resulting from unwise cost cutting. Each measure has a defined benchmark representing the Company's required minimum (or maximum) performance. If the Company's performance in any year fails to meet the benchmark, it must pay a penalty according to the program penalty calculation procedures. The Commission approved the program on July 31, 1997.

- 3 The SAIDI is commonly used as a reliability indicator by electric power utilities. SAIDI is the average outage duration for each customer service. The duration of an outage starts when the outage is logged into PSE's tracking system and is ended when the electric service is restored at the customer's meter. The basic process includes dispatch time, serviceman travel time, assessment and patrol time, material gathering time, work-site clearance time, repair and restore time, and, if needed, dispatch and travel time for

additional crews. Timing, location, cause and scale of the outage, weather and traffic conditions, road closures, other emergency situations, and the number of other outages in the area and in PSE's system all influence how fast an outage can be restored. The benchmark of 136 minutes was intended to include all these situations.

- 4 Subsequent orders issued by the Commission respective to the Company's SQI have not amended the SAIDI: the benchmark set at an average of 136 outage minutes per customer per year excluding major event days¹ remains unchanged.
- 5 A process to allow mitigation of penalties imposed for failure to meet the SQI was established in February 1997 (14th Supplemental Order Accepting Stipulation, Approving Merger of consolidated dockets UE-951270 and UE-960195). The standard to be applied for such mitigation is that the penalty is due to unusual and 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.
- 6 Commission Staff reviewed the petition and requested PSE provide additional information and clarification regarding certain aspects of its request. Based on this additional information, staff concluded there may be sufficient reason to consider the access issues (i.e., avalanches, snow, mud slides, flooding, and lengthy road closures) experienced by the Company in January 2009 to be unusual and exceptional.
- 7 Commission Staff's review determined the following:
 - The Company, in its review of the outages with access issues, reasonably narrowed the number of incidents with access issues.
 - The penalties resulted, in part, from lack of safe access due to circumstances caused by unusual and exceptional weather.
 - Some of the smaller duration outages could be eliminated as they do not meet the standard of unusual and exceptional. Identification of unusual and exceptional access issues should continue to be reviewed case-by-case. This does not restrict the Commission from future actions to establish additional criteria which define unusual and exceptional.

¹ Major events are days when more than 5% of PSE's customers are out of service and which ends when those customers' service is restored.

- Staff considered the standard to be applied for mitigation of the penalties and agrees that PSE met the standard due to unusual and exceptional circumstances for which PSE's level of preparedness and response was reasonable.
- Staff and PSE agree that consideration should be given to partially grant the Company's mitigation petition in the amount of \$200,000 of the original \$223,346 requested. This equates to approximately 8.1 SAIDI minutes from the company's overall 2009 system average interruption duration index results.

8 The Commission Staff reviewed the petition and recommended the commission partially grant the Company's request for mitigation of the penalty to \$1,140,074 and the exclusion of 8.1 SAIDI minutes from PSE's overall 2009 SAIDI results.

FINDINGS AND CONCLUSIONS

- 9 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property, and affiliated interests of public service companies, including electric companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 10 (2) Puget Sound Energy is an electric company and a public service company subject to Commission jurisdiction.
- 11 (3) After careful examination of Puget Sound Energy's February 16, 2010, petition for mitigation in which PSE requests partial waiver of penalties incurred for failing to achieve the benchmark performance for Service Quality Index No. 3, and giving consideration to all relevant matters and for good cause shown, the Commission finds that mitigating circumstances existed justifying a partial waiver of the penalty.
- 12 (4) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter and the parties.
- 13 (5) The Commission retains jurisdiction to effectuate the provisions of this Order.

- 14 (6) The penalty for Puget's failure to achieve Service Quality Index No. 3 should be reduced by \$200,000.
- 15 (7) From the overall 2009 SAIDI results, 8.1 SAIDI minutes may be excluded.
- 16 (7) This matter came before the Commission at its regularly scheduled meeting on August 12, 2010.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The Commission grants, in part, and denies, in part, Puget Sound Energy's petition for mitigation and orders the Company to pay \$1,140,074.
- 18 (2) The Commission grants, in part, and denies, in part, the Company's request to exclude SAIDI minutes from PSE's overall 2009 SAIDI results. The Commission grants PSE's request to exclude 8.1 SAIDI minutes from its overall 2009 SAIDI results.
- 19 (3) This order does not restrict the Commission from future actions to establish additional criteria which define unusual and exceptional.

DATED at Olympia, Washington, and effective August 12, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner