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Division of Public Utilities

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MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Chris Parker, Director
Artie Powell, Energy Section Manager
Abdinasir Abdulle, Technical Consultant
Charles Peterson, Technical Consultant

Date: January 6, 2014

Re: Docket No. 05-035-54. PacifiCorp Merger Commitments U9 and U1

Recommendation (Approve with Conditions)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve Rocky Mountain Power's (Company) request to consolidate the information reported under Merger Commitment U9 and U1 with the Company's Service Quality Review Reports. The Division recommends that the Commission approve discontinuing separate reports under U9 and U1. However, the Division does not recommend that the Commission allow the Company to cease reporting Performance Standard 4 (PS 4).

Issue and Discussion

In a letter dated December 6, 2013, the Company requested that going forward all information contained in its report to the Commission under Merger Conditions U1 and U9 (U1, U9) in Docket No. 05-035-54 would be reported in its semi-annual Service Quality Review Reports. The Company pointed out that most of the U9 information was already being reported in the Service Quality Review Reports making a separate report just for U9 redundant. The Company requested that it continue to provide the U9 performance standards and customer guarantee data and the U1 call center call-handling data in the Service Quality Review Reports and drop the

separate U9 and U1 reports. The Company also requested that PS 4 be omitted from future reporting requirements claiming that the Customer Average Interruption Duration Index (CAIDI) measurement that is also provided in the Service Quality Review Reports provides similar information to PS 4 and implying PS 4 is duplicative.

The Division fully supports the general concept that duplicative reporting should be avoided wherever possible as such reporting is a burden on both the Company and the regulatory community. Therefore, the Division recommends that Commission approve the consolidation of the U1 and U9 reports into the Service Quality Review Reports allowing the Company to cease producing separate U1 and U9 reports.

However, the Division does not agree that PS 4 can be substituted with the CAIDI data. PS 4 under U9 requires the restoration of 80 percent of customers in a distribution outage within the first 3 hours of the outage (major events excepted). The Division believes that PS 4 is measurable and has a clear meaning as a standard. However, there is no standard in place for CAIDI; neither does the Company suggest a standard or a way to interpret a CAIDI measurement in reliability terms.

CAIDI is derived by dividing the System Average Interruption Duration Index (SAIDI) by the System Average Interruption Frequency Index (SAIFI). Thus the level of and changes in a CAIDI value is the result of the *relative* level and the *relative* changes in SAIDI and SAIFI. A given level of CAIDI or a change in the CAIDI values cannot be interpreted without understanding what is going on with both SAIDI and SAIFI. Whether or not a given CAIDI is good, bad, or indifferent entirely depends on the relationship of SAIDI to SAIFI. It is possible that CAIDI could remain at a constant value, be increasing, or be decreasing and have reliability in the system independently improving, deteriorating, or staying the same depending on how the SAIDI and SAIFI values are changing relative to one another.¹ The Division does not believe that CAIDI adds reliability insight that is not implicit in the SAIDI and SAIFI measurements. Furthermore, the Division does not understand how CAIDI is, or can be, a substitute for PS 4.

¹ For example, CAIDI can be seen to be increasing when overall reliability is improving if the rate of improvement in SAIFI is higher than the rate of improvement in SAIDI. Similarly, CAIDI can be seen to be increasing when overall reliability is deteriorating if the rate of deterioration (increase) in SAIDI is higher than the rate of increase in SAIFI. For declining or constant CAIDI, the situations are similar.

Until such time as the Company can recommend a standard for CAIDI and demonstrate how this standard can be used as a substitute for PS 4, the Division does not recommend that the Commission allow the Company to cease reporting PS 4.

Conclusion

The Division agrees with the Company that the U1 and U9 reports can be consolidated with the Service Quality Review Reports. However, the Division does not believe that CAIDI can or should be substituted for PS 4.

CC: Dave Taylor, RMP
Michel Beck, OCS