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Department of Commerce

Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Constance White, Director
Energy Section
Abdinasir M. Abdulle, Technical Consultant
Artie Powel, Manager

Date: September 6, 2007

Ref: Docket No. 07-035-08. Formal Complaint; Drake/Lambourne Ave.
Neighborhood vs. Rocky Mountain Power.

Recommendation

Based on the Division's investigation, which included an investigation conducted by Williams Consulting, Inc. (WCI), the Division recommends that

1. The complaint be dismissed; and
2. Rocky Mountain Power should undertake a careful review of all the condition classes and description in the "Appendix A – Three Tier Prioritization Model" to ensure consistency in criticality assignments.

Since filing the complaint, Dr. Drake and his counsel have entered into an agreement with Rocky Mountain Power (Company or RMP) that from their point of view resolves all of the issues in the complaint and has requested that the Complaint be dismissed with prejudice. While the Division is not opposed to the settlement reached by the Company and Dr. Drake, the Division has reviewed the settlement and recommends that the Company be required to:

1. File a report detailing how it intends to comply with the settlements condition that “it will repair all A and B conditions on the four distribution circuits serving” the Millcreek neighborhood including, the shifting of crews from other projects and the criteria used to select those crews or projects.
2. Report in each of its quarterly service quality filings for 2008 the impact, if any, on its service quality or reliability in complying with the settlement; and
3. Track and maintain records of any compliance costs associated with the settlement.

Issue

On February 20, 2007, the Utah Public Service Commission issued an Action request asking the Division to provide an explanation and statement of issues to be addressed in relation to the formal complaint against RMP filed by Dr. Drake on February 12, 2007. The Commission asked the Division to file its findings by April 23, 2007. On April 23, 2007, the Division requested that the Commission extend the due date of the Division’s response to the Action Request for 45 days and the Commission granted that request. On June 8, 2007, the Division filed a memorandum informing the Commission that it was in the process of engaging WCI to perform a follow-up on its 2003 Winter Storm Outage Report (Docket No. 04-035-01) and that it would be useful to have WCI help the Division in its investigation into the Drake complaint and RMP’s responses. This memorandum is the Division’s response to the Commission’s Action request. It also introduces WCI’s report which reviews the complaints and responses item by item and provides comments.

Background and Discussion

On February 12, 2007, Dr. Drake, on behalf of himself and a group of petitioners from Millcreek Township filed a formal complaint against RMP. Dr. Drake filed additional complaints with the Commission in letters dated March 28, 2007, April 9, 2007, and May

31, 2007. The Complainants provided a number pictures as evidence of their claim. The specific complaints the Complainants made against RMP can be summarized as follows:

Formal Complaint (Feb. 27, 2007): There are a number of insulator pins that failed to the point that it violated the NESC vertical clearance requirements. This resulted in insulators dropping on the cross-arm causing pole and cross-arm fires and jeopardizing public safety.

Letter (3/28/07): Squatters are immediate safety hazard that should be addressed immediately. The predominance of squatters is a result of predecessors of Rocky Mountain Power neglecting maintenance of the Utah's distribution system.

Letter (4/9/07): Of the twelve insulators pins on pole number 343911, located on the east side of Evergreen Park, eight are squatters and four appear to have charred. Also an insulator appears to be no longer attached to the cross-arm posing public safety hazard.

Letter (4/13/2007): Two floating insulators on the lower arm of pole number 343911 (mentioned in the Complainant's 4/9/2007 letter to the Commission) caused an increase in leakage current which appear to have ignited arm fire the nigh of April 11, 2007.

Letter (5/25/2007): A high voltage wire fell onto a low voltage service cable resulting in a flash and explosion. Two females driving on the street trying to avoid running into the site ran into a pole carrying a low voltage circuit.

In both the formal complaint and the subsequent letters, the complainant asked for number of relieves that can be summarized as follows:

- Immediate compliance with the NESC;
- Penalties be assessed against RMP for its violations with the NESC;
- Immediate inspection on East Millcreek Circuit 13;
- Completion of all repairs and maintenance by December 31, 2007;

- Procurement for examination the cross-arm taken down (by RMP);
- Issuance of a mandate that RMP no longer be subordinate to PacifiCorp, but report directly to MidAmerican Energy Holding Company and that certain percentage of its revenue be applied to maintenance and repair of the distribution system;
- Implementation of William's recommendations in their 2003 Storm Outage report;
- Commitment to reestablishing the integrity of the electrical distribution system in Utah;
- Issuance of an executive order to replace and preserve the cross-arm and insulator pins;
- Utah State Audit General's audit of the Company's maintenance funding and expenses from 1995 to present; and
- Public Service Commission to interview all journeyman linemen in the Utah.

Rocky Mountain Power's Response

On March 20, 2007 and then on May 31, 2007, RMP filed its responses to the complaints and the relieves sought by the Complainants. In these filings RMP argued that it did not violate a provision of law, Commission rule or order, or Company tariff and requested the Commission to dismiss the complaint in its entirety with prejudice. The Company also indicated that the March 28, 2007, April 9, 2007, and May 25, 2007 letters were improper attempt to amend the complaint and requested the Commission to dismiss them.

Technical Conferences

On May 1, 2007, the Commission held a technical conference in which Dr. Drake and the Company ("the Parties") presented their positions. On June 14, 2007, the Commission held a second technical conference. In this Conference, besides the Parties presenting their positions, Dr. Drake presented a letter in which he provided a final set of relieves sought. These relieves are reproduced here.

1. An immediate inspection be made of all circuits within the Millcreek area, listing all required maintenance and repairs.
2. Complete all repairs and maintenance by December 31, 2007.
3. Levy fines for each safety violation until corrected (Utah Public Utility Statute 54-7-25).
4. Issue a mandate that Rocky Mountain Power no longer be subordinate to PacifiCorp, but report directly to Mid-America.
5. Mandate that a reasonable percentage of their revenue be directly applied to maintain and repair of the electrical distribution system.
6. With regard to Reliability and Maintenance of electrical distribution, implement the recommendations made by Williams Consulting Inc. in their *Report to the Division of Public Utilities* (page 5 of 51, section 3) wherein they call for 8 different actions that would substantially upgrade PacifiCorp's operation.

Also, Dr. Drake suggested an informal meeting with Company management. Another technical conference was scheduled for August 16, 2007. However, On August 10, 2007, the Company and Dr. Drake filed a Stipulation, which, from their point of view, resolved all the issues revolving around the complaints and relieves sought. At their request, the Commission cancelled the August 16th technical conference.

Division Investigation

The Division of Public Utilities involved WCI to review the complaints, remedies sought and the Company's responses and to undertake additional investigations. Along with the Division, WCI participated in the two technical conferences and conducted an in depth analysis of the issues. The whole of WCI's investigation is detailed in a report to the Division dated September 4, 2007. For convenience, WCI's report is attached to this memo.

As a result of its investigation, WCI concludes that,

In the context of the complaints raised and based on the data requests that we requested, received and analyzed and the interviews held with RMP personnel, it appears that RMP:

1. Is not in violation of NESC code with regard to insulator clearances.
2. Handled condition codes for squatting insulators appropriately.
3. Has put systems in place to properly provide for customer contact.
4. Has put systems in place to manage its maintenance and outages.
5. Has adequately funded and conducted its distribution maintenance program as provided in rates.
6. Is taking the appropriate steps to increase its field workforce.
7. Has improved its system reliability through inspection and maintenance programs, vegetation management enhancements and its targeted reliability work plans.
8. Has committed to continued reliability improvements.
9. Has implemented or is in the process of implementing the recommendations contained in the WCI Storm Response Review Report.
10. Has complied with or is in the process of complying with the appropriate “Remedies” stated in Section 8 by the Complainant.
11. Has reached a settlement agreement with the Complainant.¹

Based on these conclusions, WCI recommends that,

1. In the context of the complaints lodged by Dr. Drake, we recommend that the PSC close this matter.

¹ “Docket 07-036-08, Review of Dr. Drake Complaint against Rocky Mountain Power, Final Report,” September 4, 2007, pp. 34-35.

2. RMP should undertake a careful review of all the condition classes and description in the “Appendix A – Three Tier Prioritization Model” (DPU 1st Set Data Request 1.7) to assure consistency in criticality assignments. Please refer to section 5.1.2.²

The Division concurs with WCI’s conclusions and recommendations.

Before WCI submitted its final report to the Division, the Parties filed a Stipulation with the Commission on August 10, 2007 in which all outstanding issues were settled. As part of its investigation, the Division requested that WCI review the Stipulation for consistency with its findings. While WCI concluded that the terms and conditions appeared to be consistent with its findings and recommendations, the Division has several concerns.

Paragraph 15 of the settlement reads:

Rocky Mountain Power agrees that, by December 31, 2007, it will repair all A and B conditions on the four distribution circuits serving the Lambourne Avenue, Kempner Road and adjacent neighborhoods (collectively “Millcreek Neighborhood”), i.e., Millcreek Circuits 11, 12, 13 and 14.³

Repairing all of the A and B conditions was one relief sought by the complainants. In one technical conference, the Company was asked if such relief would require removing crews from higher priority jobs. The Company responded that it would. The Division is concerned that such actions **may** jeopardize service quality in other neighborhoods or areas within the Company’s Utah service territory. Therefore, the Division recommends that the Company file a detailed action plan of how it plans to meet this condition of the Stipulation including, which crews will be utilized, which projects those crews will be removed from, the criteria used to decide which crews and projects would be shuffled,

² Ibid., p. 35

³ “Amended Stipulation,” Docket Number 07-035-08, August 2007, pp. 5-6.

and how the original projects will be subsequently addressed or completed. In addition, the Division recommends that the Company report in each of its quarterly service quality filings for 2008 the impact, if any, on its service quality and reliability of complying with this particular condition.

The Division is also concerned that, given the conclusions reached by Williams that the cost of compliance with the Settlement may not be appropriate for ratepayers to bear. Therefore, the Division recommends that the Company track and maintain records of any compliance costs.

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