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Division of Public Utilities

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ACTION REQUEST RESPONSE

To: Utah Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Artie Powell, Manager
Charles Peterson, Technical Consultant

Date: June 3, 2016

Re: In the Matter of Rocky Mountain Power's Service Quality Review Report.
Docket No. 15-035-72

RECOMMENDATION (Acknowledge with Condition)

The Division of Public Utilities ("Division") recommends that the Public Service Commission ("Commission") acknowledge that Rocky Mountain Power's ("Company") January 1 through December 31, 2015 Utah Service Quality Review ("Report") complies with the Commission's June 11, 2009 Order in Docket No. 08-035-55 and Rule R746-313, conditioned on the Company explaining the relationship between the two sets of recalculated baseline ranges used in Section 2.6 of the Report.

The Division recommends that the Commission order the Company to reset the SAIDI and SAIFI baselines to the appropriate recalculated baseline range, based upon the Company explaining the relationship between the two sets of recalculated baseline ranges.

The Division recommends that the Company explain the reason and significance of the doubling of the MAIFle measure since 2012 in its six-month Service Quality Review report due later this year.

ISSUE

On April 28, 2016, in compliance with the Commission's June 11, 2009 Order and Rule R764-313, the Company filed with the Commission its annual Service Quality Review Report for January 1, 2015 through December 31, 2015. On April 28, 2016, the Commission issued an Action Request directing the Division to review the Company's filing for compliance by May 31, 2016. However, on May 2, 2016, the Commission issued a Notice of Filing and Comment Period that extended the due date on comments to June 3, 2016. This memorandum represents the Division's response to the Commission's Notice of Filing and Comment Period.

DISCUSSION

As requested in the Commission's Action Request, the Division reviewed the Report for compliance with the Commission's June 11, 2009 Order in Docket No. 08-035-55 and Rule R746-313. The Division determined that the Company satisfactorily provided the various data and discussions required by the Commission's Order and Rule. The Division, however, makes the following observations and recommendations below.

Process Modification

The Company's annual report is the result of a collaborative effort. In the past the Company prepared a draft of the report for review and took comments through written correspondence and in a technical conference, where the Company reviewed the draft and answers questions from interested parties. On September 18, 2015, the Company filed with the Commission its Service Quality Review Report for the period of January 1, 2015 through June 30, 2015. On November 19, 2015, a Technical Conference was held in which the Company reviewed its filing and discussed its reliability tools and their impact on project identification, selection and effectiveness determination. At that technical

conference parties indicated that the service quality review process had matured to the point that this cycle of draft report followed by comments and technical conferences was no longer necessary. The parties indicated to the Company their preference for the Company to file its report and parties would then comment and request a technical conference as necessary. No party, including the Division, requested a technical conference regarding the Company's report under consideration.

SAIDI and SAIFI Baselines

Continuing with the trends observed in recent past reports, figures in Sections 2.1, 2.2, and 2.6 of the Report show the SAIDI measure was near or below its control zone most of the time during 2015 and the SAIFI measure was consistently below its control zone throughout 2015, and since late 2012, for the most part, has been below its control zone. The Division first noticed that the SAIDI and SAIFI measures were below their respective control limits in the Company's 2014 annual Service Quality Review Report. In a Technical Conference on November 19, 2015, this issue was discussed and the parties decided to keep an eye on this situation and, if it persisted, determine if and how the baselines should be updated. The Division believes the baseline control zone ranges for both SAIDI and SAIFI should be adjusted downward by small amounts to bring the current performance of SAIDI and SAIFI within the lower end of their control zones.

In Section 2.6 the Company recalculated the SAIDI and SAIFI baselines to include the most recent results. In the narrative portion of Section 2.6 the Company states that the updated range for SAIDI is 144 to 192 minutes and for SAIFI the updated range is 1.1 to 1.8 events. The Company states that "These values are shown in the table below." However, the "table below" gives 138 to 199 minutes for SAIDI and 1.0 to 1.9 events for SAIFI. These alternative ranges are repeated in text blocks included in the figures on page 18 of the Report. The Division recommends that the Company explain the relationship between these two sets of baseline ranges before the Commission acknowledges the Report.

The Division tentatively recommends adjusting the control zone ranges to the 144 to 192 minutes for SAIDI and 1.1 to 1.8 events for SAIFI as found in the narrative because these ranges appear to more sensibly reduce slightly the upper end of the range for both SAIDI and SAIFI while moving the recent performance of those two measures to just within the lower end of their respective control ranges. Adjusting to these ranges would still give the Company plenty of “headroom” before it would have to give notification to the Commission that the upper control zone limit had been breached. The Division notes that the last time there would have been a “notification event” under these recommended ranges last occurred at the end of 2009, over six years ago. At that time, SAIDI and SAIFI quickly went back into the revised control zone such that beyond notification, nothing else was likely to have happened.

MAIFIE Doubling

The first table in Section 2.7, page 19, sets forth MAIFIE calculations for Utah for the years 2011 through 2015. The table shows that MAIFIE has risen continuously from its low of 0.72 in 2012 to more than double to 1.48 by 2015. While the Division does not at this time believe this is a serious issue, the Division recommends that the Company explain the reason and significance of the increase in MAIFIE in its next report, presumably later this year when it files its six-month Service Quality Review.

Expenditures on Cited Projects

The Division examined the expenditures compared with the budgeted amounts for the programs highlighted in the Report. The Division is making no judgment at this time about the adequacy of the amounts reported. A reader might note that most of the projects highlighted in the Report were over budget and come away with the impression that the Company was above budget and may even require rate relief at some point. However, as the table below shows, this is not the case. Indeed, this may be an example of the Company’s ability to manage its costs.

PacifiCorp Program Expenditures
Comparison of Actual to Budget
2015

Program	Budget	Actual
	(Millions of Dollars)	
Distribution Maintenance Spending	\$57.9	\$59.4
Capital Spending--Distribution and General Plant	\$94.1	\$107.2
Capital Spending--Transmission/Interconnections	\$126.0	\$110.8
Tree Program--Distribution	\$11.9	\$12.4
Tree Program--Transmission	\$3.9	\$3.9
Total	\$293.8	\$293.7

CONCLUSION

In conclusion, the Division reviewed the Report filed with the Commission on April 28, 2016 in light of the requirements of R746-313 and the June 11, 2009 Commission Order in Docket No. 08-035-55. The Division determined that the Company is in compliance and recommends that the Commission acknowledge the Company's January 1, 2015 through December 31, 2015 Service Quality Review subject to the condition that the Company explain the relationship of the sets of recalculated SAIDI and SAIFI baseline ranges described above.

The Division recommends the Commission order the baseline ranges for SAIDI and SAIFI be adjusted, tentatively to the ranges set forth in the narrative portion of Section 2.6 on page 17.

Finally, the Division recommends the Company explain the reason and significance of the doubling of the MAIFIE measure since 2012 in its next Service Quality Review.

CC: Bob Lively, RMP
Michele Beck, OCS