State of Utah
Department of Commerce
Division of Public Utilities

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*Director, Division of Public Utilities*

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# ACTION REQUEST RESPONSE

**To:** Public Service Commission

**From:** Division of Public Utilities

Chris Parker, Director

Artie Powell, Energy Section Manager

**Date:** September 14, 2012

**Re:** Docket No. 12-999-01, Rocky Mountain Power's Service Quality Review Report for 2011

## RECOMMENDATION (ACKNOWLEDGEMENT)

The Division recommends that the Commission acknowledge the Company's Utah Service Quality Review report as being substantially in compliance with Commission orders. No further action is required at this time. However, the Division makes several recommendations for future reports and a near term technical conference.

## ISSUE

On or about April 11, 2012, the Company filed its annual Utah Service Quality Review report (Report) for the period January 1, 2011 through December 31, 2011. On May 16, 2012, the Commission issued the Division an Action Request. In addition to its normal review, the Commission requested that the Division address certain questions and provide conclusions and recommendations. The Division has reviewed the Report and believes it substantially complies with Commission orders. Therefore, the Division recommends that the Commission acknowledge the Company's Report. Further recommendations are presented in the following discussion.

## DISCUSSION

The Division notes that the Report is a result of a collaborative effort: the Company prepares a draft of the report for review and takes comments through written correspondence and in a technical conference where the Company walks through the draft and answers questions from interested parties. According to the Division's records, such a meeting was held on March 15, 2012. The Company filed the final Report on April 11, 2012.

At the March 15th meeting, parties asked several questions which the Company committed to address. The Company provided responses to those questions in a subsequent email dated April 23, 2012.[1] The information in the Company's responses is the subject of the first question in the Commission's Action Request.

**Question 1: Footnote 4 on page 8 regarding PacifiCorp's (Company) achievement of the network performance targets approved in the Commission's June 11, 2009, Order in Docket No. 08-035-55. Please refer to the backup information provided via e-mail by Dave Taylor on April 23, 2012, pertaining to commitment completion review. Does the Division concur with this assessment? (The referenced footnote reads: "For the period 7/1/2008- 6/30/2009 the Company successfully delivered its controllable distribution targets of SAIDI, 50.8 minutes (actual of 50.61 minutes) and SAIFI, 0.383 events (actual of 0.369 events).")**

According to the Commission's order in Docket No. 08-035-55, the approved target for controllable distribution (CD) SAIDI is "no more than 50.8 minutes" by December 31, 2011. While the CD SAIDI as of June 2009, 50.6 minutes, is technically less than the target approved by the Commission for 2011, the Company has not proposed nor has the Commission approved targets for intermediate years. The Division interprets and accepts the Company's statement in

[1] The date is as specified in the Commission's Action Request. The Division asked for and received a copy of the email and attached material from the Company. The copy provided by the Company was undated.

this footnote as a statement of fact: for the 12 months ending June 2009, the CD SAIDI was less than 50.8 minutes.

However, as stated in the Report, "As can be seen in the charts under subsections 2.1 and 2.2 below, the company's [sic] 2011 reliability results for controllable distribution outage duration and outage frequency . . . [missed] the goal by 2 SAIDI minutes at year end while SAIFI results finished the year at 0.03 events better than plan." Two minutes implies that the CD SAIDI for 2011 exceeded the target CD SAIDI by approximately 3.5%. Additionally, of the 34 months between March 2009 and December 2011, the Company's supplemental information indicates that it met the target SAIDI of 50.8 minutes ten times, an approximate compliance rate of 29.4%.[2] From the Company's supplemental data, the monthly CD SAIDI appears quite volatile ranging from 1.73 minutes to almost 12 minutes. To achieve a 12-month CD SAIDI of 50.8 minutes requires an average monthly index of 4.23 minutes. Of the four calendar years reported by the Company, only 2010 had an average monthly rate less than 4.23 minutes and thus achieved (was under) the target of 50.8 minutes. On the other hand, the average monthly CD SAIDI for all years reported by the Company are within a 95% confidence interval,[3] that is, they are not statistically significantly different from 4.23 minutes. If this analysis is accepted, then one could not reject the null hypothesis that the Company met its target in 2011. At this time, however, the Division is not certain this is an appropriate application of statistical analysis.

Given the target was set for 2011, the CD SAIDIs reported by the Company, and the issues discussed above, the Division cannot conclude whether the Company has met the target as approved by the Commission in its order in Docket No. 08-035-55. Furthermore, the Division is not aware of new targets being set beyond the 2011 target. Therefore, the Division

[2] The reported SAIDI for each of the 34 months is the total 12-month ending value.

[3] A 95% confidence interval for the monthly CD SAIDI would range from 3.80 minutes to 5.07 minutes.

recommends that these issues be discussed and, if appropriate, new targets be set going forward in conjunction with the 2012 Report.

**Question 2: Newly added Section 2.4: Please comment on the information provided and whether it satisfies the requirements of the Commission's June 11, 2009, Order in Docket No. 08-035-55, including ordering paragraphs 3 and 4.**

Paragraph 3 of the Commission's order states, "The Company shall provide, as an appendix to its Service Quality Review reports, information regarding non-controllable outages, including, when applicable, descriptions of efforts made by the Company to improve service quality and reliability for causes the Company has identified as not controllable." As implied by the Commission's question, information on uncontrollable outages is part of Section 2.4. Additionally, the Company's Report identifies several efforts in monitoring and improving uncontrollable outages: a "visual assurance" program; establishing customer impacts from "loss of supply events;" and a newly developed web-based system intended to notify field personnel when equipment exceeds its performance thresholds. Therefore, the Division concludes that this section provides the information identified in the Commission's order.

Paragraph 4 of the Commission's order states, "The Company shall provide a supplemental filing, within 90 days, consisting of a process for measuring performance and improvements for the non-controllable events." Except for the information provided in Section 2.4 of the Company's Report, the Division is not aware of any additional information regarding the measurement or improvement of uncontrollable events reported by the Company. From footnote 6 of the Company's Report, it appears that the Company intended Section 2.4 to address the Commission's order in this matter. The graphs in Section 2.4 do indicate an improvement in both uncontrollable SAIDI and SAIFI values. However, without clear targets for these values, it is difficult to interpret the underlying improvements. Therefore, the Division recommends that this topic be addressed as part of the 2012 Report and collaboration meetings.

**Question 3: Graphs on Page 17 of the report: Please identify efforts the Company has undertaken, or is planning to undertake, to reduce both the number of equipment failures and the effect of these failures on network reliability**.

The Division's question to the Company and the Company's response is attached to this memo. In addition to the maintenance programs identified in Section 3 of the Company's report, the Company's response indicates that there has been a steady improvement in the trend of customer impacts from equipment failure. The Division recommends that the issue of further improvements beyond that indicated in the trend be discussed as part of future collaborative processes in conjunction with the 2012 Report.

**Question 4: The adequacy of the variance explanations contained within the report.**

As part of the Collaborative meeting, the Division (as well as other parties) provided feedback and comments on the draft report. In general, the Company's final Report is reflective of that discussion. Therefore, the Division is satisfied with the explanations in the report.

The Division, however, notes that capital expenditures for transmission were considerably under budget for the year: actual expenditures totaled $244.1 million compared to a budget of $343.1 million. The Company's report provides some explanations for the variances, which were previously discussed at the collaborative meeting.

**Question 5: The target of 120 days for the "Average Age of Priority A Conditions Outstanding:" Please provide the Division's assessment of this target including an explanation of how the target was initially determined, whether the Company periodically reviews the target level, the number of outstanding Priority A conditions existing at the end of 2011, and the maximum age of a Priority A condition outstanding which was corrected during 2011.**

The 120-day target was set or adopted by stipulation[4] in Docket No. 04-035-70. Paragraph 39 (b) of the stipulation in part reads:

> From and after July 1, 2007, Utah Power agrees that it will repair or correct all priority "A" conditions identified on its Utah distribution system that it is responsible to repair or correct within 120 days on average of the date the condition was identified. Priority "A" conditions are conditions such as leaking electrical equipment, burning electrical connections, broken insulators, trees in primary conductors, unsecured primary conductors and broken guy wires. Utah Power further agrees that it will provide semiannual reports of the status of its compliance with this commitment to all members of the Service Quality Task Force. If any semiannual report for a period after July 1, 2007 demonstrates that Utah Power is not in compliance with this commitment, Utah Power agrees to become compliant with this commitment within six months following the date of the report showing that it is not in compliance.

Paragraph 39(c) of the stipulation, however, indicates that the Company's commitment to the 120-day target expired as of December 31, 2011.

The Division is not aware of any review of the 120-day target. However, the Division understands that the Company uses an operational target of 30 days with respect to priority A conditions. The Division notes that the actual time to correct an outstanding priority A condition is likely affected by, among other factors, weather or terrain conditions, or permitting

[4] Docket 04-035-70, "In the Matter of the Complaint of Georgia B. Peterson, [et.al.] . . . Requesting an Investigation, and Enforcement of the Commission's Orders in Docket Nos. 87-035-27 and 98-2035-04, and Compensation for Losses," was related to the 2003 winter storm outage. The settlement stipulation in this matter is between the complainants and the Company—the Division was not a party to the stipulation.

limitations. Considering that the 120-day target has expired, the Division recommends that the efficacy on the continued reporting of priority A conditions be taken up as part of the 2012 Report.

**Question 6: Maintenance (including vegetation spending) and capital spending trends.**

As with the 120-day target for correcting priority A conditions, the Company committed in Docket 04-035-70 to a 3-year vegetation management cycle and reporting requirements. Paragraph 39(a) of the stipulation in part reads:

> From and after January 1, 2007, Utah Power agrees that it will be current on its three-year vegetation management cycle consistent with the Company's adopted standards for its owned overhead distribution lines in Utah. In order to accomplish the three-year cycle, Utah Power agrees that 25% to 41% of the distribution line miles in Utah will be reviewed annually. Utah Power further agrees that it will provide semiannual reports of the status of its compliance with this commitment to all members of the Service Quality Task Force. If any semiannual report for a period after January 1, 2007 demonstrates that Utah Power is not current on its three-year cycle in Utah, Utah Power agrees to become current not later than one year following the date of such report showing that it is not current.

Paragraph 39(c) of the stipulation also indicates that this commitment expired at the end of 2011. The Division was unable to verify whether the Company was obligated under a subsequent (or previous) Commission order to maintain a 3-year vegetation management cycle. Therefore, the Division recommends that this issue be discussed as part of the 2012 Report.

## CONCLUSION

The Division has reviewed the Company's 2011 Service Quality Review Report. While the Division finds that the Report substantially complies with Commission orders and expectations and recommends that the Commission acknowledge the Report, the Division has noted in response to the Commission's Action Request several issues requiring further discussion. As with the current 2011 Report, the Division anticipates that the Company will provide a draft copy of the 2012 Report with an opportunity for comments and feedback in March or April 2013. In order to provide adequate time for the Company to consider formatting or content changes to the 2012 Report, the Division recommends that the Commission notice a technical conference in the near future for the purpose of discussing the issues raised herein.

CC Dave Taylor, Rocky Mountain Power
Michele Beck, Office of Consumer Services