

1 BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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4 IN THE MATTER OF: THE)
INVESTIGATIONS OF THE POWER) DOCKET #04-035-01
5 OUTAGE OF DECEMBER 2003)

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7 REPORTER'S TRANSCRIPT OF PROCEEDINGS

8 SALT LAKE CITY, UTAH

9 JANUARY 6, 2003

10 9:00 A.M.

11

12 BEFORE:

13 RICHARD M. CAMPBELL, Chairman, Public

14 Service Commission of Utah; and

15 CONSTANCE B. WHITE, Commissioner, Public

16 Service Commission of Utah; and

17 TED BOYER, Commissioner, Public

18 Service Commission of Utah.

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A P P E A R A N C E S

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DEPOMAX REPORTING SERVICES, INC. (801) 328-1188

1 Tuesday, January 6, 2004 9:00 a.m.

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3 PROCEEDINGS

4 CHAIRMAN CAMPBELL: All right. We are
5 meeting today to begin our investigation of the
6 recent power outages. Let me emphasize this is just
7 the beginning of our fact finding. We would expect
8 the Division of Public Utilities and the Committee of
9 Consumer Services will thoroughly audit and
10 investigate these outages and make a recommendation
11 to the Commission. It has never been the duty of the
12 Commission to micromanage the utility. We have never
13 told the utility how many linemen to hire, nor which
14 trees to trim. However, I feel safe that what we've
15 experienced recently is an inadequate service and
16 this Commission wants at the conclusion of this
17 investigation to know what changes need to be made.

18 We as a Commission have received more
19 customer complaint calls on this issue in the short
20 period of time than we have any other issue in the
21 past 30 years. And there are major problems here
22 that we need to get fixed.

23 The way we're going to proceed today is that
24 we will first have the Company provide to us the
25 information they have at this point. Following that,
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1 we will then turn to the Division and the Committee
2 as well as the Commission, the public agencies
3 charged with regulating the utility to ask their
4 questions.

5 We realize that there are those from the
6 public here that would like to make comment, and we
7 will allow for that as well. So let's go ahead and
8 we'll turn it over to the Company.

9 MR. LANDELS: Do you mind if I stood that
10 way and faced that way?

11 CHAIRMAN CAMPBELL: That would be fine.

12 MR. LANDELS: I'm Bill Landels, EVP for
13 PacifiCorp and ranking officer for Utah Power. We
14 are asked by the Commission to come forward today to
15 share with everyone, the commissioners, the Division,
16 the public agencies --

17 THE MEDIA: Could we ask you to be on the
18 microphone, please?

19 MR. LANDELS: Is that better? I always like
20 to accommodate the media.

21 THE MEDIA: Thank you.

22 MR. LANDELS: We were asked to come forward

23 today to share with everyone from the commissioners

24 to the public agencies, the Consumer Committee and

25 the general public, our knowledge as of today of what

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1 the impact of the post Christmas storm was, how we
2 responded, events that ensued from it.

3 You will hear in our short presentation from
4 the actual managers who led the recovery operation,
5 the real hands on managers who were in charge of this
6 recovery. You will hear a number of things today.
7 We will cover almost all aspects of the operation
8 today. But there's one theme I want to get right up
9 front at the beginning which is from a customer's
10 point of view we know and we share your view. This
11 was not a good deal. This -- the customer was not
12 well served in aspects of this outage. There were
13 good points, there were things that went well, and
14 there are things we are going to touch on that didn't
15 work well.

16 One thing I want to get at at the outset was
17 our employees. And whatever happens today and
18 whatever is recorded or whatever is said from the
19 audience today, I think it -- for the sake of our
20 employees, I would like to place on the record our
21 appreciation publicly to the tireless efforts all our
22 employees made from the linemen to those answering

23 the phones, to those in the back offices on logistics

24 or in transport or on IT. They worked unselfishly,

25 tirelessly and sometimes heroically to restore the

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1 power. And whatever happens today, I think -- and
2 probably this is a universal acceptance, they did
3 their job.

4 I think you will also hear some things, for
5 example, the failure of our outage management
6 information system, a key piece of how we restore
7 customers, the information center that we lost
8 through technical failure, a failure that seriously
9 compromised our ability to communicate with customers
10 and handle communications generally. The service
11 level that ensued from the failure of that
12 communications system was unacceptable. It led to an
13 unacceptable level for our customers of how we were
14 handling them at that time in terms of communication,
15 and it's unacceptable to us.

16 Our company's job is to keep the power on.
17 We are pro people in our company from top to bottom.

18 This event is one that has caused a blow to
19 the pride and the feeling of every member of Utah
20 Power. I can assure you of that. This isn't
21 something we walk away from and say the snow came, it
22 was a bad deal, and that's what happens when the snow

23 flies on trees and knocks out lines. This was an
24 awful event, and we feel it as much as our customers
25 do.

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1 So at the outset, I want to say to
2 customers, we so much regret the hardship that ensued
3 from the storm, that the frustration of trying to
4 reach us by phone at times and not getting good
5 information, and so much regret, so much of the
6 anxiety and frustration that we saw firsthand
7 ourselves and other times some people have called us
8 to tell us what really happened. For all of that, we
9 are truly sorry as a company. And I want you to
10 believe from top to bottom, we are truly sorry, and
11 we feel this as we go forward. This has been a real
12 blow to us.

13 As the chairman said, this is the start of a
14 process. It's the start of an investigation. For
15 example, on the communications system, we know what
16 went wrong with that. We're already on the case.
17 We're fixing it, and it will never happen again. But
18 there's so many other aspects we need to get into
19 every corner and shine the light on every corner of
20 this event to -- and agree with the chairman that we
21 must bring every result and every effort to fix this,
22 and it will never happen again.

23 So at the outset once again, we are truly
24 sorry for what happened. I want you to know we are
25 giving this every ounce and every piece of energy we

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1 got that's going into at what went wrong. And we're
2 going to fix it and get by. So with that, Chairman,
3 can I invite Bob Moir to open our presentation?
4 Thank you.

5 CHAIRMAN CAMPBELL: Great.

6 MR. MOIR: Good morning --

7 CHAIRMAN CAMPBELL: Just a minute, Bob.
8 Since we don't have access to the -- do we have paper
9 copies we can look at?

10 MR. MOIR: If anybody else requires copies,
11 we got several copies for distribution.

12 While we're doing that, I would like to
13 formally introduce myself. My name is Bob Moir, and
14 I'm the senior vice-president that looks after
15 distribution for the whole PacifiCorp. I've actually
16 been in the USA virtually -- actually five years
17 today to the day I came to the USA and served
18 PacifiCorp. I've worked in the company for 36 years
19 man and boy so to speak.

20 Just to reiterate what Bill Landels said,
21 and this is not the good cuff by cuff approach, but I
22 think what I'd like to do is explain to the customers

23 and customer representatives some of the issues that

24 we did have to deal with, some of the extenuating

25 circumstances, and what was our response and so on.

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1 And I don't want you to go away with a feeling that
2 in Shakespearian terms, Me think you protected too
3 much, because I think there is -- there is a degree
4 of admission to be made by this company but also
5 there's a degree of explanation in terms of what we
6 actually experienced on the day.

7 So I'd like to make some introductions. And
8 my fellow presenter this morning is the lady sitting
9 to my left, Amanda Nelson, who is the vice-president
10 of customer services. You already met Bill Landels,
11 our executive vice-president. Bill actually leaves
12 Utah Power in March and is being replaced by another
13 EVP which also is to Bill's immediate right. That's
14 Mr. Walje. Rich is also responsible for technology
15 for the entire ScottishPower and PacifiCorp.

16 Also with us is John Stewart from regulation
17 and Doug Larson also from regulation.

18 Sitting in the middle of the room to the
19 left is Jody Berger, Rick Bielby and Calvin Gillmore.
20 They are our operational people. They were the
21 people who were the front line troops, so to speak,
22 or at least directing the front line troops on those

23 five days from the 26th of December.

24 As far as the agenda is concerned today, and

25 we'll have a lot to get through, I think there's

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1 something like 23 or 24 slides in total. I'd like to
2 restrict your questions to the end other than for the
3 ones of clarity, of course. But any questions, keep
4 to the end and then we'll move to focus and stick to
5 the trial.

6 I'd like to speak about the storm itself,
7 what were the elements of this storm that perhaps
8 made it different from many other storms that we've
9 experienced -- and we've had stories of being one of
10 the worst storms to hit Utah and so on -- our
11 response from our operational perspective, how did we
12 respond in terms of resources, etcetera.

13 The customer services -- and Bill Landels
14 has already alluded to the fact that in the middle of
15 all of this, our technology, our outage management
16 technology failed on us. So therefore, I think we
17 need to look at the responses as far as that is
18 concerned.

19 And the last piece as far as response is
20 concerned is the communication piece: How did we
21 communicate or not with our customers? How did we
22 deal with the media and so on?

23 Importantly for me, and I think Bill Landels
24 has already said, that when we have outages such as
25 this, it is all very relative for people like me to

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1 come up and say this happened and that happened, you
2 know this is what you can expect. And that's totally
3 the wrong approach, letting it go away without
4 absolutely going into this. What absolutely can we
5 learn from this particular outage? What did we do
6 right? What did we do wrong? What can we learn
7 going forwards? What can we do to make sure this
8 type of thing doesn't happen again because it's
9 fairly obvious to me while senior vice-president of
10 distribution, I can give a lot of excuses. At the
11 end of the day, I'm a customer like everybody else.
12 If I was a customer who was not supplied electricity
13 for five days, I would not be a happy bunny. And I
14 appreciate absolutely that point of view. So I think
15 this company deserves -- sorry -- has to give
16 customers an explanation which they thoroughly
17 deserve.

18 The next piece will be some of the stuff
19 that we have been doing, some good stuff we have been
20 doing in Utah Power as far as taking the business
21 forward. And, you know, there has been a lot of
22 speculation about the managerial owned by Scottish

23 Company. These foreigners aren't investing the way

24 that they should, all that kind of stuff. And I

25 would like to think at the end of this, the -- upon

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1 talking about the storm, we can talk about the good
2 stuff that's being done by the Company under the
3 investment particularly in this area of the Wasatch
4 Front. And I'll speak of that later on. Then at the
5 end, we'll go through an overall summary.

6 So let's talk about the storm itself, major
7 snowstorm. Whether it was the second worst storm for
8 a December storm in history, whether it was the top
9 ten ever, who knows. All I know was it was a major
10 storm and it affected our system vitally. It
11 happened in reasonable numbers on the 26th of
12 December immediately following Christmas day and
13 within a relatively short period between ten and
14 60 inches of snow was dumped on our system. At the
15 height of the storm we had 70,000 Utah Power
16 customers out of service. Now, you can question, are
17 you sure it's 70,000, not 75,000? Was it not 80,000?
18 That relates back to the technology piece. Hands up,
19 I don't really know. I know it was a lot of
20 customers. And I know it was around 70,000, but the
21 precise number, because we didn't have the
22 technology, I don't know.

23 What I do know is from a technology
24 perspective, from the electrical engineers amongst
25 you, 25 percent of the circuit breakers locked out.

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1 And as a result of that and all the devastation that
2 was caused in those early hours of the 26th of
3 December, we really had to mobilize as many of our
4 internal and external resources as we possibly could.
5 You'll hear how we brought in people from Oregon and
6 Washington. We brought people in from southern Utah.
7 We brought in tractors from Idaho, etcetera. It
8 really was a situation of as far as we were
9 concerned, this is a major storm, we have to react,
10 all hands on deck. Really a major course, is a day
11 immediately following Christmas day when
12 traditionally some of our people are on vacation.

13 But people -- once we got mobilized and we
14 got mobilized very quickly, they did work around the
15 clock 24/7, right through to the end of the outage at
16 five and a half days later.

17 We have in our -- when emergencies like this
18 hit us, we have a very formal approach to measure
19 response. And our two emergency action centers, one
20 in Salt Lake here and the larger corporate one in
21 Portland, were opened immediately. I chaired the
22 corporate one. And really the responsibility of that

23 is to coordinate all of the efforts from our media

24 perspective, our customer service perspective and

25 logistics resources, make sure recourses are

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1 available, etcetera, because bearing in mind also at
2 the time we're getting major weather storms, tedious
3 storms from the west of the country. And as it comes
4 to the end of this particular period of five days, we
5 got hit badly on the west coast of our service
6 territory. So emergency centers formally opened
7 immediately.

8 And as far as the PSC is concerned, Utah
9 Power is declaring this as a major event -- as
10 putting forward as a major event, largely because of
11 the number of customers effected, extended damage on
12 our system and un -- I mean, we see it as a force
13 majeure event.

14 Some speculation has been, Well, you --
15 we've been through this before, so what went wrong
16 this time? 1984, people got memory -- obviously I
17 don't have a memory of a 1984 storm, but people who
18 worked for me do have. And I think it's rather an
19 inappropriate comparison. Yes, ultimately there was
20 a lot of snow that fell at that time. But it
21 effected certainly more customers under those and it
22 seems to be the recall. But it was only within a 20

23 square mile area compared with this area which is

24 larger, much larger, 400 square miles. In fact,

25 those 400 square miles as far as the system was

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1 concerned, we -- we have a far bigger system than we
2 did 20 years ago. So 400 square miles, bigger
3 system, far more widespread, and I don't want to go
4 into the technicalities of what the storm looked
5 like. It sounds like it's too much of an excuse, but
6 the experts tell me that the moisture content of the
7 snow was over six times what it normally is. Oddly,
8 you know, a Christmas card snowflake has a
9 three percent moisture, and the moisture in this
10 context had something like 20 percent. The fact,
11 again, it's far heavier and lies on our trees,
12 branches break, branches fall on lines, etcetera. So
13 moisture content is different.

14 As far as what is a fair comparison, I
15 think, is the number of people that we actually
16 mobilized. I'll go into some of the details shortly,
17 but we did mobilize roughly the same number of
18 people. It was in excess of 500 people who actually
19 worked on this particular outage in Salt Lake. So a
20 lot of people, a lot of linemen, a lot of troublemen,
21 a lot of assessors or people who went in and assessed
22 exactly the sheer scale of the problem. And that was

23 particularly important given, of course, that the
24 technology failed. Because the system that we have
25 is called CADOPS, C-A-D-O-P-S. That is no

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1 intelligence when it comes to outage management. We
2 do not feel as far as what we know about the outage,
3 all bets are off.

4 So it's significant that the number of
5 assessors we had, had to be right because they
6 manually have to go out to the field and report back
7 to us and say, Look, this is the extent of the
8 damage. This is what you should try to concentrate
9 on as opposed to some transient computer system that
10 tells you what to do.

11 So I think one final point is in 1984 prior
12 to the days of concentration and for that matter
13 regulation on safety, our guys used to walk around
14 the clock 72 hours continuously. One lineman could
15 walk 72 hours without taking a break. Now, I'm a guy
16 who is absolutely paranoid of safety. And quite
17 frankly, from a safety perspective, we are talking
18 about freezing cold conditions in the middle of the
19 night, that is not on. So we had a sensible approach
20 that our guys were working 16 hours solid and would
21 have an eight-hour break and back on 16 hours again.

22 So we're back to my statement of, Me think

23 you protected too much, I don't think I am in this

24 case. I think -- we talk about 1984 verses this

25 particular outage, I do not believe hand and heart

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1 that it's a fair comparison.

2 All discussion about trees, I think greatly
3 so, because one thing that surprised me in this
4 particular outage when I was in the emergency action
5 center was that when it comes to how much material do
6 we need to do this thing right, the thing we needed
7 the least of was actually poles. In storms like this
8 especially when you have high wind, not only you get
9 pole breakages, we had hardly any. The problem was
10 that the wires broke. The wires broke due to the
11 weight of the snow and more particularly to lines
12 being broken by tree limbs on trees.

13 We actually had -- and I think this is an
14 important statistic as well -- more than 5,000,
15 120/244 service type installations that were affected
16 by heavy snow and breaking wires, etcetera. In total
17 we replaced, and I think the record here is something
18 like 26.5 miles of strands of wire on this particular
19 outage. So it was colossal.

20 The 5,000 figure is important from the
21 perspective we talked about -- we have a fairly
22 regular tree trimming program. Is it rigorous

23 enough? If you want me to be totally honest, I think

24 it could be more rigorous. We recognize during our

25 budget process three or four months ago, I put

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1 forward in Utah we should be going for a three-year
2 cycle and we're ramping up to that. Of course, that
3 means more dollars. The Company we spend -- in the
4 Company we spend something like 31 million dollars a
5 year trimming trees, which is in actual fact probably
6 our own double what we spent in the mid-nineties. I
7 personally don't believe it's enough. I believe we
8 have to spend some more to get around the three-year
9 cycle.

10 But the important point is irrespective of
11 our tree trimming program and our cycles etcetera,
12 it wouldn't have made that much difference on this
13 particular storm because we would have had to have a
14 10-foot clearances for any effect on the type of tree
15 damage that was caused to our wires here. Obviously,
16 on the transmission lines, etcetera, maybe there was
17 something that could have been done here. But by and
18 large on the subdistribution and the local service
19 lines and distribution lines, etcetera, we would have
20 had to have up to 10 feet clearance. As we all know
21 the customer's premises service lines, etcetera, we
22 only clear to our own one foot. So one-foot compared

- 23 with ten feet is an awful lot. And you cannot
- 24 mitigate for the table of damage done on trees on our
- 25 service lines with one foot clearance.

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1 So I say over the last three years of
2 vegetation management program, our tree trimming in
3 simple terms has been -- has been enhanced. If it
4 had not been enhanced, I think it would have made a
5 difference. I think over the next three years, it
6 will be enhanced even more.

7 And that's our story on trees. It's not one
8 I'm particularly ashamed of. I think it's a well
9 thought vegetation management program. We have
10 professionally trained foresters working for us.
11 It's well run. Of all of the divisions I run, I
12 would say our tree trimming program is probably the
13 most professional. That's not to say that over the
14 next two or three years, we're going to ramp up the
15 extent of tree trimming we do and spend more money.
16 And I've said -- I've requested that from a five to
17 ten-year business plan.

18 So let's talk about the summary of the
19 storm. Sorry for repeating myself, but some of the
20 most important salient features of this particular
21 storm were that high moisture content, heavy, heavy
22 snow, high moisture content, six times normal

23 covering 400 square miles, an extensive area on the
24 Wasatch Front. I hate the storm. 70,000 customers
25 were out of service. As we know, some of them out of

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1 service for too long. I think simple terms.

2 Many trees were damaged, extensive damage,
3 including the top lines I have spoken of. We
4 shouldn't forget the significance of these service
5 lines and top lines as far as how long it took to get
6 energy back on. More than a thousand tree locations,
7 not trees, but tree locations required clean up which
8 is actually three times what the 1984 storm required.

9 Our Emergency Action Centers were opened
10 immediately, as per our policy, as per our plan,
11 etcetera. It was not the same kind of storm as 1984
12 because it was far smaller, 20 times smaller in terms
13 of geographical area that was affected. But having
14 said that, a comparable number of employees were
15 utilized in the field.

16 So let's go into them. I'm not sure of the
17 precise number of people that were involved but in
18 excess of 500. I've spoken about the guys that came
19 in from Washington, from Oregon. We had contractors
20 in from Idaho. We had contractors in from southern
21 Utah, similar employees from southern Utah. In other
22 words, we recognized the problem early and all these

23 people come in to manage this system.

24 It's worth remembering, of course, that --

25 because I -- by the Saturday morning, it became

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1 obvious to us that our technology system was failing
2 on us. Now, technology allows you to answer the
3 phone properly with proper information. It gives you
4 the intelligence of where your outage is. It
5 connects the outage with the system. It allows you
6 to concentrate and get your biggest bang when you
7 send people out to repair -- to repair the system.
8 So when that goes off, and in all honesty it was me
9 that made the decision, the brave decision I thought
10 at the time, to switch off our computer system. I
11 firmly believe it was the right one.

12 And what we did in all honesty was replaced
13 it with a 25-year old system, if you like. Going
14 back 25 years when we used to use people systems,
15 etcetera, and people interacting with customers on
16 the phone. Where are you? Okay. I'll take a note
17 of your problem. Get it over to the dispatch people,
18 dispatch people give the paper to the lineman. And I
19 think over the five days, we handled something like
20 in Salt Lake 130,000 pieces of paper. So you can
21 imagine what that was like given the collapse of the
22 technology.

23 So our effectiveness undoubtedly was
24 impaired. To what level it was impaired? Who knows.
25 We don't no whether we lost any time off the

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1 restoration. What we do know, our guys were truly
2 occupied all the time. Whether we could have been
3 concentrating on -- if you use the expression, the
4 biggest bank for the bocktape joke area, and we don't
5 know. What we do know is we had everybody, 215 line
6 personnel, 135 tree trimmers were out there
7 mobilized, 190 assessors. Remember I told you
8 because of the situation, very important that you get
9 one person to go out and assess exactly what the
10 extent of the damage is. We had 190 of them.

11 And importantly, I think, because of this
12 paperwork system we had, we had to divide the whole
13 area into grids. And we appointed a grid captain
14 that we felt that particular geographically -- you
15 try to understand the extent of the outages. And you
16 have many people that had -- you had all these bits
17 of people coming in, and then he responded the best
18 he could. So that's how -- that's how it worked for
19 us. Over 500 employees in total.

20 In support of that, obviously we had the
21 dispatchers. We had estimators, storekeepers. Meter
22 readers were used, operations clerks. I mean,

23 there's a photograph which I've never seen in my 36
24 years, we've had something like 30 people around the
25 table sorting bundles of paper, bearing in mind we're

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1 in the year 2004 and people rely on computer systems.
2 The whole world is computer based, the technology.
3 So when that goes, the bits of paper -- and we turned
4 the clock back 25 years. No question about it. I've
5 seen these bits of paper before, but not to that
6 extent when you have something like 113, 114 bits of
7 paper to handle.

8 So importantly, importantly from all of --
9 as I said my paranoia with safety is such that we
10 kept a close eye on the safety elements of this, and
11 we have no lost-time accidents through that whole
12 period.

13 So let's say that's the first part. You'll
14 hear from me in terms of other stuff we've been
15 doing. But as I say, I think under the circumstances
16 of extremely heavy snow, a widespread heavy dump of
17 snow on our system, 400 square miles effected. And
18 then in the middle of all of that, bearing in mind
19 it's the day after Christmas, in the middle of all of
20 that, our technology failed. So only five days I
21 think that from an operational perspective, I think
22 our guys did a great job. I still say, still say the

23 company has lessons to learn from this. And the

24 inquiries that ensues the result of this hopefully

25 will bring that out. Thank you very much. Any

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1 questions you have, give customers service response.

2 MR. DRAKE: Excuse me, Chairman Campbell. I
3 would just recommend that the Company shorten their
4 presentation. We've got written documentation, and
5 it would be my hope that there would be a chance for
6 other dialog besides their perspective on this issue.

7 CHAIRMAN CAMPBELL: We certainly intend to
8 have other dialog. We do want to give them a full
9 opportunity to explain themselves. But we fully
10 intend to have dialog.

11 MS. NELSON: I'm hoping to get this
12 presentation done by 10:00. It's not going to take
13 us that long.

14 CHAIRMAN CAMPBELL: Thank you.

15 MS. NELSON: As Bob introduced me before, my
16 name is Amanda Nelson, and I'm the vice-president of
17 customer services. That entails the call handling
18 that we have in our Wasatch and our Portland centers,
19 our meter reading groups and our large customer
20 account management group. And I'm going to give you
21 a review of the customer service response to the
22 storm as well as the updates in regards to the

23 technology that Bob and Bill referred to earlier.

24 So this slide just summarizes the staffing

25 we put in place following this storm announcement on

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1 Thursday. Just as Bob talked about, the Emergency
2 Action Center planning encompasses all parts of the
3 company. So for customer services set up its
4 customer service action plan that rolled up into the
5 action plan, and that looked at the staffing number,
6 that looked at the logistics, that looked at
7 enforcing overtime and making sure that we had cover
8 to answer the customer calls that came through.
9 Because we have two sites, we were able to rotate our
10 sites keeping our important site open for 24 hours
11 during some part of the storm and then rotating to
12 our Wasatch site allowing that site to go and stay
13 open for 24 hours and let some of our agents in
14 Portland take some time away from the evening shifts.

15 What was important for us through the storm
16 at the beginning, and obviously as we experienced
17 some of the technology issues, was making sure we had
18 integrated communications plan. So we worked with
19 our emergency action center to make sure that any
20 messages we sent out, whether it was through our
21 media, through our telephone updates or through our
22 agents were consistent.

23 We also set up with the help of our
24 community group here in Utah working with the Church,
25 city officials and county officials and the Red Cross

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1 as a humanitarian plan, making sure we passed shelter
2 information to customers, particularly those in need
3 of having those facilities. Plus, we worked a door
4 to door effort with our community and our account
5 management working at the status of customers, both
6 the infirm and the elderly, to make sure they had
7 facilities, if not escalating the facilities back to
8 our dispatch group.

9 We have heard a little bit about the
10 technology issues that we experienced. And what we
11 attempt to do here is to try to give you a breakdown
12 of that in more detail. Although, as Bill said and
13 as Rick mentioned at the beginning, this is just part
14 of our feedback to this process and that there will
15 be an inquiry into the technology performance, and we
16 will provide the findings of that inquiry.

17 But as early as Friday morning we started to
18 experience problems with our CADOPS system. And our
19 CADOPS system is a system that provides all the
20 conductivity. We know which customers are assigned
21 to which substation. And what it is able to do, it's
22 able to understand when a customer calls through,

- 23 which substation that they are attached to. If we
- 24 know that substation is off and notify the customer
- 25 we know of the outage, we know they are having a

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1 supply interruption, and we're able to pass the
2 information back to them about how soon their supply
3 would be restored. We still experience problems with
4 that system which created issues whereby customers
5 couldn't get their trouble order or couldn't record
6 their outages through the electronic system we have.
7 This meant that calls began to back up in our cues.
8 And it meant we were having long busy times and it
9 meant some customers were not able to get through.

10 As Bob said we actually switched the CADOPS
11 system off. We decided to switch the system off on
12 Friday afternoon. We had some feedback from an IT
13 support group that by switching the system off, like
14 rebooting a computer, that it would clear itself and
15 come back up and start working again. So we took the
16 decision to switch the computer off on Friday. It
17 was switched off and came back up, and we started to
18 use the system again.

19 We then continued to experience problems
20 where customers were calling in, had previously
21 called in, and recorded an outage, notified us they
22 had interruption to their supply. And they were

- 23 being told they actually had recorded an outage and
- 24 actually we didn't know about the outage. This
- 25 obviously caused a huge amount of concern. Customers

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1 stayed on the line wanting to speak to an agent or
2 speak to a live person and say, You know, I've
3 recorded my outage. Didn't anybody know that I was
4 off of supply?

5 This actually then resulted in switching the
6 system off on the Saturday and going to the manual
7 process that Bob referred to where we had to use our
8 backup systems and we had to actually print out all
9 the work orders on to pieces of paper, give them to
10 our field operations, Jody and Rich -- Rick who were
11 in charge of that, and they then assigned the work
12 from a manual process while the system actually run
13 that process for us.

14 Obviously, the loss of an automated system,
15 which rolls up outages enable you to see when
16 customers are still off even though you believe the
17 outage has been restored in that area, impinged our
18 performance and definitely impacted our effectiveness
19 during the storm.

20 We continued to provide information to our
21 agents manually. So what happens is through this the
22 calls come through our agents who would have pieces

23 of paper and have information through the e-mail

24 system letting them know when the times we could

25 expect customers to be restored. But obviously

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1 because of the technology not working as designed, we
2 weren't able to give that information as effectively
3 as we would have done if it had been operating.

4 We actually switched the system back on
5 again on Tuesday. Our IT people worked throughout
6 the 24 hours, throughout the whole of the storm
7 looking at what the issues were with the system and
8 we reconnected on Tuesday. We continued to monitor
9 the system, but for the periods of the storm, we
10 actually switched our technology systems off.

11 So what did that mean in terms of impact?
12 And we've heard this morning about the number of
13 complaints that have come through to be
14 unprecedented. We also experienced a large number of
15 customers waiting a long period of time to actually
16 get through to our agents, particularly as they
17 experienced concerns about prior notification that
18 they may have given as not actually being recorded.

19 We saw our service level drop, the speed in
20 which we answer customer calls, and we saw customers
21 not being able to get through into our network
22 because everything was backing up.

23 I just want to reiterate, this is not our
24 normal level of service. This is not something that
25 we feel we've done an outstanding job in. But

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1 putting that into context, we do have a plan with
2 regards to improving this performance as we've been
3 implementing this plan over three years. And
4 hopefully during the end of the presentation, we'll
5 get an opportunity to take you through that plan.

6 One of the efforts we undertook to try and
7 prevent customers trying to call in and not having
8 the outage recognized, we tried to do some outbound
9 dialing. We got an agency that we use, a company
10 that the vast majority of the US utilities use, a
11 company called 21st Century. We asked them to try to
12 set up an on the cue for a last minute effort to call
13 customers back and try to confirm from customers they
14 were still off and we knew they had an outage. While
15 I think that was a good initiative on our behalf,
16 because obviously it wasn't tested and tried, and we
17 hadn't had this in operation before, we didn't get
18 the results we wanted and ended up with some
19 customers being confused, some customers calling back
20 in and a degree of frustration. And we've seen some
21 responses come back in from customers talking about
22 somebody contacting us proactively, tried to press

23 yes on the system and then getting caught in the
24 system. So we set the governor. We tried to help
25 customers. Unfortunately, this technology didn't

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1 work as well as we had planned.

2 I'm not going to go through these details in
3 a huge amount -- this information in a huge amount of
4 detail because as the gentleman spoke before, this is
5 documented in your slide packet. You're welcome to
6 take away. But what it shows, it shows under the
7 areas here is when we started to switch off our IVR
8 system. You can see here a large number of customers
9 at the beginning of the outage were actually able to
10 record their message. And just as a context during
11 the first part of the outage, we want as many people
12 to call in as possible so we can populate the outage,
13 and then we understand through the assessors how
14 quick we can restore it and then we start feeding
15 information back to customers so they can then plan.

16 We had to switch the systems off, and they
17 switched off late Saturday. So some calls came
18 through on Saturday and then was switched back on
19 Sunday starting again to be kicked back in on Monday
20 and be fully operational by Tuesday.

21 We just touched a little bit on the external
22 communications. Again, you know, we had some lessons

23 learned in the past. We have implemented some of
24 that feedback we received. And the results of this
25 external communication plan was based on that

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1 feedback.

2 And we started to respond to our media calls
3 about 2:30. We sent out a number of media
4 advisories. We also set up our Emergency Action
5 center and made sure we had media coverage at all of
6 those centers. We did a total of 18 advisories. A
7 particular note, I think, is the fact we put in all
8 the safety information as we became aware of it,
9 whether it was the use of power to heaters or whether
10 it was the use of providing information to people
11 about shelters and about keeping warm during the cold
12 weather. And obviously, we provided ongoing
13 communications since the storm and intend to do that
14 as we go forward.

15 I just want to focus now on this slide in
16 terms of the next steps we have with regards to our
17 response to the storm. And then I'd like to take you
18 through some of the work that we have been doing in
19 this area to prevent this happening and to prevent it
20 happening going forward.

21 We are going to undertake an internal review
22 of the technology performance as Rich Walje, who we

23 introduced here before, will be heading that review.

24 We'll also undertake a review of our response

25 operationally. We'll look back again and see if we

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1 did do everything we could have done based on the
2 situation that we were facing. And obviously, we're
3 going to share these findings with the PSC and any
4 other stakeholders.

5 We have reintegrated our telephony systems
6 with our outage management system. We put the pieces
7 back together again, and we continued to monitor that
8 performance. We have actually gotten the investment
9 program for our CADOPS system. We have known for
10 sometime it needed further investment, that we
11 continued to use as a core system and like anything
12 else, it needs to have further investment put into
13 it. We have an investment plan for that system, and
14 that is due to be finished in probably January,
15 February or March -- March depending on our review.
16 It will be finished within this quarter.

17 We also want to review our estimated times
18 of restoration, trying to give customers information
19 back about how soon they can expect to have their
20 outage restored. Although, as you can imagine during
21 the storm, it's very, very difficult to give them
22 that information because storm happenings may change,

23 outages come up and it encourages us to move our

24 resources around.

25 We also continue to benchmark our

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1 performance with other utilities. One of the
2 utilities that scored very highly in outage
3 management is the Carolina Power Light Company. And
4 a lot of the technology and investments we have put
5 in place is based on the model that they actually
6 have in place. And we'll also continue to review our
7 communication's plan, letting customers know how we
8 restore customers, in what order and what
9 responsibilities they have with regards to their
10 media base and with regards to their safety.

11 MR. MOIR: Mr. Chairman, maybe at this
12 stage, we'll take a process check. The next phase of
13 our presentation is about some of the business
14 initiatives that are going on inside distribution and
15 inside customer service, outside of the storm,
16 irrelevant to the storm.

17 CHAIRMAN CAMPBELL: I will admit I looked
18 ahead, and I think this would be a good point to stop
19 and ask questions related directly to what recently
20 happened. And then time permitting, we can look at
21 some of those business initiatives.

22 I guess what I would like to do is first

- 23 allow the Division of Public Utilities and the
- 24 Committee of Consumer Services since you are our
- 25 investigatory agencies, to allow you to ask him some

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1 questions and ask him some follow-up questions.

2 Mr. Ginsberg, did you have something you
3 wanted to ask?

4 MR. GINSBERG: Thank you. Irene Rees, the
5 Director of the Division of Public Utilities will
6 make a presentation from the Division and ask
7 questions.

8 CHAIRMAN CAMPBELL: All right.

9 MS. REES: Thank you. There's a couple of
10 things that we would like to do with the time that
11 you are allotting us today. First, we want to also
12 on the record pass along our appreciation to the
13 staffs that worked through the storm and really did a
14 good job, if you would do that for us.

15 Secondly, I asked Rhea Peterson to make a
16 presentation today. Rhea handles complaint calls
17 from the public. And we felt she could give us a
18 summary of the kinds of complaints that were
19 received. A lot of the public won't have an
20 opportunity to talk directly to the Company, and she
21 has an opportunity to address some of the comments
22 and questions. And then, of course, we will pass

23 along the other questions and complaints and comments

24 she received through her normal complaint process.

25 After that we would like to make some

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1 recommendations regarding the investigation report
2 and some guidance we would like to give to the
3 Company on that. But we'll start with Rhea.

4 MS. PETERSON: The Division received 130
5 complaints regarding the outages in a four business
6 day period that began on December the 29th. We also
7 talked to an additional 137 customers who we were
8 able to give them the circumstances, what was
9 happening with the outages and felt that they
10 received proper information, yet they did not want to
11 file a complaint.

12 Some of their comments and questions have
13 already been dealt with previously, so I won't go
14 over them. Some of those that have not been dealt
15 with, we would like to present to the Company.

16 One is that during Y2K and the Olympics, did
17 the Company have a back up system plan in place with
18 the CADOPS, and if so, could that have been
19 implemented during this outage? And I don't know if
20 you want me to just present the questions and let
21 them respond later, Rick?

22 CHAIRMAN CAMPBELL: I think what we are

23 going to do at this point, we have a lot of visitors

24 here who typically don't come before us. I want to

25 make sure we give them ample time to speak. So

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1 perhaps what we will do now is provide your list of
2 questions, your list of concerns, what you intend to
3 do as far as moving forward, and then we'll allow
4 those from the public that were affected and want to
5 speak, we'll allow them a chance to speak. And then
6 time permitting we can begin getting some responses
7 at that point.

8 MS. PETERSON: Okay. The customers also
9 believe that recently the Company has reduced its
10 efforts in tree trimming, so they wanted that
11 addressed. Also customers who had contact with UPL
12 crews or contract crews learned that some limitations
13 were on some of the crews. Questions were: What
14 work can the contract crews perform? Why is it
15 necessary you use four-man crews instead of one or
16 two-man crews? And another question was: Is there a
17 systematic plan in place to replace aging equipment
18 and systems in neighborhoods where there are frequent
19 outages and problems?

20 CHAIRMAN CAMPBELL: Thank you very much.

21 MS. REES: You already mentioned you would
22 like an investigation and report to come out of this

23 process. And it's our recommendation that we start

24 with an internal evaluation by the Company. It

25 sounds like they already started that process. We

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1 would like to let them have the opportunity to
2 evaluate their system and make a report back to us.
3 And of course, we're ready to present some issues
4 that we would like covered in that report as well as
5 the issues they already identified and reserve the
6 possibility that we'll want to meet with the Company
7 further and refine ideas for that report, and if
8 necessary, conduct our own audit if we're not
9 satisfied with the outcome of that report.

10 CHAIRMAN CAMPBELL: An area I would be
11 interested in in addition to auditing what happened,
12 would be what other states have in place as far as
13 reliability standards and what sort of accountability
14 is required of utilities in other states. I would
15 like to know if our standards are par for the course
16 or whether they could be updated or improved.

17 I think it's important that you audit and
18 look at what the Company does through their internal
19 evaluation, but I would hope we would also do our own
20 benchmarking and be able to make our own independent
21 judgments of whether -- of what level of service we
22 deem is adequate.

23 MS. REES: And benchmarking is an issue that

24 we have on our list. For instance, there are

25 municipal companies that were exposed to the same

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1 storm that didn't seem to suffer the same sort of
2 problems. Although, they do cover smaller areas.
3 We would like the Company -- and we will
4 also conduct our own investigation of this -- to make
5 a comparison of how it fared in this storm in
6 comparison to some of the municipals that were
7 subject to the same storm. We agree that there
8 should be an overall comparison with other investor
9 owned utilities as well and how they perform in a
10 major event of that nature. With regard to
11 reliability of this information system, the number of
12 customers impacted, average restoration time, length
13 of time the customers are out of service and
14 methodology for prioritizing responses.

15 We'd also as part of that benchmarking
16 comparison, like to look at the tree trimming
17 operations and staffing problems, at least staff
18 levels that are available to respond to a major
19 event. If you don't mind, I'll just go ahead and
20 state the other issues --

21 CHAIRMAN CAMPBELL: Why don't you go ahead
22 and state your issues and then we'll --

23 MS. REES: This is not in any particular
24 order of importance. These are the issues we think
25 are important to include and some of them you already

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1 identified.

2 CHAIRMAN CAMPBELL: Ms. Rees, why don't you
3 pull that microphone close to you.

4 MS. REES: We believe that there have been
5 before these two, these last two storms, the Company
6 has identified up to nine major events, what they've
7 described as major events in the past three years.
8 And so it looks like this is a frequent problem. And
9 so we are interested in the Company's response to
10 that, and in particular what they are doing in their
11 efforts to keep their facilities updated and their
12 lines clear.

13 We've already talked a little bit about the
14 tree trimming efforts and the extent to which tree
15 damage contributed to this and other outages. And we
16 would like that addressed in the report. We would
17 also like addressed in the report the discussion of
18 how the Company budgets for tree trimming operations
19 and how that budget will change as a result of this
20 event.

21 And presumably the Company's facilities are
22 located in easements or rights-of-way owned by the

23 company. And we have heard from the Company or from
24 others that sometimes the Company is faced with
25 resistance from the public to allow them onto their

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1 property to maintain their facilities. So what we
2 would like the Company to address is given that they
3 have easements and rights-of-way across people's
4 property, what are their rights and obligations that
5 follow from the easements and rights-of-way and what
6 are the legal and practical impediments to
7 maintaining their facilities in those rights of ways.

8 The Company has already acknowledged that
9 there is a public perception that the investment and
10 quality of the Company's infrastructure has
11 deteriorated since Utah Power emerged with PacifiCorp
12 and ScottishPower. And we'd like the Company to
13 address this issue in the report describing where the
14 Company has come from to this point and where it's
15 going with its investments and infrastructure and
16 improvements. We also would like them to address
17 shifts in philosophy or focus for the Company over
18 that period of time.

19 Rhea mentioned -- and I'll repeat it again
20 because we'd like to include it in the report -- has
21 the Company identified there are particular areas
22 along the Wasatch Front that are frequently hit with

- 23 power outages or disruptions? And if so, what are
- 24 the problems in those areas and has the Company
- 25 identified areas where there is aging equipment in

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1 need of upgrade and what are the plans to do that?

2 The next issue is that when ScottishPower
3 merged with PacifiCorp, it put in place a five-year
4 transition plan where it said it was going to cut
5 about 1600 jobs. We'd like the Company to address in
6 the report what it considers to be optimum staffing
7 and how it makes that decision and how it makes the
8 decision to use contract or supplemental crews to
9 supplement its regular staff, how those decisions are
10 made.

11 As you know the customers that we've dealt
12 with have complained about the communication system,
13 so we would like the communication system issue that
14 you've already talked about addressed in the report.
15 And I think those are the major issues that we've
16 identified that we would like addressed.

17 CHAIRMAN CAMPBELL: Great. Thank you.
18 Mr. Ball, from the Committee of Consumer Services.

19 MR. BALL: Thank you, Mr. Chairman,
20 commissioners. My name is Roger Ball. I'm the
21 Director of the Utah Committee of Consumer Services.
22 I'd like to kind of make what I've got to say kind of

23 in the order that things happened if I might,

24 Chairman.

25 Obviously, this all started with a heavy

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1 snowfall. And there's no one, I think, in the room
2 who is going to deny the fact that this was a heavy
3 snowfall. I don't come from Scotland. I come from
4 the other end of the United kingdom where the weather
5 is mitigated by the gulf stream, and I have never
6 seen this much snow in my life before. And I've
7 lived here now for 11 years. However, I'm not
8 convinced, the Committee is not convinced this is
9 such an unusual event as perhaps has been
10 represented. And we would like to see the Company's
11 report include reference to those weather and
12 climatic issues. We -- over perhaps a period of at
13 least 20 years and maybe going back even further.

14 The reference has been made to a storm of
15 1984. In terms of the memory of those of us who have
16 been working for the Committee in recent years, we
17 recall a storm somewhere around about October time of
18 1999 which took a significant number of customers out
19 of service on the basis of heavy wet snowfall early
20 in the fall. And as a consequence of that, the then
21 commission convened a meeting similar to this one in
22 intent, although on a smaller scale in terms of

- 23 attendance, and this was in the period between
- 24 ScottishPower seeking approval for the Commission for
- 25 its merger with PacifiCorp and its receiving that

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1 approval which happened as I recall in December of
2 1999.

3 As a result of that particular storm and
4 that particular meeting in -- I think it was in June
5 or July of the year 2000, there was an extensive
6 presentation from PacifiCorp on its tree trimming
7 intentions. Mr. Moir referred to the fact that at
8 the moment the Company is spending between 31 and
9 \$32 million a year over its six-state territory on
10 tree trimming. And Mr. Larson was kind enough to
11 inform me earlier on today that about 8 million of
12 that is being spent here in Utah. And so the
13 Committee has questions which it would like to see
14 the Company address in its investigation about
15 whether that is a sufficient amount of money, about
16 how that money is in fact being spent. Is the plan
17 and design of the tree trimming program in Utah
18 adequate? Is th46 execution of the plan adequate?

19 Mr. Moir referred to the fact that the aim
20 is to give a one-foot clearance and the need in this
21 case was a 10-foot clearance. I think there's a
22 clear question to be addressed in that regard.

23 What we have here it seems to me is an
24 intent to provide preventive maintenance program in
25 terms that engineers would understand. When

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1 preventive maintenance does not, in fact, prevent
2 outages, then you have very real questions about the
3 value of the investment in that preventive
4 maintenance program. It either needs to be adequate
5 and prevent the falls or you have to question whether
6 there is any point in doing it at all. And those
7 kind of issues need to be addressed.

8 In the old days, you know, 200 years ago,
9 when regiments would form up opposing one another on
10 the battle field at sort of 20 spaces and fire point
11 blank at one another with muskets, it was not unknown
12 for 10 percent or more on either side to be killed or
13 injured. The term "decimate" was coined to describe
14 that kind of battle field loss.

15 Well, if PacifiCorp lost 70,000 of its
16 customer connections on this occasion, it probably
17 doesn't have as many as 700,000, so you could, in
18 fact, say that the customer base of PacifiCorp was
19 decimated on this occasion. That would be regarded
20 as a huge level of losses. It's not by any means
21 insignificant.

22 Now, I'm not proposing to suggest that that

23 level of loss was experienced either in 1999 or the
24 following year when again there were outages due to
25 heavy wet snow around early November or again in

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1 early 2001 -- not early 2001. I beg your pardon.
2 Around Thanksgiving in 2001 when again there were
3 thousands of outages of Utah Power customers due to
4 heavy wet snow. But these -- this suggests that
5 there is, in fact, a pattern. It suggests that, in
6 fact, this event was not as unusual as some have
7 represented it to be. And it makes it very clear
8 that we need to look closely and extensively at
9 PacifiCorp's plan both for avoiding these outages and
10 for dealing with them when they occur.

11 Turning to the next step in this process,
12 what happened afterwards? It's clear that PacifiCorp
13 mustered all of the resources they felt able to do to
14 deal with the consequence of this storm and the
15 number of outages they had. But again, I think the
16 Committee would like the Company to address the
17 question of whether their emergency response plan for
18 these kinds of issues is, in fact, sufficient.

19 To the best of my knowledge, electricity
20 companies serving in adjacent states such as Arizona,
21 New Mexico, Colorado were not experiencing particular
22 troubles at that time. Would it not, in fact, be

23 sensible, would it not be possible, would it not be

24 economically reasonable to have long-term

25 arrangements with these adjacent electricity

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1 companies that would enable the Company, PacifiCorp,
2 to bring in additional resources over and above their
3 own on occasions when PacifiCorp is experiencing
4 acute problems on a kind of tradeoff basis with those
5 other utilities that from time to time also
6 experience problems? For example, we understand that
7 not so long ago in Arizona there were summer storms
8 that caused huge outages down there and that
9 customers became very irate because, of course, they
10 had no access to their air conditioning under those
11 circumstances.

12 Now this would not be that different from
13 arrangements that the Company uses and has been
14 facilitated in recent years by a market, an increased
15 market facility for the trading of energy when they
16 lose a generator or whatever. So we would encourage
17 the Company to address that in their -- in their
18 investigation and report.

19 Ultimately, we are asking the Company to
20 address the question of how do they ensure that
21 future storms don't result in similar outages because
22 recent weather events, recent years -- I mean,

23 weather events clearly indicate -- although the scale

24 of this may have been three, four, five times what

25 has happened in the last five years, it's not, in

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1 fact, a hundred times different or something of that
2 sort.

3 I believe it was Mr. Landels who suggested
4 at the beginning of his presentation that the Company
5 wants to have this declared a major event. When
6 ScottishPower proposed to this Commission back in the
7 nineteen -- late '98, '99 period that they would like
8 to merge with PacifiCorp, one of the offerings that
9 they brought proudly and appropriate so to the table
10 was a service guaranty program. The service guaranty
11 program was intended to do two things. It was
12 intended to incent the Company to be quick on its
13 feet in restoring customers whose service had been
14 interrupted, and it was intended to provide a modest,
15 some would say, a very modest reparation to those
16 customers. We are talking a few dollars. We are not
17 talking as much as \$100. We're just talking with a
18 few dollars for extended outages. One of the things
19 that the Company achieves when it gets Commission
20 sign off, that something is a major event is that it
21 no longer needs to make those guaranteed payments.

22 Now the Company has regularly -- Ms. Rees

23 referred to the fact that there have been, I think

24 she said, nine major events in the last three years.

25 The Company has regularly on those occasions asked

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1 the Commission to approve the declaration of a major
2 event and as a result has avoided making those
3 guarantee payments to its customers on those
4 occasions. The Committee would ask the Commission
5 not to hurry to approve the Company's request that
6 this be declared a major event.

7 It is quite clear that many customers have
8 experienced considerable inconvenience, discomfort
9 and in many cases extra expenditures sometimes
10 running into considerable amounts of money. It is
11 not clear to the Committee of Consumer Services that
12 with the experience of recent years, that with the
13 investigate -- the prior investigations of the
14 Commission, that with the prior commitments of the
15 Company, that it is appropriate for the Company on
16 this occasion to transfer all of those costs to its
17 customers rather than to its stockholders. In fact,
18 we would look to Mr. Landels, we would look to the
19 Chief Executive of PacifiCorp, we would look to the
20 chairman and board of ScottishPower to address the
21 question of what does this Company intend to do for
22 the 70,000 plus customers who have suffered outages

23 during the course of this event?

24 Now, no one is suggesting that this happened

25 because of the deliberate intent of Utah Power,

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1 PacifiCorp and ScottishPower. No one is suggesting
2 that it happened because of the negligence or
3 incompetence of those companies or any of their
4 employees. The Committee is by no means the last to
5 represent publicly that it regards those who were
6 working 16 hour shifts in freezing conditions and
7 through 24 hours a day were some kind of heroes to
8 the people whose electricity service they restored.
9 We're not suggesting that those who were working in
10 the service centers or the managers to the very top
11 level of the company who went out of their way to be
12 responsive to this event in Utah were anything other
13 than going many extra miles in trying to do that.
14 But it's the Committee's responsibility to represent
15 the interests of the customers. And we do not want
16 the Commission, the Company or anybody else to
17 overlook those customers and what they went through.
18 We would remind all here present that anyone
19 who goes to the Public Service Commission's website,
20 their home page, goes to the mission statement of the
21 Commission and reads just the very first sentence
22 will read the following: "The primary responsibility

23 of the Commission is to ensure safe, reliable,

24 adequate and reasonably priced utility service."

25 The Committee suggests that a message needs

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1 to be sent to all the utilities that this Commission
2 regulates, to which it grants monopoly rights through
3 service -- through certificates of convenience and
4 necessity that they need to be first and foremost
5 conscious of those particular obligations.

6 Now, the Committee will as the Division does
7 no doubt will have further and more detailed issues
8 that it would wish the Company to address in its
9 internal investigations and in its report. We will
10 no doubt be talking further with the Company to
11 develop an agenda which we would expect them to see
12 addressed. In that, we would expect to see a full
13 public written report as the Company has indicated
14 they will produce.

15 The Committee reserves the right to hire
16 consultants, to exam these issues. The Committee
17 reserves the right to come back to the Commission at
18 a later stage and indicate that it believes it
19 indeed -- it believes and hopes it will not be
20 necessary -- that it believes that the Company's
21 investigation and report are inadequate and to ask
22 the Company to order the Company -- the Commission to

23 order the Company to commission an outside

24 investigation and report if that is necessary.

25 Thank you very much, sir.

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1 CHAIRMAN CAMPBELL: Mr. Ball, you well know
2 we do understand what our obligations are and take
3 seriously our responsibility as regulators.

4 MR. BALL: Indeed I do, sir.

5 CHAIRMAN CAMPBELL: What I would like to do
6 now is allow -- I have some public witnesses that
7 would like to spend sometime sharing with us their --
8 we have more -- that they would like to share with us
9 what happened. This is certainly part of our fact
10 finding responsibility, and we look forward to
11 hearing from you.

12 Due to the nature and the number, we would
13 ask you limit yourself if you could to two or three
14 minutes. We do want you to say what you have to say.
15 We'd start with Dr. Richard Drake. And take a seat
16 at the front with this microphone.

17 MR. DRAKE: It's my pleasure to be here
18 today as a citizen, as a health practitioner, as a
19 consumer of electrical power. I appreciate the work
20 of our commission here, Rick Campbell and Constance
21 White and Ted Boyer and all those who assist them and
22 the Committee of Consumer Services, the Division of

23 Public Utilities.

24 I have been very concerned for a number of

25 years about the quality of service that we fail to

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1 receive from PacifiCorp, ScottishPower, and I think
2 it's conveniently called Utah Power.

3 I want to go to question three here in terms
4 of what standards of the Public Service Commission
5 put in place to ensure reliable service. And I think
6 that's a question Dr. Roger Ball is talking about as
7 well as -- is it Rhea -- that was speaking. But I
8 feel very strongly, and I do this as a scientist, as
9 somebody who's very well aware of the electrical
10 physics and so forth, to ask a question: What
11 objective independent evaluations have been conducted
12 by the Public Service Commission? And I say
13 independent, to determine whether PacifiCorp,
14 ScottishPower have met certain standards or has the
15 Commission just believed that the companies are
16 giving them the real facts. They've gone to any
17 outside engineering experts to determine the facts?
18 How many engineers in other power company
19 professionals 50 years and older did the Company
20 terminate or phase out of when PacifiCorp took over
21 the company?

22 One of the well Einstein type engineers in

- 23 this group has circulated a document titled "Fact
24 Sheet Why Power Lines Fall Down". And this was in
25 contradiction to the information that we received

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1 from the PR aspect of PacifiCorp.

2 I would ask the question: What percent of
3 the Company's total revenue is being put directly
4 back into routine and preventive maintenance? When
5 Portland Power displayed an absolute dismal record of
6 providing dependable electrical service in Portland
7 and other areas of Oregon, the Oregon Public Service
8 Commission demanded that the Company dedicate a
9 certain percentage of that company's total revenues
10 to routine and preventive maintenance along with
11 other forms of infrastructure development and
12 improvement. Why would PacifiCorp be required to do
13 that? What percent did the Commission require the
14 Company to dedicate for the above stated purposes?
15 So I am suggesting that the Public Service Commission
16 look into this and maybe follow a lead of Oregon with
17 regard to this problem.

18 Why did the CEO of PacifiCorp go on Utah
19 television and like an adolescent blame the Utah
20 consumer claiming the Company cannot gain access to
21 trees that need to be trimmed when, in fact, there
22 are many individuals who have plead with, who have

23 begged the Company to come and trim their trees?

24 And I give you two specific examples with

25 approval of these particular residents. For example,

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1 William Van Cleaf has experienced five power outages
2 last year. Specifically asked the lineman who came
3 to his place at 2132 East Lambourne Avenue if they
4 would trim the huge elm trees that were impinging on
5 the power lines. The answer he got was quote, "The
6 Company doesn't do that anymore."

7 Ron Madsen, who also lives on Lambourne
8 Avenue, and who during his five-day outage had to pay
9 \$3,500 for a motel room and so forth for five, eight
10 children and he also had to rent a generator to keep
11 his freezers, furnace and other equipment operating.
12 He -- he was a direct witness to many blue and white
13 sparks coming from two tree branches touching a 7K-V
14 line carrying high voltage to a transformer. He
15 called the problem -- the problem to the attention of
16 the linemen and they said, "The company doesn't do
17 tree trimming anymore."

18 So what's the contradiction here? The
19 Company engineer personally told me they had
20 essentially eliminated the budget or moved the funds
21 elsewhere for carrying out a task, trimming trees
22 essential to the success of any electrical grid. And

- 23 yet a CEO PacifiCorp has the temerity to excuse their
24 conduct by blaming the consumer for a decision the
25 company consciously made to cut tree trimming budget.

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1 When Mr. Eskelsen talks about there being
2 500 people working on this 12/25/03 outage, what he
3 ignores is that meter readers and estimators are not
4 linemen necessary to restore power. He essentially
5 is saying the triage, as I speak using medical terms,
6 is very successful, but they have terminated the bulk
7 of the physicians and surgeons or skill linemen
8 necessary to restore life and vitality to the
9 stricken patient, the electrical consumer.

10 When Mr. Eskelsen talked about an automated
11 system, what he seems not to understand, you cannot
12 fix a broken line by pushing a button. The numbers
13 of qualified linemen employed by the company is
14 abysmal.

15 The PSC needs to know what the maintenance
16 budget, percent and total dollars adjusted for
17 inflation was before PacifiCorp took over. They need
18 to look at the annual maintenance budget for 1989 --
19 '98 and '99 and compare that budget with the Utah
20 Power budget just before PacifiCorp took the reigns
21 of Utah Power.

22 Point of information: It was after the

23 1998-99 budget that ScottishPower came on board. And

24 they did begin to address some of the maintenance

25 problems with PacifiCorp, but they are in a game of

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1 catch up that is frightening when one realizes the
2 extent of deterioration that occurred under the aegis
3 of PacifiCorp.

4 Ten, is the PSC going to allow this company
5 to run this power grid into the ground just before
6 they abandon the project, move elsewhere while taking
7 all the revenues out of state? Why is the home
8 office in Portland? Why are all the calls for help
9 from Utah consumers routed to Portland? That
10 question needs -- when PacifiCorp serves seven
11 states, Utah Power has a majority of all PacifiCorp
12 customers, electric facilities, power generation and
13 provides a majority of PacifiCorp's revenues. Why
14 does the PSC not require PacifiCorp to direct
15 operations head quarters to reside in Salt Lake City
16 where it will be more accountable to Utah Power
17 customers and the PSC?

18 This document is not held by you three. I
19 happen to have a copy or can get a copy for you.

20 How well is the Company doing with regard to
21 having adequate substations with regard to buying
22 quality verses inferior equipment? I have knowledge

23 of the fact that their underground cable that they

24 are using, they buy for 25 cents a foot less than

25 cable that will last for 40 years. The cable they

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1 are now buying will last maybe for 15 or 20. Is this
2 the kind of network we want? What efforts are being
3 made for the laying of underground cable? What is
4 being done about the hardened copper lines that
5 chemically and physically change when too much power
6 is put through a conduction system? Is the Company
7 even addressing this problem?

8 And there's another document circulating in
9 the audience today titled, "Fact sheet Why Power
10 Lines Fall down". It explains in detail that this is
11 not a weather related problem in most cases.

12 How well is the Company -- or PacifiCorp and
13 ScottishPower much like the airline manufacturer who
14 sells the state legislature and the Governor's office
15 and the Public Service Commission an aircraft, whose
16 manual reads, "Flies beautifully in good weather, but
17 if you encounter inclement conditions, you may
18 experience a catastrophic event"?

19 Since most patients used to be hospitalized
20 for treatment and are now being treated at home with
21 sophisticated electrically powered equipment, such as
22 ventilators, oxygen concentrators and infusion pumps,

- 23 what responsibility does the PSC and the state of
- 24 Utah have to insure a predictable quality power
- 25 supply? On this outage I went and attended to about

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1 seven different clients who were in home held care
2 settings totally dependent on power. This is
3 abysmal.

4 With many employees working out of their
5 homes, some with sophisticated electrical equipment,
6 what costs are incurred by those employees when one
7 cannot count on a predictable supply of electrical
8 power?

9 And a final observation: PacifiCorp and
10 ScottishPower are very fortunate that the thousands
11 upon thousands of homes and businesses did not have
12 ruptured water lines which would have happened if the
13 temperatures had fallen to the minus 20s and 30s.
14 The damage would have been catastrophic.

15 I expect the Public Service Commission to
16 hold PacifiCorp and ScottishPower accountable for
17 quality electrical grid. Too many years have gone by
18 with what appears to be a third rate service, almost
19 analogous to some third world countries. I say this
20 with all sincerity and not out of ignorance. Thank
21 you.

22 CHAIRMAN CAMPBELL: Thank you, Dr. Drake.

23 David Ward.

24 MR. WARD: I am David -- is this on? All

25 right. My name is David Ward. I'm a 30-year veteran

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1 of Utah Power & Light. For five years between oh,
2 about 1987 and '92 I was an operations engineering
3 supervisor with responsibilities of the Tooele, Salt
4 Lake, Summit and part of Wasatch County. After that I
5 left for a corporate engineering job with PacifiCorp.

6 I spent five years fighting what I
7 considered short-sided, inept, inexperienced,
8 incompetent engineering from Portland. Now when I
9 left the Company, I did receive a special severance
10 and retirement package with a confidentiality clause
11 that prevents me from talking about certain
12 proprietary and company secrets. But let's talk about
13 some things that are general knowledge and can be
14 learned just with a little investigation.

15 But first of all, I do have to say a word
16 about ScottishPower. Since ScottishPower has taken
17 over the realms of PacifiCorp, they are making
18 progress. The problem lies with PacifiCorp and
19 Portland engineering.

20 Now, the outage has been blamed on snow. A
21 properly designed and built power line is designed to
22 withstand snow, ice and wind. It will fall down on a

23 house if this falls on it or a big tree. But the
24 power lines that went down, many of them should have
25 stayed up.

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1 Now what was the problem? There was a fact
2 sheet that was referred to by Dr. Drake. One of the
3 problems is that many of the older copper lines have
4 become annealed. This is a process where the
5 molecular structure changes and the lines lose their
6 strength. This is usually caused by overloading or
7 by repeated short circuit currents. When a line is
8 annealed, it does not have the strength required to
9 withstand a tree branch falling on it.

10 Another problem of these lines is once they
11 become annealed, they are not as strong and they will
12 stretch. This stretch adds sag. A line with
13 excessive sag blows together and burns down.

14 Lines also have excessive sag when they are
15 installed improperly with inadequate guying. Many of
16 the distribution lines in Utah Power have final sags
17 that exceed the final sag required by Utah Power.

18 In my travels through the northwest, I have
19 seen more of these lines in the Portland area --
20 excuse me, outside of Portland. It's important to
21 realize that PacifiCorp does not serve the bulk of
22 Portland. That is done by Portland General Electric.

- 23 PacifiCorp serves a small area outside of Portland
- 24 with probably as many customers as the Ogden area.
- 25 So that leads me to some questions I will ask a

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1 little later.

2 Another major problem that causes line
3 failures are the use of wood insulator pins. These
4 are used to support conductors. With time, leakage
5 currents will char and burn these to where they
6 become very weak. When this happens, snow on the
7 line or wind will bring the line down.

8 To my knowledge PacifiCorp, Utah Power has
9 no program to find and replace burned insulator pins.
10 The same wood insulator pins often fall through
11 crossarms partly letting the insulator lie on the
12 crossarm. This increases leakage current and burning
13 of crossarms.

14 Now, there are other issues that can be
15 mentioned that are covered. It was lucky in this --
16 from the comments I received, there were few poles
17 that went down. This is very surprising. You can
18 find out why a pole fails by looking at it. If a
19 pole falls over, it's because the ground was soft or
20 plastic. If the pole shatters or cracks, usually oh,
21 two or three feet higher above the ground, it was
22 from excessive line tension. When a pole breaks at

- 23 the ground line or below ground line, it is because
- 24 of wood rot. Currently, I am unaware of an
- 25 inspection and replacement program for wood poles.

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1 Now, let me talk about a couple of questions
2 I think we should be asking. A question for Utah
3 Power, I think, has been pretty well covered. This
4 is the existing rate base has money in it for
5 maintenance. How has that money been spent?

6 Question for the PSC: It appears that the
7 ratepayers have paid for maintenance they may not
8 have received. Are they going to be charged again to
9 rebuild this system? PacifiCorp's maintenance
10 history was talked, I believe, briefly by Dr. Drake,
11 so I don't need to go into that. But it is important
12 to ask why the state PSC that has the most experience
13 dealing with PacifiCorp requires by statute
14 maintenance, a percentage of revenue to be spent on
15 that maintenance. This is something that it looks
16 like it's time to have here in Utah.

17 It was also covered a majority in the
18 PacifiCorp customers fall in Utah Power & Lights's
19 service territory. It might be interesting to
20 digress here and look at the history of the merger
21 between Utah Power and Pacific Power. At that time
22 PacifiCorp was about the size of Utah Power. It had

- 23 other entities: Pacific Telecom, Mirco Mining,
- 24 Pacific Financial, all of these have come to what
- 25 might be termed abysmal failure.

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1 Right now the majority of the customers and
2 the majority of the revenue for PacifiCorp comes from
3 Utah Power. Why then not is PacifiCorp's electric
4 operation headquarters in Salt Lake City where it can
5 be accountable? Why continue the short sighted,
6 inept, maybe incompetent management from Portland
7 that has been a disaster for the stockholders of
8 PacifiCorp, the older stockholders of the Utah Power
9 & Light company and a disaster for its customers? It
10 is now time to get the headquarters in Utah where it
11 belongs.

12 CHAIRMAN CAMPBELL: Thank you, Mr. Ward. We
13 are recording the proceedings here, so we're going to
14 need to take a short break to rest our court
15 reporter, a time to rest. So we'll take a seven-
16 minute break.

17 (Recess taken)

18 CHAIRMAN CAMPBELL: All right. We're going
19 to resume this meeting. I'd like to invite
20 Mr. Comstock forward. Once again we find this --

21 MR. WARNICK: Mr. Chairman, Mr. Comstock has
22 left. He left a written statement which we can

23 provide or read. I understand he's no longer here.

24 CHAIRMAN CAMPBELL: That's wonderful. We'll

25 take that statement and put it on file. We are

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1 interested in what each of you have to say. Once
2 again, we're trying to make sure everyone has a
3 chance to speak. So let's go then to George --

4 MR. OVSOVNIAN: Ovsovnian.

5 CHAIRMAN CAMPBELL: Thank you for the help,
6 sir.

7 MR. OVSOVNIAN: Commissioners, I'm glad to
8 have the opportunity to speak here today. I guess my
9 questions are going to be directed to Mr. Landels. I
10 had the brief opportunity to meet him after the
11 ScottishPower/PacifiCorp merger. I'm going to try to
12 make it probably as short as I can. I got another
13 meeting I have to attend.

14 To start off, looking at the PacifiCorp job
15 offering's page, the career page on the internet,
16 December 30th was the date. There was a total of 87
17 job openings, Sixty-seven of which were on the
18 PacifiCorp side, 20 in Utah. We've heard a lot today
19 of the lack of manpower on Utah's side. I think this
20 is just one verification of what everybody is talking
21 about.

22 I was employed with Utah Power for 26 years,

23 16 of which was in the systems dispatch center which
24 was moved to Portland in late 2000. When they made
25 that move, there was a total of roughly 50 years of

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1 experience that went out the door on that move.

2 One thing I would like to speak about today,
3 during the Olympics when the Olympics came to Utah, a
4 decision was made to bring the system dispatch center
5 back to Utah during the whole event. I would like the
6 Commission to find out if they could, who made that
7 decision. It was a good decision by the way. Who
8 made the decision? Why was it made? Did they realize
9 that the communication channels that Portland receives
10 to run the Utah system from the dispatch center comes
11 from Utah? A majority of the information is from
12 Utah. RTU's, you pull it through T-1 channels at the
13 time. I don't know if that's changed. But the T-1
14 channels were how you were monitoring the system.
15 Every time there was a disruption, you didn't -- you
16 didn't have the ability to see the Utah side. We knew
17 that was a concern. We aired that concern before the
18 move to no avail.

19 We'd also like to find out if we could how
20 many times that channel has been down. How many times
21 has the Utah side not been able to be monitored from
22 the system dispatch center?

23 I still maintain that when the decision was
24 made during the Olympics to bring the center back down
25 to Utah, it was the best thing you could have done in

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1 the -- in the event of a disruption, system dispatch
2 center should have been here on the same floor as the
3 distribution side. During the disruption system, the
4 distribution puts the system back together, not
5 900 miles away from the T-1 channel.

6 That's about all I have to say, and I
7 appreciate the opportunity.

8 CHAIRMAN CAMPBELL: Thank you.

9 MR. OVZOVNIAN: Thank you.

10 CHAIRMAN CAMPBELL: Thank you for your
11 comments. Harvey Lloyd.

12 MR. LLOYD: Thank you very much. I
13 appreciate being here with Sister Campbell and Brother
14 Boyer. I appreciate -- I live in Holladay.

15 CHAIRMAN CAMPBELL: Could you pull that
16 microphone closer so we can hear you?

17 MR. LLOYD: I want to address this situation
18 by saying you think we're having a rough year now, we
19 live under the rocky mountain area. We go from 4600
20 feet here to 12,000 feet plus, and we're very
21 vulnerable. And you think this is a tough year you've
22 had here, but we've gone through a number of years of

23 dry, dry season. You've coasted without many
24 problems. But we have bad weather coming. This is
25 just the beginning of what can happen. We can get

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1 very set back in what lies in the future.

2 I lived in Idaho, and I remember one year
3 for about 15 miles the telephone poles were covered
4 with snow top -- still standing, covered with snow.

5 That can happen here.

6 This reminds me of the Donner party, I can
7 see. They live under the Donner pass. And that was a
8 bitter winter that they had. And we can experience
9 that now. And we can experience it here, too.

10 Now, I want to tell you that I really
11 appreciated what the Donner -- what the workmen did.
12 They were just unwilling to give the extra effort to
13 get this power on. The problem was they didn't have
14 enough people to meet the situation. And we get worst
15 situations in the future. It can be much worse than
16 it was this year. I think it can get much worse.
17 I've seen it. I've been in the latter part of my life
18 here now, but my children experienced it. The rest
19 homes were very hard hit with being out of power.
20 These people are not able to combat the telephones and
21 get communications.

22 I don't want to review things that other

23 people have said, and I appreciate what they said, but

24 I thank you for your time here.

25 CHAIRMAN CAMPBELL: Thank you, Mr. Lloyd.

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1 Bill Sutton.

2 MR. SUTTON: Good morning. This is my first
3 experience at a meeting like this, and so I don't have
4 a great deal to say. But I would like to say a couple
5 of things that my experience with investors on the
6 utilities goes back probably over 50 years. I've been
7 a resident here of Utah for the last 20. Have seen a
8 lot of things happen in the utility -- the provision
9 of utility services. For the first time in 50 years,
10 I found it necessary to come down and take a look and
11 say, What's going on here?

12 Interestingly enough, I did not have an
13 outage during this last storm, a storm which in my
14 opinion wasn't a serious storm. There was no ice, no
15 great deal of wind, probably something that the system
16 should have survived without too much difficulty, at
17 least based on the experience I've had in other parts
18 of the country where weather can be a lot more severe
19 than what we saw here.

20 I believe that this is a wake-up call.
21 There's some structure, corporate structure that
22 should be questioned. I think the financial status of

- 23 ScottishPower might be looked at over the last two,
- 24 three years and why perhaps investment hasn't been put
- 25 in for the provision of service the way it should

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1 be -- at least the way I feel it should be.

2 I believe the dialog that is going on here
3 may get to the crux of the problem and improve the
4 quality of service. This is 2004. I believe that
5 technology can be handled, should be handled. And the
6 experience we've had is probably a minor incident.
7 The outcome is just totally unacceptable. And I
8 believe there's some brilliant people I heard speak
9 this morning that can solve this problem and improve
10 the situation. This isn't -- this isn't at this point
11 life and death, but it needs to be turned around and
12 gotten on the right track.

13 That's all I have to say.

14 CHAIRMAN CAMPBELL: Thank you, Mr. Sutton.
15 Wendy Morgan.

16 MS. MORGAN: My name is Wendy Morgan. And I
17 represent a group of residents who live about 7500
18 South 16th East along the little Cottonwood Creek
19 River. In this area there's a lot of cottonwood trees
20 we very much enjoy. However, it seems to be we've had
21 three severe power outages in the last eight weeks.
22 The first was on November 1st. We were without power

23 for 24 hours. The second then came on December the
24 26th. We were without power for three days. Power
25 was restored Sunday evening. Went back out Monday

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1 morning for ten hours.

2 I'm not here to complain about the
3 inconveniences our family sustained, which our home
4 got down to about 45 degrees. Our family had gathered
5 for the Christmas vacation and had come home from out
6 of state, and it's a Christmas we won't forget. I
7 have a 15-year old Eagle Scout who suggested we all go
8 build a snow cave and spend the night in them and
9 we'll be warmer.

10 Well, I am here to talk about some of the
11 humanitarian plan I was interested to see that does
12 exist. I want to tell you about my humanitarian plan.
13 I am concerned about residents who live in the Meadows
14 Mobile Home Park who live in this area. I didn't run
15 into anybody else going door to door from any of these
16 agencies. During these three outages, I went door to
17 door, and I checked on 92-year old Dorothy. And she's
18 huddled inside. Her home is very cold. The concern
19 is many of these residents, they don't want to be
20 uprooted from their homes. With a power outage we
21 don't know if it's going to last for two hours or last
22 for 72 hours.

23 So the first step might -- the first logical
24 thing might be to get these people to warm homes. But
25 they prefer to stay in hopes and in the faith that

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1 their power will come back on. Well, we made sure 92-
2 year old Dorothy was warm after a sustained amount of
3 time, made sure she got to a family member's house.

4 We have a couple in their 90's. He is on
5 oxygen for his support. He has an emergency backup
6 system that only lasts so long. We are able with each
7 power outage to make sure he gets placed somewhere
8 where he can have power. We were very fortunate that
9 this was not so widespread there wasn't a place we
10 could go and take these people who need electricity to
11 live.

12 We have a woman who was -- suffered severe
13 asthma attacks from the cold. I took her to the
14 emergency room where she was able to be given care.
15 And I could go on. I do want you to know that there
16 are some people who this is life threatening for.
17 Those are the ones I'm concerned about. I'm not quite
18 sure what to go back and tell these people who have
19 been without power three times, three major outages in
20 eight weeks, what hope I can give them.

21 Our -- apparently our grid is scheduled to be
22 cleaned. We have a severe problem with overgrown

23 vines and trees. We have called and requested in past

24 months and past years to have these power lines

25 cleaned. One of these was so overgrown that you

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1 couldn't even see the light from the street light.
2 And yet, there's been no response to that request to
3 have this taken care of. We're concerned it's a
4 maintenance problem and want to know what hope we can
5 give these residents who need to have power in order
6 to live.

7 CHAIRMAN CAMPBELL: Thank you. Bryan
8 Jewett. Is Bryan here?

9 Gary Forbush.

10 MR. FORBUSH: Hi. I've a couple of copies
11 of a statement I submitted via the e-mail yesterday.

12 My name is Gary Forbush. I represent the
13 Carriage Crossing Homeowners Association in Sandy
14 Utah. It's a cluster of newer homes about three to
15 six years old, and we're located approximately 8295
16 South 960 East in Sandy. And approximately when we
17 these outages -- and unfortunately as this other lady
18 said, we've had two outages in the last eight weeks.
19 We've had one outage for approximately 17 hours just
20 after Halloween, and we had another outage on the
21 26th. And about 85 percent of those new homes which
22 have all underground power were all affected by this

23 outage.

24 So we -- I guess the number one complaint

25 I've gotten from the homeowners in my homeowners

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1 association is a busy signal. They call to report,
2 they call to get updates, and it's worse -- it's
3 worse than anything to have a busy signal that's not
4 responsive. I happen to be a technology
5 professional. I happen to have worked with a media
6 company in Atlanta when I was living there. And in
7 preparation for the Atlanta Olympics, we had a
8 business continuity disaster recovery plan, plan for
9 the Olympics if something happened so that we could
10 maintain our network. And I believe with the wind
11 and the snow and the cold that we have and the
12 potential for earthquakes we have, that the utilities
13 probably should be all required to provide such a key
14 service that they be required to have a formal plan
15 that says what they will do, what their protocols
16 are, what their resources are. Because, you know,
17 the problem is as these problems grow, the systems
18 that you have to deal with, these problems also need
19 to scale. From what I heard this morning, it doesn't
20 look like you did. So that's a big issue that could
21 be addressed.

22 My other recommendations I guess, is one of

- 23 the things I think would be helpful at some point in
- 24 time to learn the most we can from these outages is
- 25 to get a map to show where the outages were and then

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1 that should be kind of a key thing that PacifiCorp
2 and ScottishPower should be able to focus on to say
3 obviously these are the areas that were most effected
4 by that problem. So we should focus our initial
5 operation review in those areas. That seems like
6 that would be most efficient as opposed to looking at
7 everything in the system, focus on where the problems
8 were and have initial operation reviews done where
9 those problems came to light.

10 Also, I would just recommend that you
11 evaluate ways of scaling your system, your
12 infrastructure to meet demands during outage periods.

13 The biggest frustration we have, again, is a
14 busy signal. All of our neighbors called. We all
15 tried to report. I was probably one of the first to
16 report the outage at 4:30 on the morning on the 26th.
17 I got through, but some other of my neighbors told me
18 all they got when they called over and over again
19 were busy signals. That is not a response. That is
20 a fundamental problem that needs to be addressed.

21 And that's all I have to say. Thank you
22 very much.

23 CHAIRMAN CAMPBELL: Thank you, Mr. Forbush.

24 Rich Dixon. Is Mr. Dixon here? Joy Bushnell.

25 MS. BUSHNELL: Thank you for this

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1 opportunity. I just want to share our experience just
2 so that someone has listened to the pain and suffering
3 that we have all had.

4 I live in an old neighborhood in the East
5 Millcreek area. And we've only lived there for a
6 year. And we've had several outages in this past year
7 that have been short lived until this one. We were
8 out of power for 106 hours which is into the 5th day.
9 And all the neighbors warned us the power goes out
10 frequently in this area. And so we were well aware of
11 it. They said this has never happened like this
12 before.

13 My concern is, as many has stated, that this
14 is unacceptable. We appreciate the efforts of the
15 people working on the power. We really do. For days
16 we saw no trucks in our area. None. I mean we would
17 drive in our car mainly to stay warm, but to look for
18 trucks to see if help was on the way.

19 By day three -- of course, we reported it
20 first thing that morning just to get our name on the
21 list so they knew the areas that were out. And we
22 got the signal that there was no outage reported in

23 that area, which now I understand there was a problem

24 with the system. And when I finally reached a live

25 voice on day three, they did say -- because I said

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1 every day we call, they say there is no power outages
2 reporting in our area. She said, Well, the system is
3 down. It's kerplunk. But those are hard words to
4 hear.

5 You know, my concern is we had relatives. I
6 have to say Christmas was wonderful. It has ruined
7 our holidays because we had to send our relatives
8 home. They were scheduled to leave yesterday. We
9 sent them home Sunday. We had to house them in
10 hotels because you can't lean on family when you have
11 other family staying with you. I mean, that's just
12 an overload of common courtesy to me. So we housed
13 our relatives in hotels as well as ourselves and as
14 well as snuck our animals into the hotels to save
15 their lives.

16 I guess the thing -- many of our neighbors
17 witnessed the blows of power. So that we had
18 witnessed people that knew the areas that were down.
19 And there was no response from anyone.

20 Finally on Monday -- yeah, on Monday, we saw
21 a truck in the area. We grabbed him, of course, and
22 he said, I've had one of your neighbors report where

23 it's down. Many of our neighbors across the street
24 right in front of me came up on Sunday. So you know
25 the excitement you have there. We stayed in our car

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1 until 10:00 at night in the driveway with the heat
2 going, the DVD player going so we could stay warm.
3 We knew our power would be up. This is Sunday.
4 Come Tuesday afternoon when it came up -- of
5 course, we were very frustrated. The truck in the
6 area that day said they had reported the lines down
7 four hours ago. Twenty-four hours later the truck
8 showed up in that area. To me that is unacceptable
9 when you know where the lines are down. There was
10 just a little elite area of people that did not
11 receive the power for 106 hours.

12 And I guess I understand the media. We were
13 not able to keep up on the media mainly because we
14 had no access to that, but I understand that it has
15 been reported that UPL does not accept any
16 responsibility for losses in this. But by day five,
17 there are definitely losses that everybody has
18 concurred. And I thank you for this time.

19 CHAIRMAN CAMPBELL: Thank you. Beinel Juan.
20 Did I get that right? Probably not.

21 MS. JUAN: I'll just spell it.

22 CHAIRMAN CAMPBELL: B-e-i-n-e-l -- I'm

23 sorry. Or is that an "r"?

24 MS. JUAN: Bernel.

25 CHAIRMAN CAMPBELL: It's an "r". Sorry

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1 about that.

2 MS. JUAN: That's all right. I want to
3 thank you for this opportunity. And I'm really bad in
4 front of people. I've heard on the radio everybody is
5 complaining about the power companies. And I believe
6 that everybody -- I mean, all people, all the
7 consumers, everybody has responsibility when it comes
8 to a disaster like this. It was not just the power
9 companies.

10 I lived in Minnesota. And in the middle of
11 winter, I mean about the 15th of January, we had our
12 power go down for over two weeks. And there was
13 nothing, nothing anybody could do. I mean they --
14 they had power trucks -- everybody was working on the
15 power lines. And they are really good at trimming the
16 trees up there. I mean, we have lots of snow, and we
17 have the really cold, cold weather.

18 It amazes me down here -- now I understand,
19 I thought this was desert so it was always nice in
20 the wintertime. And I found out this is still a mild
21 winter yet. So to have the trees when -- back home
22 when we had trees growing up into the wires, we

- 23 called the power company and said, Look you have to
24 come out here. If we get a bad storm, it's going to
25 take my wires down and I don't want my wires down.

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1 And they would come out and they would trim the
2 trees.

3 Computers break down. Everybody knows that
4 anybody who has got a computer knows that something
5 goes wrong with the computer. We need people to back
6 up the computers. When we got the computers out at
7 first, they said that, you know, we will need less
8 manpower. You still need the manpower. In the time
9 of a disaster, manpower is the only thing that's
10 going to do it. The computers are going to break
11 down.

12 We had -- when I came home, I was visiting
13 my daughter in Provo and came home to a power outage.
14 I called work to find out if they had power, and they
15 did have power. When I got home from work that day,
16 I was going to call to find out if some of my friends
17 still had power, and I had no telephone. To me the
18 telephone is more important than the power. I mean,
19 I had -- I had emergency lighting that I had in
20 store. We have been warned and forwarned about
21 disasters, what could happen in time of a disaster.
22 Every consumer needs to have some disaster plan for

23 their own family because if we had a tornado -- we

24 had a tornado in Salt Lake. And we've had several

25 different little ones that I never knew they had

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1 tornados in Salt Lake until after the one downtown.
2 And then we had all these little ones going on. And
3 if we have a tornado that jumps all over the place,
4 you're going to have power lines and power poles that
5 are down if they hit them just right. And people can
6 be without power for a week on end before they get
7 all that taken care of.

8 With people with medical problems that need
9 power, it amazes me that all of them do not have some
10 type of backup. Yes, there is a lot that the power
11 company can do and that telephone companies can do,
12 but the people themselves have to be prepared. And
13 there is so much. I mean, they have solar power,
14 they have wind power that you can adjust for your
15 homes. And for somebody who owns a home it's more
16 their responsibility -- I mean, it's kind of hard to
17 fix up a place you're renting with that type of
18 power. But we have to be prepared as people, too.
19 Thank you.

20 CHAIRMAN CAMPBELL: Thank you. Byron
21 Jacobson. Did I get that right?

22 UNKNOWN SPEAKER: Jorgenson.

23 CHAIRMAN CAMPBELL: I'm sorry.

24 MR. WARNICK: Jorgenson, I believe.

25 CHAIRMAN CAMPBELL: Are you here

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1 Mr. Jorgenson? George Hansen? Thank you.

2 MR. NIELSEN: And for the record it's not
3 Jorgenson; it's Nielsen. The only thing you got right
4 was the Byron.

5 MR. WARNICK: Sorry.

6 MR. NIELSEN: Anyway, I'm the businessman
7 here for Local 57 IBEW which stands for International
8 Brotherhood of Electrical Workers. I have the
9 privilege of representing the employees not only on --
10 that work for Utah Power & Light Company, but also the
11 employees that work for the contractors, the outside
12 line construction contractors and also the tree
13 trimmers that were out there working long continuance
14 hours on this outage.

15 I will have to thank the Company for their
16 concern of the safety for their employees. I was here
17 in 1984 when we had employees that was working for
18 Utah Power & Light that were way too many hours. When
19 you work 72 continuous hours, you're working way too
20 long. That's not the safety of the employees. The
21 concern -- and I think the consumer needs to
22 understand that you're working with an extremely

23 dangerous commodity when you are working with
24 electricity. And in order for those employees to work
25 safely, they need the rest. In order to get that

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1 rest, they are going to have to be away from the
2 property, and they are not going to be able to do the
3 work that they are able to do.

4 One thing that did disturb me, I talked to a
5 lot of my membership and that was I had some of the
6 consumers coming up. They were mad. And rightfully
7 so, but now they are starting to throw rocks at the
8 employees. Some of them were spit at. And I think
9 that is just totally out of line when you got the
10 employees out there trying to get their service back.
11 And they are trying to take their frustration out on
12 the employees that are out there working very
13 diligently.

14 But the problem you run into, and I've been
15 in this business since 1963, not only as an employee
16 for Utah Power & Light Company, but I've also been a
17 union representative for 24 some years, and I've seen
18 our membership go from 3400 down to 1600. And the
19 problems started not with ScottishPower. It started
20 with PacifiCorp. PacifiCorp come in and give
21 everybody low rates. Well, in order to pay for low
22 rates, that's got to come from some place. And where

23 it comes from, it comes off the backs of the
24 employees. Reduce the employees, you lose the
25 service. Since ScottishPower has come on board, I've

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1 seen where the transitional plan come along, they
2 were going to cut employees. They found the
3 transitional plan was not going to work, they turned
4 the transitional plan back around and they are
5 starting to hire employees back. My opinion is they
6 are not hiring enough employees back, but I'm a
7 little selfish on that end. But I think the Company
8 has turned a corner and are starting to hire
9 employees back.

10 And I think -- but you can't have low rates
11 and then also demand high service because linemen are
12 very highly qualified. They have to be highly
13 qualified in order to do the work they have to do on
14 the energized circuits. You have other utility
15 companies out there looking for linemen. They are
16 coming at a high cost, and cannot do it also at lost
17 cost. That's all I have to say.

18 CHAIRMAN CAMPBELL: Thank you, Mr. Neilsen.
19 That concludes the names I have on my list. Is there
20 anybody else from the public that wanted to make a
21 statement? Please come forward. And if you would,
22 please state your name for our record.

23 MR. NIELSEN: My name is Eric Nielsen. I

24 believe, Mr. Chairman, that the Commission should very

25 pointedly ask ScottishPower when they will be on a

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1 three-year term trimming cycle. Trimming trees is
2 really, I believe, the crux of the reliability
3 problem. And it's not a glamorous aspect of the power
4 distribution process. But that's really the key to
5 reliability.

6 I have learned that in the 1990s, the
7 regulators in Oregon were very serious about tree
8 trimming. And PacifiCorp decided in the 1990s that
9 Utah was a second class citizen because regulation in
10 Utah was relatively passive. I mean no disrespect
11 and I mean no offense, but 41 percent of PacifiCorp
12 customers were located in Utah -- excuse me, 43
13 percent in the 1990s. 41 percent of PacifiCorp
14 revenue came from Utah in the 1990s. But as of 1998,
15 24 percent of PacifiCorp tree trimming dollars were
16 spent in Utah. Why the disparity if 41 percent of
17 your revenue comes from Utah and 43 percent of your
18 customers live in Utah? Why are you only spending
19 24 percent of your tree trimming dollars in this
20 state?

21 I have been suing PacifiCorp for the last
22 three and a half years, and I deposed about 35

23 PacifiCorp employees. And I have learned that the
24 answer to that disparity question is this: They were
25 fining PacifiCorp in the 1990s in Oregon if they

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1 didn't trim trees. And a very proactive regulatory
2 body actually inspected lines in Oregon
3 independently. They did not rely on PacifiCorp to
4 tell them whether trees were being trimmed. They
5 hired inspectors. And when they discovered that
6 lines weren't being trimmed, trees weren't being
7 trimmed -- excuse me -- they fine the company. And
8 there was a shift in dollars that went to Oregon as a
9 result of that.

10 I am gratified that ScottishPower promised
11 you, the Commission, I believe in the year 2000, that
12 they would extend tree trimming crews from 27 crews
13 in 1999 to, I believe, 60 crews in the year 2000.
14 Sir, I do not know whether that promise was kept. I
15 do not know whether, in fact, ScottishPower increased
16 the number of tree trimming crews to 60. I do
17 believe that they have increased their budget from
18 about \$3.9 million in about 1991. And that number
19 remained relatively constant clear until 1998. I
20 think from '91 until '98, the annual Utah tree
21 trimming budget went from about 3.9 million to 4.6.
22 And I'm gratified that the promised figure now is

23 about 8 million out of a total company-wide budget of

24 31 million.

25 But the question is: Where does that get

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1 us? The National Electric Safety Code is the
2 statutory codification, if you will, of what their
3 duty is. You have to follow the National Electric
4 Safety Code which requires tree trimming. Utah law
5 specifically says a utility operating in Utah must
6 follow the National Electric Safety Code.

7 Industry standard is three years to trim
8 trees. In the 1990s Utah Power & Light, meaning
9 PacifiCorp, wasn't anywhere near that. They were
10 trimming trees on a five to seven year cycle which is
11 abysmal. That is atrocious.

12 In the year 2000, when ScottishPower was
13 given permission to buy PacifiCorp, they promised we
14 will get on a three-year cycle. And I heard the
15 gentleman from Scotland this morning tell us again,
16 we are going to ramp up and get on a three- year
17 cycle. My question is: When exactly is that going
18 to happen? If you're still on a three to five-year
19 cycle, that's not adequate, because when we water
20 trees as we do in the Salt Lake valley, some trees
21 grow four to six feet a year. If they are not on a
22 tree trimming cycle of three years in the year 2004,

23 when will they be? And if they cannot achieve that

24 industry standard minimum three-year cycle with \$8

25 million a year, I would ask a very pointed and

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1 specific question to ScottishPower, and I would not
2 let them off the hook. If you can't do it with
3 8 million, do you need to spend 12 million? If you
4 can't do it with 12 million, do you need to spend 16
5 million? And I would be asking ScottishPower very
6 pointedly, what are the dividends you are paying your
7 shareholders? What are the compensation packages you
8 are paying upper level management? And what do you
9 need to do to get Utah on a three-year trim cycle?

10 In addition to that, what do you need to do
11 to make sure that the lines are inspected annually?
12 It's not just tree trimming. It's inspecting the
13 lines. I speak from a body of knowledge that we've
14 accumulated from deposing about 35 PacifiCorp
15 employees over the last several years.

16 And I am gratified. I want to be fair to
17 ScottishPower, I do think things have improved in
18 terms of dollars spent, but -- and I apologize if
19 ScottishPower thought they were buying a Mercedes
20 with 10,000 miles and they discovered when they
21 bought PacifiCorp that they really got a Yugo with
22 100,000 miles. I mean, I feel sorry for the fine

23 people of Scotland if that's the bargain they thought

24 they were making when they bought PacifiCorp. But if

25 you want to keep the car running and you discover

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1 that you really bought a Yugo with 100,000 miles, you
2 got to spend the money. You've got to make sure the
3 lines are inspected every year and the trees are
4 trimmed minimum every three years. When is that
5 going to happen? Thank you, sir.

6 CHAIRMAN CAMPBELL: Thank you. Are there
7 any more comments?

8 MR. FORBUSH: Could I just add one thing?

9 CHAIRMAN CAMPBELL: Go ahead.

10 MR. FORBUSH: Can I do it from here? One of
11 the other things I think would be helpful, you know,
12 given this situation the opportunity -- you know, I
13 have a homeowners association meeting coming up in
14 March. I happened to talked to Dave Eskelsen, if he's
15 here from the Company. But anyway, he was very
16 helpful and he took my information, and he said he
17 thought there would be community managers that might
18 be assigned to some of the areas to collect feedback
19 from the customers. And I know I have about 89
20 homeowners that would love to be able to hear what
21 their plans are and give them feedback on what the
22 problems have been. And I would suggest that probably

23 is something that could be scoped out through the
24 whole community that was impacted by the power outage.

25 CHAIRMAN CAMPBELL: Thank you for that

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1 comment. Commissioner Boyer.

2 COMMISSIONER BOYER: Thank you all for being
3 here, and we're very pleased with the public response
4 as well and we appreciate your concerns. We
5 emphasize many of us lived through the same outage
6 problems that you did.

7 I think rather than ask specific questions,
8 I'm just going to just identify a few areas of
9 perhaps further investigation and exploration. And
10 I'd like to say also at the outset while the
11 experience was dreadful and as bad, we've heard about
12 the hardworking crews that were out working, safety
13 that they enjoyed during the working in the evening
14 hours and at night, during snowstorms and so on. We
15 also heard of many acts of human kindness, and we do
16 live in a great area.

17 As I sift through the information that I've
18 received and as I look at complaints that we received
19 either by telephone or through e-mail and some of
20 your comments today, and also my personal experience,
21 my particular house had power but all of my adjacent
22 neighbors did not. So we had sort of a soup kitchen

23 going at our house during the outage as well.

24 I think we can identify -- at least I can

25 identify about six areas probably of major concern,

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1 at least issues that seem to exacerbate the
2 circumstances this time. We -- the extent of the
3 outage was 70,000 customers out of service, we had
4 the duration of the outage, which for most people
5 lasted from two to three days but in some cases as
6 long as five days. We had the absolute failure of
7 the CADOPS computer system, the outage reporting
8 system. And I think a really troubling problem that
9 people I had contact with experienced was the
10 frustration and inability to talk with anybody at
11 Utah Power. Those people I talked to did call in and
12 got into the phone tree and ultimately found out
13 either the line was busy or that the operators were
14 busy or that no outage had been reported in the area,
15 this after a repeated dozen times. So I think people
16 were really frustrated. They didn't know whether
17 their outage had been reported, whether they were on
18 the cue to be repaired, where they stood on that cue
19 and they didn't know how long it would be before they
20 would have power restored. So they didn't have the
21 opportunity to make alternate plans. Or they didn't
22 have information on which to make alternate plans.

- 23 Would they be able to get power, stay with family or
24 get a generator, or snuggle under a quilt or whatever
25 that alternative might have been?

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1 I think there's an issue of the
2 prioritization of repairs. I was driving the first
3 morning after the outage, and I saw an oxygen truck
4 drive up to a home not far from mine delivering a
5 battery operated oxygen system for someone, and my
6 heart went out to that person and the fright they
7 must have experienced.

8 And then I'm concerned about the frequency
9 of outages and also what appears to be a pattern of
10 outages. Mr. Ball mentioned a few of them over the
11 last 20 years as recently as '99 and there was
12 another large outage during the Thanksgiving season
13 in 2001 and, of course, this one. It gives one cause
14 for concern, I think.

15 I think an area of concern is staffing. We
16 heard a lot of people talk about that. Is staffing
17 adequate? There's been allegations that the Company
18 didn't put as many resources to bear this time as
19 they did before, and we heard rebuttal information on
20 that. But whatever the number was, is it adequate?
21 Is it appropriate to do that work in-house? Should
22 it be outsourced? Should we work collaboratively

- 23 with other states like we would in an earthquake
- 24 emergency and borrow and trade labor from other
- 25 utilities of other states and these sorts of things?

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1 These are just questions at this point.

2 The infrastructure, is it adequate for this
3 area? Are the wires adequate? Are the poles
4 adequate, the maintenance and inspection adequate? A
5 lot has been said about tree trimming, the frequency
6 of tree trimming. Are we putting adequate resources
7 to bear on preventive maintenance? Is that most
8 appropriately done in-house or through contract
9 labor? Is the access to the trees a real issue? And
10 what's the answer to that? If the Company can't get
11 access to the trees for trimming, what needs to be
12 done? Do we need legislation to permit broader
13 access easements to do that trimming? I know,
14 ironically, we do get complaints from people who
15 don't want their trees trimmed or feel they've been
16 pruned too severely, and so there's a balance that
17 has to be dealt with.

18 I think people suggested this, we ought to
19 look at that line item on budget for tree trimming.
20 And if it's \$8 million, is that adequate, or is it
21 not adequate? And is all \$8 million being spent on
22 that particular activity? I think we have an

- 23 opportunity here in which the consumers, the
- 24 customers who have experienced outages are going to
- 25 be a great resource of information on the problem

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1 areas, the areas where we need to focus and look.
2 And I'm not sure how we best collect that
3 information, but perhaps a number could be
4 established where people could call in and say we
5 experienced a problem here or the lines are overdrawn
6 here or we have frequent outages.

7 In the bigger picture, I think I have a
8 question about the financial resources of the
9 company. Are the rates we established fair and
10 reasonable to operate and fulfill the mission that we
11 view we have and statutory has designed us to provide
12 adequate supplies of utilities as just and reasonable
13 rates while at the same time permitting the Company
14 to recover an adequate return on their capital
15 investment and to track capital when they need to
16 make infrastructure expenditures?

17 I'm a big fan of technology. I know one can
18 accomplish much more through the use of technology
19 that through the old school, paper and pencil. But I
20 do have a question about the backup system and the
21 references made to the 25year old paper and pencil
22 backup system. What is that system? Of course, I'm

23 not a Monday night quarterback here, but one

24 possibility might have been to establish a telephone

25 bank of operators, perhaps people from the company or

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1 of the private sector in the publication of a number
2 or series of numbers where people could call in when
3 the system failed so they could at least be assured
4 that their complaint was received and they were in
5 cue to have the service restored.

6 I have a question about communication
7 between dispatch and the crews. I heard personally
8 anecdotal reports, crews were not receiving the
9 complaints on time and they didn't know where the
10 outages were on time. Is this function better
11 centralized in Oregon or should it be localized?

12 I was looking in preparation for today's
13 hearing at the report Utah Power gave in December of
14 2001 relating to the Thanksgiving outages in that
15 year, 2000, obviously 2001, and many of the same
16 things are listed in there, that list of lessons
17 learned from June 12th, what actions were taken and
18 so on including tree trimming, review of telephone
19 capacity and so on.

20 I have a question did CADOPS work in that
21 situation? I believe it was deployed in November of
22 2001. How did it function in that? In that case

23 there were reported to be over 100,000 customers out

24 of service for a period of about three days.

25 Maintenance and inspection, is it being

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1 performed? Is it being performed at an adequate
2 level?

3 And I don't want to end on a sour note
4 because I recognize the Company has expended tens of
5 millions of dollars in the last couple of years
6 particularly upgrading infrastructure. And I'm
7 pleased to have seen that during the last summer.
8 That was a long and hot summer. We had many fewer
9 outages we had in the past years attributable in part
10 to the infrastructure improvements made by the
11 Company. But I'm not sure that we're getting the
12 same yield out of the winter outage preparedness and
13 lessons we have learned. Thank you.

14 COMMISSIONER WHITE: Thank you. I also
15 would like to thank the public, those members of the
16 public who came in and offered their comments. They
17 were very good questions raised, and I am
18 appreciative of the matters that were brought to our
19 attention. And I would particularly like the people
20 doing the investigation or investigations here, the
21 Company, the Division and the Committee, to look at
22 some of these questions that were raised today by the

23 members of the public with relation -- with respect

24 to tree trimming, whether the Company had adequate

25 resources, whether the poles are being adequately

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1 maintained and then other -- all the other matters
2 that were raised today.

3 I -- I would be interested to see at some
4 point if the Company is considering recourse against
5 the CADOPS vendor. I don't know where that
6 particular inquiry might lead.

7 Speaking of the CADOPS system, I'm unclear
8 right now, and I don't know if it's an answer that
9 anyone knows at this point, but I'm unclear as to how
10 much the damage, the lengthy outages were caused by
11 the snowstorm and how much of that was aggravated.
12 Is it possible to measure the amount of damage in
13 terms of hours of outage or whatever that was
14 aggravated by the failure of the computer system?

15 And aside from the question of whether or
16 not the snowstorm amounts to a force majeure, I would
17 like to look at whether or not the failure of the
18 computer system ought to be treated separately in
19 terms of assessing whether or not the company has
20 this declared to be a major event.

21 A lot was mentioned today about whether the
22 Company is employing adequate numbers of experienced

23 linemen and, you know, the people who maintain the
24 system. My husband has a short-term phrase for that,
25 a short phrase for that. He calls them old guys in

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1 pickup trucks. And whether it's the telephone
2 utility, the gas or the electricity, he says he
3 personally and anecdotally measures the help of that
4 system by having experienced employees, men with
5 maybe gray hair or women, experienced employees in
6 pickup trucks that are new or well maintained pickup
7 trucks. And when any utility -- and PacifiCorp is
8 the first one to lay off some of these people -- when
9 a utility does that, I think that's cause for
10 concern. And it is a balance getting the right
11 number of people and not -- and not too many and not
12 too few. And I don't run that operation, so I don't
13 know what the answer is. But I do recollect that a
14 couple of years ago the Division commissioned a study
15 on the adequacy of the distribution system of
16 PacifiCorp in Utah. It was done by an outside
17 independent expert. And I'm not sure -- I don't
18 recollect what was in there. That may be useful in
19 shedding light on this investigation but that might
20 be one avenue to look at.

21 But one thing that really stood out for me
22 in that report that I still remember, and one of the

23 things it said in effect, I'm paraphrasing, is that

24 one reason that Utah -- the distribution system got

25 into so much trouble, particularly with respect to

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1 the summer outages, but one reason is higher ups in
2 the company didn't believe their own employees, some
3 of their linemen and their employees on the ground,
4 the old guys in the pickup trucks, telling them about
5 the growth on the system. And according to the
6 report, if I'm remembering this correctly, that was
7 disregarded to some extent by higher ups saying in
8 effect, We don't believe you, nobody can grow that
9 fast. So I would apply some of those lessons to the
10 present situation. And in addition to the question
11 of looking at what's the right level of staffing and
12 the right level of expertise and how many people
13 should you be hiring back again, in connection with
14 this investigation, I suspect it would be very
15 interesting to question current employees of
16 PacifiCorp in Utah, the linemen, the technical
17 employees, the engineers, and get their views of how
18 it's going on the ground. And that may be useful for
19 this investigation.

20 I would just like to close as Commissioner
21 Boyer did and other people have by expressing
22 appreciation for the Company employees who worked so

23 hard as well as the Commission staff, the Division

24 staff, and the Committee for the work they have done.

25 And I also am aware, and I would like to

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1 comment on the extent of the Company's commitment.
2 Their Quantum Leap program has put enormous sums of
3 money into Utah. And as Commissioner Boyer
4 commented, its borne -- I think it's showing results
5 at least in the summertime. So this has shown us it
6 may be time to focus on the other season as well.
7 Thank you.

8 CHAIRMAN CAMPBELL: Thank you. I think my
9 fellow Commissioners have adequately discussed our
10 viewpoint of the issue. I want to just reiterate
11 from the Commission's standpoint, we reviewed the
12 recent events as unacceptable as far as the service
13 level, and we are very interested in understanding
14 what needs to change and what we can do as a
15 Commission to have changed circumstances.

16 I also -- you're going to think I put
17 Dr. Drake and Mr. Ward up to it, but I have mentioned
18 to the Company over the last six to 12 months my
19 concern about the presence or lack of presence in
20 Utah, and it's something we will continue to focus
21 on.

22 As far as this investigation is concerned, a

- 23 lot of this work will take place outside of the
- 24 public view as auditors audit and investigators
- 25 investigate. But we will from time to time, I would

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1 hope, have reports and updates of how that

2 investigation is going.

3 We as a Commission will take the comments we

4 received today, the questions that have been posed.

5 We will make sure that they -- you certainly will

6 have access to the transcript and realize that those

7 are questions that we are interested in having

8 answered.

9 You've been silent for a long time. Go

10 ahead if you have a statement or two you would like

11 to make before we rap up the meeting.

12 MR. LANDELS: Fellow Commissioners, and just

13 for the record, I live in Salt Lake City now given

14 some of the comments that have been made.

15 Today is a very emotional day. It's a tough

16 day for the customers, and it's a tough day for those

17 of us who give our lives to the power company. I

18 don't think today, in my mind, I don't regard it in

19 anyway as destructive. In fact, I welcome and

20 appreciate and respect so many of the comments that

21 have been made. And indeed, I think they will enrich

22 and help the intensity and definition of the study

23 and the inquiries that will get underway immediately.

24 To that extent, I think this has been a useful,

25 helpful day, although emotional.

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1 I think secondly, there is one theme that
2 has come through as well, and I don't want to go down
3 the wrong way, but a lot of comments about lack of
4 investment, or money power levels or tree trimming
5 relate in fact to post Utah Power/Pacific merger as
6 distinct from what we call our merger which was in
7 late 1999. That has come through a lot.

8 I'm going to say I don't know the people who
9 were in the company at that time, didn't meet any of
10 them. But I'll say this for this company because I
11 have a duty to respect the employees of my company
12 and the people who run it. We found in Utah when we
13 came here if you like the lack of a long-term
14 resource plan that could go on for supply and demand
15 in generation, I think there was a lack of investment
16 in relation to the growth. I don't think investment
17 had been keeping up to date with the huge growth and
18 the commendable growth which this state has enjoyed
19 in terms of distribution networks. And I think in
20 maintenance and in manpower, there were questions
21 about the robustness.

22 I think it's important to say this is not --

- 23 we are not a bad company. In the last few years we
- 24 have gone into public record levels on investment.
- 25 We're reinventing apprenticeship programs, manpower

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1 is coming in, the 34 percent improvement in the
2 summer, the distribution or reliability on the
3 Wasatch Front is a direct result of investment.

4 That doesn't get away with the fact our
5 system failed in terms of our communication with
6 customers during this outage and unacceptable,
7 totally unacceptable service levels. It doesn't get
8 to the point that we should get quicker and more
9 aggressively to the right optimum level of tree
10 cutting cycles.

11 So Chairman, I welcome the opportunity to
12 present our view, welcomed and respected the views
13 that have come back to us. I'm proud of the company
14 I work for. And I can assure everyone in this room
15 and the Commissioners that the reviews that will
16 emanate and take place, and they will be fully
17 audited and shared and discussed, will be for the
18 benefit of the state of Utah, for our customers and
19 for our employees, and a lot of good will come after
20 today. And I appreciate your time.

21 CHAIRMAN CAMPBELL: Thank you for your time.
22 Let me just once again thank the public who has come

23 and spent time with us and shared their viewpoint.

24 Once again, we will take -- everything that comes out

25 of this will be made public so the public is fully

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1 aware of what the results of the investigation are
2 and what we intend to do about it. This meeting is
3 adjourned.

4 (Proceedings concluded at 11:47 a.m.)

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104

1 STATE OF UTAH)
2)SS.
3 COUNTY OF SALT LAKE)

4 I, SUSAN S. SPROUSE, Certified Shorthand Reporter

5 Registered Professional Reporter and Notary Public

6 in and for the State of Utah do hereby certify:

7 That the foregoing transcript pages were

8 stenographically reported by me at the time and

9 place hereinbefore set forth;

10 That the same was thereafter reduced to

11 typewritten form;

12 And that the foregoing is a true and correct

13 transcript of those proceedings to the best of my

14 ability.

15

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17 DATED this 9th day of JANUARY, 2004.

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SUSAN S. SPROUSE, CSR, RPR
My Commission Expires 11/8/2007

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105

