



JON HUNTSMAN Jr.
Governor
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Lieutenant Governor

State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

JEFFREY P. MILLINGTON
Director, Division of Public Utilities

MEMORANDUM

To: Utah Public Service Commission

From: Utah Division of Public Utilities
Jeffrey P. Millington, Director
Energy Section
Abdinasir Abdulle, Technical Consultant
Artie Powel, Manager

Date: January 17, 2008

Re: Update of Utah 2003 Storm Inquiry – Docket No. 04-035-01
Update of Irvine Case Stipulation Commitments – Docket No. 04-035-70
MEHC Acquisition of PacifiCorp Commitments – Docket No. 05-035-54

RECOMMENDATION

The Division recently contracted with Williams Consulting Inc. (WCI) to review the 2003 winter storm outage, which was investigated in Docket No. 04-035-01 and resulted in a number of recommendations to help improve Rocky Mountain Power's service quality in Utah. WCI submitted its final report to the Division on January 3, 2008. A copy of WCI's report is attached to this memo.

Overall, WCI concludes that Rocky Mountain Power (Company) has made substantial progress in meeting the recommendations from Docket No. 04-035-01, and the additional commitments arising from the Irvine case and MidAmerican acquisition Docket Nos. 04-035-70 and 05-035-54, respectively. However, WCI encourages the Company to continue refining its condition priority classification and to continue its annual review of the descriptions and condition code assignments.

This essentially is the same “recommendation” WCI made in its initial investigation of the 2003 winter outage on behalf of the Division. In fairness, after the initial investigation, the Company expended its classification from a two tier (A and B conditions) scheme to a five tier (A, B, C, D, and E conditions) scheme. Therefore, as proposed by WCI, the Division recommends that the Company continue its annual review of its classification scheme and report to the Commission its findings and conclusions. This review could be included in the Service Quality Report that the Company already files with the Commission.

BACKGROUND AND DISCUSSION

Following the December 2003 winter storm which resulted in large number of customers experiencing power outage, the Utah Public Service Commission (Commission) directed Utah Power and Light (the Company) to investigate the Company’s response to the storm and other business activities. Subsequently, the Division put together terms of reference (TOR) for the investigation and retained WCI to provide an independent review and comment on Utah Power’s report.

On May 13, 2004, the Company submitted a report of its storm investigation (Utah Power, Public Service Commission Inquiry Report, Utah Holiday 2003 Storm Inquiry) in which the Company made 28 recommendations and indicated the issues that led to those recommendations. On May 12, 2004, WCI submitted its report to the Division (which was subsequently submitted to the Commission) and provided a copy to the Company. In this report WCI suggested 18 additional recommendations to be implemented by the Company¹.

Subsequent to those reports, in Docket No. 04-035-70, the Company committed to several distribution system maintenance conditions. In addition, in December 2005, the Company agreed to a number of merger commitments as a result of MidAmerican Energy Holding Company’s acquisition of PacifiCorp.

¹ Williams Consulting Inc. Review of PacifiCorp’s Storm Response. Utah Holiday Storm – December 2003. May 12, 2004.

In May 2007, The Division hired Williams to conduct a review the Company's progress in implementing the recommendations of the 2003 Winter Storm Outage Report (Docket No. 04-035-01) and the stipulation in Docket No. 04-035-70 and various other commitments relating to service that have been adopted in the Mid American Acquisition and in the last general rate case.

On January 2, 2007, WCI submitted its report containing its findings and recommendations to the Division². To determine RMP's progress in the items listed above, WCI conducted an in-depth investigation including review of documents, RMP's responses to WCI's data requests, interviews with RMP's employees, and site visitations. The report concluded that PacifiCorp has satisfied or is in the process of meeting their 2003 storm outage recommendations and those of WCI, and the MEHC merger service quality commitments.

WCI, however, does encourage the Company to continue refining its condition priority classification and to continue its annual review of the descriptions and condition code assignments. Subsequent to the initial investigation, RMP has modified its tiered maintenance priority code system from two tier system to a five tier system. While WCI does not oppose this five tier system, it is concerned about the growing number of "B" conditions. Therefore, the Division recommends that the Company continue its annual review and report in its Quarterly Service Quality Report to the Commission its findings and conclusions regarding the sufficiency of its current five tier classification scheme.

CC: Rea Petersen, DPU
Douglas Bennion, RMP
Dave Taylor, RMP
Michele Beck, CCS

² See Attachment A of this Memo.