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DIVISION MEMORANDUM

To: Public Service Commission
Ric Campbell, Chair
Ted Boyer, Commissioner
Ron Allen, Commissioner

From: Division of Public Utilities
Irene Rees, Director
Energy Section
Abdinasir Abdulle, Technical Consultant
Artie Powell, Acting Energy Section Manager

Date: June 14, 2005

Subject: Utah Holiday 2003 Storm Inquiry – Docket No. 04-035-01

**Holiday Storm Outage
Division's Response to the Committee of Consumer Services' Memo**

INTRODUCTION

The Division of Public Utilities has reviewed the Committee of Consumer Services' Memorandum on the December 2003 Holiday Storm Outage ("Storm Outage"). The Division understands that there is immense public interest in this matter and additional exploration of some issues may be in the public interest. However, the Committee also makes recommendations concerning issues that have already been addressed. Therefore, Division submits this response to assist the Commission and interested parties to focus the use of time and resources most beneficially.

ISSUES

In its memo to the Commission dealing with the Storm Outage, the Committee states, “certain fundamental issues raised in connection with this proceeding regarding the adequacy of prior design and maintenance of the Utah T&D system, and the efficacy of remedial steps proposed in the Storm Report, remain unresolved.”¹

Specifically, the Committee’s memo raises what it calls “five major deficiencies” dealing with minimum levels of system reliability, a lack of detailed cost-benefit analysis, incomplete comparison of the scope of PacifiCorp’s outage to that of similarly situated utilities, inadequate manpower levels necessary for proper system maintenance, and to low levels of local management presence to meet service level requirements. The Committee offers five recommendations which it believes will remedy these alleged deficiencies. The Division offers the following selective comments on the Committee’s Storm Outage memo along with the Division’s recommendations.²

RECOMMENDATIONS

After carefully reviewing the Committee’s comments on the Storm Outage and PacifiCorp’s response to the Committee, the Division summarizes its recommendations as follows:

1. Regarding the Committee’s request to hold another public hearing where WCI and the Division present how the differences between WCI and the Company were resolved, the Division maintains that this information was presented to the Commission in a public meeting on November 29, 2004. However, the Division does not object to the Committee’s request as the public would likely benefit from further discussions.
2. The Committee raised concerns about an apparent discrepancy in the duration of outages between PacifiCorp territory and other similarly situated municipal utilities and asks for additional explanation over and above that offered in the April 4, 2005 public meeting.

The Division recommends that the Committee more explicitly state what data or

¹ “Committee of Consumer Services’ Recommendations Regarding the December 2003 Holiday Storm Outage and PacifiCorp’s May 13, 2004 Storm Report,” (Committee Memo) May 4, 2005, Docket no. 04-035-01.

² For convenience, the Committee’s recommendations are presented in “bold”.

information it seeks so the Company can target its response and so that other interested parties can evaluate that response with the Committee's request in mind. If necessary, the parties should work with the Company to gather the relevant data or information from the municipal companies which these companies did not submit earlier.

3. With regard to the Committee's request for cost/benefit studies, the Division recognizes that there are many issues that can be studied. However, given the limited resources available for these kinds of projects, cost/benefit studies should be focused on issues that are reasonably likely to be implemented. The Division would welcome clarification from the Committee about the purposes of the studies it seeks and recommends that the Committee narrow its request to projects that directly benefit ratepayers and regulators
4. The Division is interested in learning more about whether positive impacts would result from a larger corporate presence in Utah. However, this issue exceeds the scope of the Storm Outage docket. Therefore, the Division recommends that the parties explore this issue in the upcoming acquisition proceedings.
5. The Company investigated the outage, reported on the causes, and committed to certain system changes, improvements and reports going forward. The Company has fulfilled the purpose of this docket and the Division recommends that the docket be closed. If the Commission or other parties are interested in pursuing tangential issues, the Division recommends that the parties work together to identify issues to be considered by the Service Quality Taskforce, issues to be addressed in the upcoming acquisition proceedings or future rate cases, and issues that may warrant separate investigation.

RESPONSIVE COMMENTS

1. Committee request: Schedule a public hearing or meeting to allow the Division and its consultant, WCI, to publicly present the results of their investigation, and discuss the various agreements reached between the Division and PacifiCorp regarding issues examined in WCI's inquiry. This would enable the Commission and other interested parties to ask questions and gain a better understanding of how the differences between WCI and the utility on key issues such as T&D system reliability, maintenance budgets, utility manpower levels, etc. were resolved to WCI's satisfaction.

To provide all of the interested parties an opportunity to participate in or monitor the Holiday outage investigation and the implementation and progress of the recommendations, several meetings and technical conferences were held on July 1, 2004, August 24, 2004, September 9, 2004, November 29, 2004, and April 4, 2005. The Committee's representatives were present at all of these meetings.

At the September 9th technical conference, WCI voiced some concerns in relation to how the Company proposed treating some of WCI's recommendations. In response, on November 4, 2004, the Division filed a memorandum with the Commission in which the Division recommended that the Commission hold an additional technical conference at which the costs and benefits of some of the recommendations and ways to monitor any action steps associated with the recommendations and how to measure progress would be discussed.

In anticipation of the additional technical conference, a phone conference between the Company, Division, and WCI was held on November 23, 2004, in which the disagreements between the Company and WCI were discussed and resolved to the satisfaction of WCI. Consequently, on November 24, 2004, the Division filed a memorandum with the Commission withdrawing its request for the additional technical conference. On November 29, 2004, a public meeting was held in which these issues were discussed in detail³. The Committee, the Commission and other interested parties were present at this meeting.

While the Division maintains that these issues have been previously addressed in a public meeting, the Division does not object to further discussion of these issues to benefit the public. Since WCI's contract was funded by the Company, the Commission must authorize the Company to fund another contract between WCI and the Division

2. Committee request: Direct PacifiCorp to provide additional information and explanation regarding why customers on the Bountiful and Murray utility systems sustained lower outage levels compared to customer outage levels realized in PacifiCorp's service territory.

³ Refer to the attachments to the Division's November 4, 2004 and December 6, 2004 memorandums to the Commission.

On April 4th 2005, a public meeting was held at which PacifiCorp presented an update of the status of the implementation and progress of its own and WCI's recommendations. In this meeting PacifiCorp provided a comparison of the similarities and differences between Bountiful and Centerville to explain the discrepancy between the outage durations and severity between the two areas. Perhaps PacifiCorp's explanation fell short of fully elucidating the apparent discrepancy in the durations of outages between the two areas. Possibly the comparison was not complete because proprietary data in the hands of the municipal companies was not readily available. Nevertheless, the Committee should be more specific about what additional information the Committee seeks so the Company can target its response and the Division can evaluate the response against the Committee's request. The parties can work together as appropriate to identify relevant information and to obtain that information from the municipal power companies.

3. Committee request: Direct PacifiCorp to provide a detailed cost-benefit study of remedy alternatives ranging from implementing a three-year vegetation management cycle to under-grounding the entire T&D network along the Wasatch Front.

As the Committee's Storm Outage memo indicates, there is "a range of remedy alternatives ... which could substantially reduce storm-related outages in the future."⁴ While this observation is true, not all alternatives would be financially acceptable to ratepayers. It would be helpful if the Committee could narrow its request to the most reasonably likely scenarios. As an example, the Committee asks for a cost/benefit analysis on undergrounding the entire distribution system, even though there is no likelihood that such a project could be accomplished due to excessively high costs, access issues and other legal and practical considerations. Even if undergrounding some portion of the overhead system made sense, wholesale replacement of existing overhead systems in established neighborhoods and commercial areas is not feasible.

Conducting cost/benefit analyses of an infinite range of remedial alternatives would be prohibitively expensive and time consuming without directly benefiting ratepayers or the public interest. The Committee should narrow its request to specific remedial options that are likely to yield some feasible improvement to the system without unduly burdening ratepayers. Otherwise,

⁴ Committee Memo, p. 8.

the Division recommends that the Committee raise its issues in the ongoing Service Quality Standards Task Force.

4. Committee request: Resolve the apparent discrepancy between PacifiCorp's claim that SAIDI/SAIFI outage numbers have improved over the past few years and the weather-related outage information provided to the Division.

The Committee states, "The discrepancy between the utility's claim that SAIDI/SAIFI performance is improving every year and the outage data it otherwise provides to the Division needs to be explained and reconciled." The Committee raised this apparent discrepancy in a meeting with Division on December 22, 2004. In that meeting, Division staff explained to the Committee representatives Roger Ball, Dan Gimble, and Reed Warnick that PacifiCorp is required to notify the Division of all outages (planned and unplanned) that affects fifty or more customers regardless of the duration, but that this data is not comparable to the outage data represented by PacifiCorp's SAIDI and SAIFI measures. The information PacifiCorp provides to the Division on outages consists of notifications made early in the outage process by an outage coordinator located in the dispatch center. This information consists of the date, location including circuit(s), cause, start time, restoration time, and number of customers affected. These data are preliminary estimates only and are not normalized (i.e., the data does not control for or exclude planned outages or major events).

In contrast, the Company uses data from Prosper/US (the outage reporting system) to generate its outage reports. The automated data generated in CADOPS (the automated outage management system) gets interfaced into Prosper/US. When the outage is worked, each individual circuit that is interrupted is considered an outage event. Thus a transmission outage will result in several outage events, even though only one notification may be made. Each outage event will summarize the number of customers involved in the event (Customers Interrupted) and as the power is restored the duration is calculated based on which interrupting device (fuses, breakers, etc.) were without power, and each customer connected to that "no power" source. These calculations result in Customer Minutes Lost. Prosper/US is the repository from which all outage and reliability trends are determined and is the data source for determining the Company's SAIDI and SAIFI measures. Therefore, since the data provided to the Division

(which are preliminary estimates only) and the data supporting PacifiCorp's claims about performance have two different sources, the two sets of data are not comparable.

One has to realize that the number of outage events has no direct tie to customer reliability. For instance, if you had a system with 10 customers and each customer experienced an individual outage that only affected him/her for 100 minutes, the SAIDI would be 100, SAIFI would be 1, and the number of outages would be 10. If this same system experienced an outage at a tap that serves all 10 customers which lasted 100 minutes, the SAIDI would be 100, SAIFI would be 1, but the number of outages would be 1. As can be seen, without knowing where (how far up the system) the events occurred could lead one to draw the erroneous conclusion that in the second case service is 10 times better (i.e., 1 outage versus 10), when in actuality service reliability is identical in the two scenarios (the SAIDI and SAIFI measures are not affected). Again, this difference in the data was presented by the Division in its December 22nd meeting with the Committee. The Division has no further recommendation with regard to this issue.

5. Committee request: Consider establishing a separate docket to investigate the nexus between corporate management presence and local control issues as quality of service and reliability in Utah.

The Division concurs with the Committee that a need exists "to investigate the nexus between corporate management presence and the local control issues as quality of service and reliability in Utah." However, the Division believes that this issue can be dealt with in the ongoing Service Quality Standards task force or the upcoming acquisition proceedings. Therefore, a separate Docket may not be necessary, but the Division does not object to this request.

ADDITIONAL RESPONSIVE COMMENTS

Severity of Storm (Committee Memo 3.1.1)

While the Committee's memo correctly quotes from WCI's report, the quotes are taken out of context, making it sound as if WCI is challenging PacifiCorp's conclusion about the severity of the storm, when in reality, the information quoted by the Committee is offered by WCI as further evidence in support of PacifiCorp's conclusion that the Holiday storm was significant:

WCI *concur*s that this was a very significant storm. Based on our conversations with the National Weather Service (NWS) in Salt Lake City and data obtained from NOAA/NCDC, we offer the [following] *additional* findings and conclusions:

1. The storm was one of the five worst storms since 1928. A ranking follows (largest snow storms listed first in terms of snowfall):
 - i. December 12, 1993, Heavy snow, high water content
 - ii. March 22, 1944, Heavy snow high winds
 - iii. Nov 5, 1998, Winter Storm, heavy, wet snow
 - iv. 1996 (data not available)
 - v. December 26, 2003, as reported by PacifiCorp.
2. The NWS representative we spoke to classified this as a one-in-ten year storm, based on snowfall accumulation. ...

While the December 26, 2003 storm was not the largest in recent history, it contained a confluence of factors, including drought-weakened trees coupled with the high water content in the snowfall, as explained by PacifiCorp, causing many trees and tree limbs to break and affect power lines that, in turn, caused widespread power outages.⁵

CC Russell Skousen, Utah Department of Commerce
Jeff Larsen, PacifiCorp
Leslie Reberg, Utah Committee of Consumer Services

⁵ “Review of PacifiCorp’s Storm Response Report: Utah Holiday Storm – December 2003,” (William’s or WCI’s Report) WCI Williams Consulting Inc., May 13, 2004, p. 10. (Emphasis added).