



State of Utah
Department of Commerce
Division of Public Utilities

KLARE BACHMAN
Executive Director

JASON PERRY
Deputy Director

IRENE REES
Director, Division of Public Utilities

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

MEMORANDUM

To: Public Service Commission of Utah

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

Date: November 4, 2004

Re: Utah Holiday 2003 Storm Inquiry

A severe snowstorm and a subsequent wind hit the Wasatch Front late in the evening of December 25, 2003 and continued until January 3, 2004. This storm resulted in 80,000 customers losing power at the peak of the storm, 190,000 customers without power at some point during the storm, and about 2,700 customers out of power for several days following the storm's initial impact.

Following the storm, the Utah Public Service Commission (Commission) directed the Company to investigate the Company's response to the storm and other business activities. Subsequently, the Utah Division of Public Utilities (Division) selected Williams Consulting, Inc. (WCI), to provide an independent assessment of Utah Power's report. On May 13, 2004, the Company submitted a report of their storm investigation (Utah Power, Public Service Commission Inquiry Report, Utah Holiday 2003 Storm Inquiry) in which the Company made 28 recommendations. On May 12, 2004, WCI submitted its report to the Division (which was subsequently submitted to the

Commission) and provided a copy to Utah Power. Besides the Company's recommendations Williams suggested 18 additional recommendations to be implemented by the Company.

On September 9, 2004, the Company held a meeting in which they presented the status of its recommendations and a response to the WCI's additional recommendations. In its presentation the Company indicated that they agreed with 9 of the WCI's recommendations and disagreed with 9 others and provided an explanation of their disagreement.

Williams Consulting, Inc. reviewed PacifiCorp's response to WCI's recommendations and submitted their comments to the Division on October 8, 2004. These comments are attached to this memorandum. In short, WCI's comments indicate that the Company has made progress in addressing both the recommendations that they suggested and those suggested by WCI in relation to the Utah Holiday 2003 Storm Inquiry. However, WCI believes that the Company has not fully addressed some of the WCI's recommendations. In its comments, WCI agrees with some of the PacifiCorp's disagreements, indicates that they do not have enough information to comment on some of the PacifiCorp's responses, and disagrees with some of PacifiCorp's responses to the additional recommendations.

After reviewing the information presented by the Company during the meeting on September 9, 2004 and WCI's comments, the Division believes that there are areas of significant disagreement. Without further information, the Division is not in a position to provide any recommendations. The Division thinks that both PacifiCorp and Williams should be given an opportunity to further elaborate their recommendations. Therefore, the Division recommends that the Commission hold a technical conference in which the costs and the 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.

