

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Service Quality)
Standards for Rocky Mountain Power) DOCKET NO. 08-035-55
)
) ORDER
)
)
)

ISSUED: June 11, 2009

By The Commission:

PROCEDURAL HISTORY

On June 2, 2008, Rocky Mountain Power, a division of PacifiCorp (“Company”), filed its Service Standards Report pursuant to Docket No. 05-035-54 Merger Commitment No. U 9.¹ The report is for the modified Performance Standards and Customer Guarantee Program implemented on April 1, 2005, until March 31, 2008. This program was initially set to expire in 2008 but was affirmed and extended though December 31, 2011, as part of the Public Service Commission of Utah’s (“Commission”) approval of MidAmerican Energy Holding Company’s (“MEHC”) acquisition of PacifiCorp in Docket No. 05-035-54.² This approval included the option for the Company to request approval of modifications to the existing program after the

¹ Docket No. 05-035-54, “In the Matter of the Application of MidAmerican Energy Holdings Company and PacifiCorp dba Utah Power & Light Company for an Order Authorizing Proposed Transaction.” Merger Commitment U9: “PacifiCorp will provide semi annual reports to the Commission and members of the Service Quality Review Group describing PacifiCorp’s performance in meeting service standard commitments, including both performance standards and customer guarantees.”

² Docket No. 05-035-54, Merger Commitment 1: “MEHC and PacifiCorp affirm the continuation (through March 31, 2008) of the existing customer service guarantees and performance standards in each jurisdiction. MEHC and PacifiCorp will not propose modifications to the guarantees and standards prior to March 31, 2008. Refer to Commitment 45 for the extension of this commitment through 2011.”

March 31, 2008, expiration date.³ In its cover letter accompanying the June 2, 2008, report, the Company noted it had evaluated the program and intended to file a request for minor modifications in how its targets are established for several of the standards. Accordingly, on June 4, 2008, the Company requested approval of revisions to its Network Performance Standards. The Company requested an effective date for the revisions retroactive to April 1, 2008.

In response to the Commission's June 10, 2008, action request to the Utah Division of Public Utilities ("Division"), on August 21, 2008, the Division requested 120 additional days to study the issues surrounding what constitutes a "Controllable Distribution Outage," and to consider whether the proposed standard and reporting changes are beneficial to ratepayers. By letter, the Commission extended the deadline for Division comments to December 18, 2008, as requested. On December 18, 2008, in a memorandum to the Commission, the Division recommended the Commission deny the June 4, 2008, requested modifications. The Division noted the Company had revised and replaced its June 4, 2008, request for modifications in an electronic filing dated December 18, 2008, and the Division requested an additional 120 days to consider the Company's revised modifications.

On December 22, 2008, the Company filed a revised request to modify its Performance Standards and Customer Guarantees Program. On January 6, 2009, the

³ Docket No. 05-035-54 Merger Commitment 45 on Customer Service Standards: "MEHC and PacifiCorp commit to continue customer service guarantees and performance standards as established in each jurisdiction, provided that MEHC and PacifiCorp reserve the right to request modifications of the guarantees and standards after March 31, 2008, and the right to request termination (as well as modification) of one or more guarantees or standards after 2011. The guarantees and standards will not be eliminated or modified without Commission approval."

Commission issued a new action request for the Division to investigate the Company's December 22, 2008, proposed changes and to provide its recommendations by May 1, 2009. On April 30, 2009, the Division and the Utah Committee of Consumer Services (now the Office of Consumer Services or "OCS") provided comments on the Company's December 22, 2008, proposed changes.

PARTIES' POSITIONS

The Company explains its Performance Standards Programs are comprised of Network Performance Standards and Customer Service Performance Standards. The Company proposes to maintain the latter in their current form and modify the Network Performance Standards. The following table, provided in OCS's comments, presents the Company's proposed changes from the current Network Performance Standards 1 and 2.

<u>Network Performance Standard</u>	<u>Current Standard</u>	<u>Proposed Standard</u>
<u>Network Performance Standard 1:</u> Improve System Average Interruption Duration Index ("SAIDI")	The Company will improve SAIDI by 6% by March 31, 2008.	The Company will improve Controllable Distribution SAIDI by 29% by December 31, 2011.
<u>Network Performance Standard 2:</u> Improve System Average Interruption Frequency Index ("SAIFI")	The Company will improve SAIFI by 6% by March 31, 2008.	The Company will improve Controllable Distribution SAIFI by 27% by December 31, 2011.

The Company proposes modifying the basis for developing targets for cost-effective improvements in system-wide reliability and to maintain responsiveness in the event of outages. The Company proposes developing improvement targets which are related to

controllable outage events on the distribution system, and therefore proposes the development of the category of “Controllable Distribution” outages. The Company defines controllable outage events to be attributed to causes against which the Company can implement system improvements that have a high probability of avoiding future recurrence at a local level.

Specifically, the Company requests approval of the target levels to be achieved by December 31, 2011, for its Network Performance Standards 1 and 2. For Network Performance Standard 1, the Company proposes to improve controllable distribution outage duration by 29% over the average prior period performance, resulting in a controllable distribution SAIDI reduction of 21 minutes, to a target of no more than 50.8 minutes. For Network Performance Standard 2, the Company proposes to improve controllable distribution outage frequency by 27% over the average prior period performance, resulting in a controllable distribution SAIFI reduction of 0.141 events, to a target of no more than 0.383 events. The Company explains these targets continue the improvement trend delivered previously on controllable distribution outages only.

The Company is not proposing changes to the current Customer Guarantees Program as reflected in Rule 25 nor to the credits associated with the Customer Guarantees and Performance Standards as set forth in Schedule 300.

Although not called out by the Company in its request for modifications, OCS notes the Company also modified Customer Service Performance Standard 6 by eliminating the phrase, “...except in Utah where the Company will resolve 100 % of informal Commission complaints within 30 days.”

The Division generally supports the Company's request to report SAIDI and SAIFI figures based only on causes attributable to controllable categories but is concerned the Company may be defining "controllable" too narrowly and there may be opportunities for the Company to protect against certain non-controllable causes. The Division represents the Company agrees there have been occasions where that was possible. The Division states the Company has agreed to provide, in an appendix to its semi-annual report, descriptions of efforts made by the Company to improve service quality and reliability for causes that the Company has identified as not controllable when the Company has identified and acted on such opportunities. The Division believes this will provide regulators and other interested parties a more complete picture of the Company's efforts to improve service quality and reliability. With this condition, the Division concludes the proposed Performance Standards and Customer Guarantees are reasonable and recommends the Commission approve them.

OCS supports the Company's intention to focus efforts on outages over which it has the greatest level of control but believes there should be some metric for measuring success and improvement in the area of duration and response time even for the outages arising from non-controllable events. While OCS does not object to removing the non-controllable outages from the SAIFI measurements, it questions why these events should be removed from SAIDI, since this metric measures duration, regardless of cause. However, OCS does not object to the Company's proposal if performance measurement for the duration and response time for non-controllable outages is developed. With respect to the omission noted for Customer Service Performance Standard 6, OCS explains the Company inadvertently omitted a footnote to an

asterisk which states, “In Utah the Company will resolve 100% of Commission complaints within 30 days in accordance with Utah Public Service Commission Administrative Rules.”

Based on the Company’s assertion the proposed changes will result in system improvement equal to or greater than improvements under the current Performance Standards, OCS does not oppose the proposed changes. However, OCS recommends the Commission include the following requirements in its approval order: 1) The Company report both controllable and non-controllable outages and provide information regarding non-controllable outages as an appendix to its semi-annual report; 2) the Company provide a supplemental filing, within a time certain such as 90 days, to supplement these modifications to performance standards with a process for measuring performance and improvements for the non-controllable events; 3) the determination of controllable or non-controllable outage should be attributed to the root cause of the outage and not solely based upon a pre-defined list that may not accurately identify the Company’s level of control; and, 4) the omitted footnote under Customer Service Performance Standard 6 should be included in the final version of the Performance Standards and Customer Guarantees.

DISCUSSION, FINDINGS, CONCLUSIONS

For the reasons stated by the parties, we concur the continuation of the Company’s Performance Standards Programs with the proposed changes is reasonable and will help the Company to continue its progress in improving service quality. We also accept the Division and OCS’s recommended conditions to address their concerns regarding the definition of a controllable event and to ensure regulators and other interested parties have a more complete

DOCKET NO. 08-035-55

-7-

picture of the Company's efforts to improve service quality and reliability. We therefore approve the Company's modifications subject to the conditions recommended by the Division and OCS, described herein.

We note the Division and OCS refer to the Company's semi-annual report but do not specify whether this is the Service Standards Report filed with the Commission pursuant to merger commitment U9 or the Service Quality Review Report the Company provides to the Division, OCS and interested parties pursuant to the Utah Service Quality Review Group Report, filed with the Commission in Docket No. 04-035-42.⁴ We expect the requested reporting on both controllable and non-controllable outages will be valuable in both reports and therefore direct the Company to provide this information in both reports. We think the information requested by the Division and OCS to be included as an appendix is reasonable to include in the Service Quality Review reports only, and therefore direct the Company to include this appendix in any updated or future reports. We also direct the Company to file its final Service Quality Review reports within 90 days of the reporting period's ending date.

ORDER

Wherefore, pursuant to our discussion, findings and conclusions made herein, we order:

1. The Company's proposed changes to Network Performance Standards 1 and 2 are approved, effective April 1, 2008.

⁴ Docket No. 04-035-42, "In the Matter of the Application of PacifiCorp for Approval of its Electric Service Schedules and Electric Service Regulations."

DOCKET NO. 08-035-55

-8-

2. The Company shall report both controllable and non-controllable outages in its Service Standards and Service Quality Review reports.
3. The Company shall provide, as an appendix to its Service Quality Review reports, information regarding non-controllable outages, including, when applicable, descriptions of efforts made by the Company to improve service quality and reliability for causes the Company has identified as not controllable.
4. The Company shall provide a supplemental filing, within 90 days, consisting of a process for measuring performance and improvements for the non-controllable events.
5. The Company shall make its determination of controllable or non-controllable outages based on the root cause of the outage and not solely based upon a pre-defined list of such outages.
6. The Company shall included the omitted footnote, as described herein, for Customer Service Performance Standard 6 in the Performance Standards and Customer Guarantees.
7. For informational purposes, the Company shall file with the Commission its final Service Quality Review reports within 90 days of the reporting period end-date.
8. The Company shall update and file its 2008 semi-annual reports with the Commission in accordance with this order within 60 days.

DOCKET NO. 08-035-55

-9-

DATED at Salt Lake City, Utah, this 11th day of June, 2009.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#62486