



JON HUNTSMAN Jr.
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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

PHILIP J. POWLICK
Director, Division of Public Utilities

Memorandum

TO: Public Service Commission

FROM: Division of Public Utilities
Philip Powlick, Director,
Artie Powell, Energy Manager
Abdinasir Abdulle, Technical Consultant
Charles Peterson, Technical Consultant

DATE: August 21, 2008

RE: PacifiCorp request to modify Performance Standards and Customer Guarantees per Docket No. 05-035-54, Stipulated Commitments 1 and 45, and Utah-specific Commitment U9

I. ISSUE

In a letter dated June 2, 2008 PacifiCorp, d.b.a. Rocky Mountain Power (Company) filed its semi annual report on the performance of its Service Quality and Customer Guarantee commitments pursuant to the Acquisition Stipulation commitments 1, 45, and U9 in Docket No. 05-035-54. In a follow-up letter dated June 4, 2008 the Company requested modifications to the Service Quality reporting. The Public Service Commission (Commission) on June 10, 2008 sent an Action Request to the Division of Public Utilities (Division) requesting comments on these letters by August 21, 2008. The Memorandum is the Division's response to the Commission's Action Request.

II. RECOMMENDATION (Provide a study period of 120 days)

As discussed below, the Division requests more time, specifically 120 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.

III. DISCUSSION

Since the close of the Acquisition in March 2006, the Division believes that PacifiCorp has complied with Commitments 1, 45, and U9, in particular, the Company has continued to satisfy its Customer Guarantees and to improve Service Quality. The Company has reported to the Division its progress pursuant to commitment U9. PacifiCorp is proposing to alter the way it presents its Service Quality results by introducing the concept of “Controllable Distribution” outages. The Company is not proposing to make any changes to the Customer Guarantee Program.

The Company, Division, Committee of Consumer Services (Committee), Carol Revelt of the Commission Staff, and Art Sandack representing IBEW met for a technical conference on August 14, 2008. At the technical conference the Company representatives discussed their definition of “Controllable Distribution” outages and listed certain categories of outage causes that they considered “controllable.” An alternative term for “controllable” might be “preventable.” Controllable outages included outages due to animals, certain equipment failures such as due to deterioration and rotting, certain errors by PacifiCorp such as faulty installation or switching errors, and causes due to trimmable trees.

The Company wants to report SAIDI (System Average sustained Interruption Duration Index) and SAIFI (System Average sustained Interruption Frequency Index) figures based only on causes attributable to these controllable categories. The formal measurement of the Company’s success in meeting its SAIDI and SAIFI standards would be modified and be applied retroactively to April 1, 2008 and continue through the nominal end of the program which is December 31, 2011.¹ The Company would continue to report the total SAIDI and SAIFI figures as it currently does. The Company’s basic argument is that “controllable” causes are the items the Company can economically “fix” in order to improve the system’s reliability. The flip side is

¹ The “controllable” SAIDI numbers would improve 36 percent over the time period, improving by 25.7 minutes per year to “no more than 46.1 minutes (per year)” by December 31, 2011; the SAIFI “controllable” figures would improve by 33 percent or a reduction of 0.171 events per year to 0.353 events per year. (See June 4, 2008 letter, page 3.)

that outages from non-controllable causes cannot be prevented, or can be prevented only at very high cost, e.g. automobiles crashing into power poles.

The Division is concerned that the Company is defining “controllable” outage causes too narrowly. For example, are all weather-related outages at all locations really “non-controllable”? That is, are there no situations for which it would be economically feasible to implement an effort to reduce such outages? Similarly, are there no situations/locations for which it would be feasible to try to reduce outages due to motor vehicle accidents? It is unclear at this point how the proposed new standards relate to the prior standards. The Division believes that further investigation is warranted before approval of these changes is considered. The Division also notes that for its internal purposes the Company can use whatever measurements it wants without Commission approval. However, at this point it is not clear to the Division that ratepayers are benefitted by these standards and reporting changes. Therefore the Division recommends and requests an additional 120 day period to work with the Company to reach agreement on these questions.

The Division understands from a representative of the Committee, that the Committee has similar questions and concerns and supports the request for additional time.

An additional topic was discussed related to circuit CPI (circuit performance index) system-wide. The Company has been investing in a program in Utah in which each year it identifies the 5 worst performing circuits in the state and proceeds to upgrade the circuits to meet, on average, a certain minimum level of performance improvement as measured by the CPI. The Division asked about the improvement of the state’s circuits as a whole. The Company assured the Division that overtime there has been CPI improvement generally. The Company promised to provide supporting data for the last five years.

cc: Dave Taylor, PacifiCorp
Michele Beck, Committee of Consumer Services
Cheryl Murray, Committee of Consumer Services
Art Sandack, attorney for IBEW