



State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

To: The Public Service Commission of Utah

From: The Committee of Consumer Services
Michele Beck, Director
Cheryl Murray, Utility Analyst

Copies To: PacifiCorp
David Taylor, Manager, Regulation

The Division of Public Utilities
Phil Powlick, Director
Artie Powell, Energy Section Manager

Date: April 30, 2009

Subject: Proposed Modifications to Performance Standards and Customer Guarantees (Dockets No. 05-035-54, 08-999-02 and 08-035-55)

Background

On December 18, 2008, Rocky Mountain Power (RMP or Company) filed Proposed Modifications to Performance Standards and Customer Guarantees (Docket No. 05-035-54) with the Public Service Commission (Commission) requesting approval to revise the Company's Network Performance Standards for Revised Baselines. The Company requested an effective date of the revisions retroactive to April 1, 2008.

The Performance Standards and Customer Guarantees were implemented in 2000 with a five-year commitment. This program originally expired on March 31, 2005 but was voluntarily extended. Through the MidAmerican Energy Holding Company's acquisition of PacifiCorp in Docket No. 05-035-54, the program was further extended through December 31, 2011. However, language in the commitment provided that PacifiCorp reserved the right to request modifications of the guarantees and standards after March 31, 2008, and to request termination (as well as modification) of one or more guarantees or standards after 2011.

The Company does not propose to change the Customer Guarantee Program reflected in Rule 25 or the associated payments as set forth in Schedule 300. Changes in this filing pertain to Network Performance Standards 1 and 2.

Discussion

The Service Standards Program was implemented to improve service to customers and to emphasize to RMP employees that customer service, including system reliability is a top

priority for the Company.

The Company proposes that the basis for developing the targets for the Network Performance Standards 1 and 2 be modified and that improvement goals should be developed around outage events that are on the distribution system and within the Company's control. The Company describes controllable outage events as being "attributed to causes against which the Company is able to implement system improvements that have a high probability of avoiding future recurrence at a local level". Examples provided include outages related to equipment failure or animal interference since the Company can take measures to avoid these events in the future and have some certainty that they will not recur. These would be designated "Controllable Distribution" outages. However, transmission outage events and car-hit-pole interference outage events do not fit the characteristics of controllable events and are generally not avoidable through engineered programs.

The Company asserts that these changes will allow it to concentrate efforts on outage events that are within its control, building programs to correct problems and investing in appropriate improvements, resulting in customer benefits.

This does not mean that the Company ignores non-controllable outages but rather the focus for these events would be on minimization and restoration response.

Proposed Changes

The following Table provides the proposed changes from the current Network Performance Standards 1 and 2.

Network Performance Standard	Current Standard ¹	Proposed Standard
<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.

A comparison of the SAIDI and SAIFI improvement percentage numbers certainly appears to indicate that the new Standards would be a marked improvement over the prior Standards. However, including only controllable events in the measure of SAIDI and SAIFI may have a similar effect as removing major events. The Division of Public Utilities had indicated it was undertaking an analysis to determine if the Company's proposed changes would, in fact, provide benefit to customers through increased system performance or at

¹ In 2005 through Commitment 45 MEHC and PacifiCorp committed to continue the customer service guarantees and performance standards through December 31, 2011. The companies reserved the right to request modifications of the guarantees and standards after March 31, 2008 and modification or termination after 2011.

least hold them harmless.² On April 30, 2009 the Division submitted its recommendation to the Commission for conditional approval of the proposed changes. Based on that recommendation the Committee assumes the Division is satisfied that these changes will not result in a decline in service improvement under the proposed changes.

The Committee supports the Company's intention to focus its efforts on outages over which it has the greatest level of control. The Committee appreciates the Company's stated intention to continue to work on minimization and restoration response for the non-controllable outages. Nonetheless, the Committee believes that there should be some metric for measuring success and improvement in the area of duration and response time even for outages arising from non-controllable events. The Committee does not object to removing the non-controllable outages from the SIAFI measurements. However, it is not clear why these events should be removed from SAIDI, since that is a metric measuring duration, regardless of cause. The Committee will not object to this request, at this time, so long as a performance measurement for the duration and response time for non-controllable outages is developed. These types of outages are not insignificant and the Company's response to them is a critical component of its overall reliability. Therefore, the Committee recommends that the Commission order the Company to 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.

Although the Company indicated it was only requesting modifications to Network Performance Standards 1 and 2, the Committee noted that Customer Service Performance Standard 6: Commission Complaint Response/Resolution also was modified in the filing. The current standard reads:

The Company will 1) respond to at least 95% of non-disconnect Commission complaints within three working days; b) respond to at least 95% of disconnect Commission complaints within four working hours; and c) resolve 95% of informal Commission complaints within 30 days, *except in Utah where the Company will resolve 100% of informal Commission complaints within 30 days.*

Customer Service Performance Standard 6 as filed in this docket removes the reference to specific treatment of informal complaints in Utah. The Committee enquired if the elimination of the Utah specific requirement was an oversight in the filing and what the asterisk in that section referenced. In response to CCS data request 1.1 the Company responded:

The footnote for which this asterisk exists was inadvertently omitted and is inserted below for completeness.

**In Utah the Company will resolve 100% of Commission complaints within 30 days*

² In an April 2, 2009 meeting with the Division and Committee the Company stated that these changes would increase SAIDI and SAIFI improvements from the current 6% to approximately 8%.

in accordance with Utah Public Service Commission Administrative Rules.

The Committee recommends that this footnote be included in a final version of the PacifiCorp Performance Standards under Customer Service Performance Standard 6 as the Company originally intended.

Controllable Events

The Company provided and discussed with the Committee and Division a list of outages broken out by Direct Cause Category and Direct Cause. Those Direct Causes that were considered Controllable Distribution events were identified. The Committee questions some of the events that the Company considers non-controllable. For example the category Loss of Supply lists the following Direct Causes: failure on other line or station; loss of feed from supplier; loss of generator; loss of substation; loss of transmission line; and system protection. While in some circumstance the loss of a generator or loss of a substation may be uncontrollable if the loss is the result of poor maintenance or operator error it is within the Company's control. The Commission should require that actual classification of an outage as controllable or non-controllable be determined by the Root cause of the outage.

The Company has indicated that it will continue to report all outages and in the case of non-controllable outages, which will not be included in the measurement of SAIDI and SAIFI, the Company will identify and describe any steps it has taken to improve reliability and service quality in those areas. This information is to be provided as an appendix to its semi-annual report. The Committee believes that this is an important reporting feature that will aid in any future determination of the appropriateness of the list of controllable outages. Additionally, patterns regarding non-controllable events may be determined that could lead to better awareness of the causes and prevention or remedies.

Recommendations

Although the Company currently has the ability and responsibility to focus its efforts on areas where the most benefit can be achieved, the Company indicates that these changes will result in system improvement equal to or greater than improvements under the current Performance Standards. Based on that assertion the Committee does not oppose the proposed changes. We do however recommend that Commission approval should include the following requirements:

- 1) The Company should be required to report both controllable and non-controllable outages and to provide information regarding non-controllable outages as an Appendix to its semi-annual report.
- 2) The Company should be required to 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.

- 4) The omitted footnote under Customer Service Performance Standard 6 should be included in the final version of the Performance Standards and Customer Guarantees.