State of Utah

DEPARTMENT OF COMMERCE
Committee of Consumer Services

To: Utah Public Service Commission

From: Committee of Consumer Services
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Date: May 6, 2005

Subject: Docket No. 04-035-01; Committee of Consumer Services' Recommendations Regarding PacifiCorp's Request for Major Event Exclusion for the 26 December 2003 – 3 January 2004 – Major Event 10

1 Background

The winter storm of December 26, 2003 through January 3, 2004 resulted in approximately 80,600 of PacifiCorp's (Company) Wasatch Front customers losing electric service at the height of the storm and approximately 190,000 customers experiencing an extended outage over the duration of the storm.[1] The Company reported that many customers experienced more than one outage during the storm[2] and approximately 2,700 customers were without electric power for several days. More than 7,900 separate outages were initiated by the storm; 58% involved single customers; 29% involved between two and 29 customers; and 13%

[1] PacifiCorp's May 13, 2004 Utah Holiday 2003 Storm Inquire Report (Storm Report), p.53. The Storm Report, on p. 295, defines a "sustained outage" as "an outage lasting longer than five minutes in duration." On page 52 of the Storm Report, the Company indicates the Holiday Storm as "beginning on Christmas Day 2003 and continuing through January 2, 2004."

[2] *Id.,* at 61.

involved 30 or more customers.[3]

2 Major Event Claim

On 19 May 2004 PacifiCorp filed with the Commission requesting that this outage be designated as a major event to be excluded from network performance reporting. The basis for the claim was that the outage met the terms of Merger Condition 31, which was a condition in the stipulated agreement between the Company, the Division, and the Committee and included in the Commission's 1999 order approving the ScottishPower/PacifiCorp merger. Merger condition 31 states:

> Subject to the following reporting and dispute resolution provisions, PacifiCorp may use the IEEE criteria to determine what constitutes an "extreme event" as proposed in the Direct Testimony of Scottish Power witness Moir. The claim by PacifiCorp may involve judgments regarding design limits of or extensive damage to the power system. If so, PacifiCorp will file with the DPU a report specifying the basis for the claim and any disputes regarding the merits of the claim will be resolved by the Commission.

In an October 23, 2002 letter to the Division the Company proposed the following IEEE definition:

> A major event is an event which exceeds reasonable design or operational limits of the electric power system and during which at least 10% of the customers within an operating area experience a sustained interruption during a 24-hour period.

The Division is charged with investigating Major Events and this is the standard against which it evaluates claims for exclusion pursuant to Merger Condition 31.

The Major Event definition arises out of the electric utility industry's effort to develop objective system reliability performance standards. According to the IEEE Working Group on System Design:

> Deregulation and re-regulation have led electric utility regulators and customers alike to scrutinize the electric power industry. Claims of improved service for less cost have been used to foster deregulation…As a result both internal and external goals have been set around reliability performance, yet there has been no uniform methodology for removing events that are so far away from normal performance that they are known as outliers. Without removal of such events, the variation in annual performance is too great to set meaningful targets.[4]

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[3] *Id*., at 61.

[4] "Classification of Major Event Days" paper, produced by the Working group on System Design, composed of "senior members, IEEE," page 1. No date appears in the Committee's copy

The concern to remove events "so far away from normal performance" led to an IEEE classification of reliability data into "normal and major event days."[5]

2.1 Major Event Determination

On 21 September 2004, the Division submitted a memorandum to the Commission describing its investigation and findings regarding PacifiCorp's claim for exclusion of certain Major Events, including Event 10.

The Division concluded that, regarding Major Event 10 "…the design and operational limits were exceeded and that more than 10% of the customers in the affected operating areas experienced a sustained outage"[6] The requirements for qualification as a Major Event were met and the Division recommended that the Commission approve the Company's request for Major Event determination.

3 Recommendation

The Committee agrees with the Division's assessment that outages associated with the 2003 Holiday Storm proceeding should be classified as a Major Event. However, the Committee would urge the Commission to address the inconsistency in the Company's claim of reduced SAIDI/SAIFI minutes and the Division's report of significant increases in weather-related outages. This issue is more fully described in the Committee's memorandum of May 5, 2005 regarding PacifiCorp's Storm Report.

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of this IEEE Working Group paper, but internal footnotes show it was published after 2001.

[5] *Id*

[6] Division memo to the Commission Re: Docket No. 02-2035-02 and 04-035-01, pg. 2.