

IN THE MATTER OF THE APPLICATION )  
OF PACIFICORP DBA ROCKY MOUNTAIN ) CASE NO. PAC-E-12-02  
POWER FOR MODIFICATIONS TO THE )  
SERVICE AND PERFORMANCE QUALITY )  
REPORTING STANDARDS ) ORDER NO. 32583  
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reliability performance based on underlying distribution events.” Amended Application, p. 4. The Company contends that targets based on underlying distribution events better represent the overall outages customers experience, align better to the normal day-to-day reliability performance of the distribution system, and provide a consistent view of the performance of the system to evaluate trends. *Id.*

For Network Performance Standard 3, the Company proposes to target underperforming areas of concern instead of underperforming circuits, and to develop a new performance indicator to establish baseline performance. Standard 3 currently provides that the Company will select a maximum of two underperforming circuits in Idaho on an annual basis and will take corrective measures to reduce the average circuit performance indicator by 20% in five years. The Company proposes to modify this standard to allow it to identify at least one underperforming area of concern, rather than an underperforming circuit, and take corrective measures to reduce the reliability performance indicator by 10% within five years after identification. The Company contends that shifting the focus of the standard to underperforming areas will allow the Company to more effectively create improvement plans.

On May 22, 2012, the Commission issued a Notice of Amended Application and Notice of Modified Procedure, establishing a comment period that ended June 12, 2012. Written comments were filed only by the Commission Staff. Staff reviewed all of the Customer Guarantees, Network Performance Standards, and Customer Performance Standards proposed by the Company. Staff evaluated the Company’s proposed changes given the Company’s current commitments, its past performance, and Commission Order No. 32432 entered in the 2011 general rate case.

The Company’s Amended Application proposes the following modifications to the current Network Performance Standards:

1) Network Performance Standards 1 and 2

The Company proposes the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) baseline performance targets be based on underlying outages, instead of controllable outages.

2) Network Performance Standard 3

The Company proposes selecting at least one underperforming area based upon a Reliability Performance Indicator (RPI), and then taking corrective

measures to reduce the RPI by an average of 10% for the areas selected in a given year. The Company currently focuses on identifying under-performing circuits, and then takes corrective measures to reduce the average Circuit Performance Indicator (CPI) by 20% within five years on an annual basis for a maximum of two under-performing circuits.

#### *Performance Standards 1 and 2*

The Company asserts that performance targets based on underlying distribution events “better represent the overall outages customers experience, moderately align to the normal day-to-day reliability performance of the distribution system, and provide a consistent view of the performance of the system to evaluate trends.” Amended Application, p. 4. Staff reviewed the prior number of outages classified as underlying distribution events and controllable distribution events in order to evaluate the different approaches for determining the baseline performance targets. In 2011, there were 3,292 underlying events excluding two prearranged outage categories. Of these events, 47% were classified as controllable. There were 12,787,928 underlying outage minutes, excluding two prearranged outage categories, associated with the underlying events. Of these outage minutes, 27% were classified as controllable. Therefore, 73% of outage minutes in 2011 were classified as non-controllable, with just over one-third of the non-controllable outage minutes caused by loss of supply due to substation and transmission outages.

Staff stated that establishing performance targets using underlying distribution events better represents the overall outages customers experience and reflects the true day-to-day reliability performance of the distribution system. Underlying events include transmission outages categorized as loss of supply, which typically result in longer outages and impact more customers than other outages. The Company should consider more closely evaluating the loss of supply category to determine whether these causes can be classified as controllable or non-controllable. By classifying the loss of supply category as controllable or non-controllable, the Company can target substation and transmission improvements that have a high probability of avoiding future outages. This guiding principal will keep costs down, improve reliability, and ultimately benefit ratepayers.

The Company proposes to continue reporting on total and controllable outages in its bi-annual report; to provide a rolling 12-month performance for controllable, non-controllable, and underlying distribution events; and to provide explanations of performance for actual

performance variations from underlying baseline performance. If necessary, the Company also proposes to determine the appropriate course of action for improvement. Staff supports the Company's proposed reporting requirements, and its proposal to base its future Performance Standards 1 and 2 targets on underlying distribution events.

#### *Performance Standard 3*

The Company contends that shifting the focus of the standard from under-performing *circuits* to under-performing *areas* will allow the Company to more effectively create improvement plans. The improvement plan focusing on under-performing circuits seems to have been effective, but Staff realizes it may be more cost-effective to focus on under-performing areas to improve reliability. The current proposal allows the Company flexibility in its improvement plans to target areas of the system yielding the largest economic benefit to ratepayers, whereas the current standard limits the Company's focus to improving the two worst-performing circuits.

Staff reviewed the Company's proposal to use the Reliability Performance Indicator (RPI) to develop the baseline performance targets. The RPI is calculated exclusive of breaker lockouts and major events, whereas the Circuit Performance Indicator (CPI) includes breaker lockouts and major events. The average annual improvement in CPI since 2006 averages 17% per year. A reduction in the RPI by an average of 10% for the areas selected within a given year is a reasonable starting point, given the change to focus on under-performing areas, rather than circuits. As the Company develops its program and determines the most cost-effective ways to prioritize corrections, the Company can revisit the performance target. Staff supports the Company's proposed reporting requirements, and its proposal to shift the Performance Standard 3 focus to address under-performing areas.

#### *Historical Performance*

The Company requested the Commission acknowledge that MidAmerican Energy Holding Company (MEHC) fulfilled its merger commitments by implementing the Customer Guarantees, Network Performance Standards, and Customer Performance Standards programs through December 31, 2011. Staff verified the Company met its Customer Guarantees 99.9% of the time and successfully met its Customer Performance Standards during 2011. Regarding the Network Performance Standards, Staff determined that although the Company did not meet its targets for Network Performance Standards 1 and 2, it did meet the standard to improve

controllable distribution interruptions, consistent with the interruption indexes in the Network Performance Standards. Staff reviewed the Company's overall controllable distribution performance throughout the commitment period and found, with the exception of 2010, the Company's interruptions for controllable distribution showed steady improvement. Accordingly, the record indicates that MEHC met its merger commitment by successfully delivering the Customer Guarantees, Network Performance Standards, and Customer Performance Standards programs through December 31, 2011.


The Commission finds the Performance Standards proposed in the Company's Amended Application, as modified, are appropriate and will allow the Company to continue to improve Network Performance, and the Commission approves them. The Commission acknowledges that MEHC met its merger commitment through December 31, 2011, and hereby approves the Network Performance Standards proposed in the Company's Amended Application filed on May 11, 2012.

### **ORDER**

IT IS HEREBY ORDERED that Rocky Mountain Power's Amended Application, filed May 11, 2012, requesting approval of modifications in Network Performance Standards 1, 2 and 3 is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29<sup>th</sup>  
day of June 2012.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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