

AUC Rule 002 2014 Electric Service Standards Meeting Summary

Meeting date	October 15, 2014	Time	10 a.m. to 2 p.m.
Location	<u>AUC Calgary office</u> Fourth Floor, 425 First St. S.W. Calgary	Facilitator	AUC staff

1 Introductions

Name	Company
Bob Deyl	ATCO Electric Ltd. (ATCO Electric)
Jessica Laird	ATCO Electric Ltd. (ATCO Electric)
Larry Shaben	ATCO Electric Ltd. (ATCO Electric)
Randy Loveseth	ATCO Electric Ltd. (ATCO Electric)
Andrea Laroija	AUC
Anne Glass	AUC
Rose Ferrer	AUC
Paul Lindsay	ENMAX Power Corporation (ENMAX)
Joyce Cui	ENMAX Power Corporation (ENMAX)
Craig Tizzard	ENMAX Power Corporation (ENMAX)
Justin Ngomsi	ENMAX Power Corporation (ENMAX)
Harry Haag	EPCOR Distribution & Transmission Inc. (EPCOR)
Brian Murray	FortisAlberta Inc. (FortisAlberta)
Deb Crossman	FortisAlberta Inc. (FortisAlberta)
Jake Cheng	IPCAA
Rick Cowburn	IPCAA
Vittoria Bellissimo	IPCAA
Russ Bell	Consultant to the UCA

2 Review and discuss the AUC’s proposed changes

- AUC staff proposed the addition of the following subsection to Section 2.1: “(2) All numbers reported are as of the end of the quarter.” AUC staff had discovered cases where some metrics were being reported as of the date the reports were submitted instead of as of the quarter end or year end.
 - No parties objected to the addition.
- AUC staff had proposed changes to interruption duration and frequency service standards for both ATCO Electric and EPCOR. AUC staff reminded the group that the reason for changing any of the service standards is not to compel improved service quality but to address deficiencies in the data that were there when the service standards were set back in 2012. Included in one of the principles of PBR, service quality was to be maintained (see [Decision 2012-237](#)). To ensure that service quality would be maintained, service standards were set based on historical data where available. However, for some of the metrics, pre-PBR data was not available or circumstances were changing, making the available data no longer representative. The

Commission and the stakeholders had all recognized back in 2012 (see [AUC responses to stakeholder comments to Rule 002 proposed changes for 2013](#)) that some service standards would need to be re-examined because of lack of historical data. For those owners implementing OMS, for example, there was recognition that SAIDI and SAIFI would change considerably.

- One party wanted a refresher on how the AUC had set the service standards for the distribution companies back in 2012 for 2013 SAIDI and SAIFI service standards. AUC staff explained that back in 2012, the AUC had used the mitigation thresholds proposed by each owner as the service standards. They were based on the following:
 - EPCOR had a few years before it would be implementing OMS, so it had indicated that it was prepared to base its targets on historical data until then.
 - ENMAX had stated it would be comfortable using its Formula-Based Regulation targets. (However, the AUC used them to set an annual service standard rather than a five-year-rolling average service standard.)
 - FortisAlberta was just starting to implement OMS. Its proposal was based on a 110 per cent increase in SAIDI and a 60 per cent increase in SAIFI, as per its informal survey results.
 - ATCO Electric had begun its OMS implementation in 2010, but implementation was not complete until 2011, so it had cautioned against using its 2010 reliability numbers. ATCO Electric had indicated that it had based its proposed thresholds on its 2011 performance, which was showing increases of approximately 82 per cent for SAIDI and 44 per cent for SAIFI after its OMS implementation.
- At the time, however, stakeholders had agreed that reliability service standards may change as companies implement OMS or progress through their implementations and build up a history of post-OMS implementation data.
- At the meeting, AUC staff noted that ATCO Electric had implemented its OMS four years ago. Now that four years' worth of data is available, AUC staff proposed to change its service standards to the following: maximum SAIFI excluding major events to change from 2.69 to 2.36 and maximum SAIDI excluding major events to change from 8.86 to 8.27, which in each case represent approximately the average of four years' worth of data plus two standard deviations. AUC staff were acknowledging the shortcoming of having only four years' worth of data by adding additional cushion through the use of two standard deviations. In arriving at the proposed numbers, after performing the calculation, it had then considered how ATCO Electric would have fared against those service standards during the past four years and determined that it would have met the service standards in each of the four years.
- AUC staff, along with the customer groups, indicated that the intention of the service standards is not to put any utility in the position of failing; however, service standards need to be a reasonable reflection of performance with the objective of maintaining service quality. AUC staff, along with the customer groups, also reminded parties that missing a service standard does not result in an automatic penalty and that there is a review process in place.
- Companies indicated that the ability to review why does not help if they have still missed the service standard. All utilities recognized that missing a service standard would not result in an automatic penalty; however, they all emphasized that they would never want to be in this situation. One concern was that they would need to declare in their annual securities filings that they did not meet a certain standard set by the AUC. Therefore,

this would increase their financial risk in the marketplace and how they are perceived in general.

- ATCO Electric pointed out that it was not four full years' of data that was available, as not all of its districts were on OMS for the full 2010 year. ATCO Electric expressed that it did not feel comfortable with using roughly four years' of data plus two standard deviations as its data is not normally distributed. It felt that its data was not yet reliable nor meaningful and that there was still too much mathematical volatility. ATCO Electric and EPCOR both indicated that a minimum of five years of data should be used since that would allow for change management to accommodate the use of the new OMS system to take place.
- The suggestion of keeping ATCO Electric's service standard as is for one more year was discussed by the group. The UCA was comfortable leaving ATCO Electric's service standard the same for one more year; however, it indicated that the service standard should be revisited next year since then roughly five years of data would be available.
- The group agreed that ATCO Electric's maximum SAIFI excluding major events would remain 2.69 and maximum SAIDI excluding major events would remain 8.86 for 2015 and that the service standard would be re-examined for 2016.
- AUC staff are proposing to change EPCOR's SAIDI service standard excluding major events from 1.44 to 0.91. At the meeting, AUC staff explained that EPCOR's original SAIDI and SAIFI service standards were based on its proposed mitigation thresholds which were based on data using its old methodology of what constituted a major event day. For Rule 002, effective January 1, 2013, the AUC standardized the definition of a major event day. EPCOR, when filing its 2012 Rule 002 annual report, restated historical data for 2008 through 2012 using the new methodology for calculating major event days. As a consequence, SAIDI and SAIFI with major event days excluded materially changed. AUC staff are proposing to revise SAIDI to be more representative of the restated data.
- EPCOR noted that since the service standards were set in 2012 and historical data of 2007 to 2011 was used for all of the other companies, it expressed that EPCOR's data should also be based on 2007 to 2011 data and not 2008 to 2012 data. AUC staff indicated that, upon receiving unexplained restated data in the 2012 annual report in 2013, the earliest year provided was 2008. AUC staff, therefore, did not use 2007 in any of its proposed calculations. AUC staff suggested that if EPCOR could provide additional historical data, even going back ten years, using the current major event day methodology, AUC staff would create a new proposal for the group's review. EPCOR indicated that it could provide those numbers going back to 2007.

ACTION: EPCOR to provide annual SAIDI and SAIFI numbers from 2007 to 2011 using the methodology described currently in Rule 002 for identifying major event days.

3 Review of company practices surrounding the following metrics:

- AUC staff had added this section to the agenda to address some inconsistencies that it had identified among the companies through the annual review process. AUC staff thought this would be a good opportunity to discuss best approaches in those cases and determine whether consistency would be required.
- 4.1.2 Cumulative meters not read within three months and not read within one year
 - AUC staff identified for the group that some distributors were including de-energized sites in their count of meters not read for three months and some were not. AUC

staff pointed out that the template instructions allowed for the exclusion of de-energized sites from the site count. However, some distributors indicated that it would be a challenge to identify the de-energized sites and remove them from the count. AUC staff asked the group whether it is an issue for anyone that in some cases de-energized sites are being included and in other cases they are not in the three-month statistic. The UCA responded that as long as it is reported consistently over time by the utility, it would not have an issue with an inconsistency across utilities for this metric.

- AUC staff told the distributors to indicate in their annual report whether they include or exclude de-energized sites in their site count for the three-month statistic. Also, AUC staff reminded the group that if they change their methodology, this also needs to be stated in their annual report.

ACTION: Distributors to indicate in their annual report whether they include or exclude de-energized sites in their site count for the three-month statistic. If there is a change methodology, this also needs to be stated in their annual report.

- Another inconsistency was whether the distributors were including, in their three-month statistic, sites that were also not read for one year. AUC staff reminded the group that a site that had not been read within one year had also not been read within three months.
- 4.3 Worker safety performance measures
 - AUC staff reminded the group that changes in methodology of the collection or reporting of data need to be identified in the annual report cover letter.
 - One inconsistency identified by AUC staff was whether or not meter reading staff were included or excluded from the worker safety performance measures. The group debated the pros and cons of including and excluding meter reading especially in light of the high number of work place accidents that meter readers experience. Other inconsistencies discussed and debated were the inclusion or exclusion of corporate-wide statistics versus distribution only. The group concluded that: the objective of this report-only metric is to provide visibility; worker safety is overseen by Occupational Health and Safety; and complete consistency would add limited value.
 - AUC staff asked the distributors to include in their 2014 annual reports what business units are included in their worker-safety statistics (i.e. distribution-only, transmission, meter reading, corporate, etc.) and the assumption will be that what is included will remain unchanged until the company identifies a change in a future annual report. Also, if there is a change in what is included or excluded or a change in methodology mid-way through the five years being reported, AUC staff instructed the distributors to identify the year the change took place in the annual report.

ACTION: Distributors to include in their 2014 annual reports what business units are included in their worker-safety statistics (i.e. distribution-only, transmission, meter reading, corporate, etc.) and the assumption will be that what is included will remain unchanged until the company identifies a change in a future annual report. Also, if there is a change in what is included or excluded or a change in methodology mid-way through the five years being reported, distributors to identify the year the change took place in the annual report.

- 4.4 Interruption duration and frequency (including determining major event days and worst-performing circuits)

- AUC staff began the discussion focusing on worst-performing circuits and quoted the rule: “Worst-performing circuits should be determined by comparing annual unplanned SAIDI results for each of its circuits.” AUC staff asked the group whether any of them exclude major events when determining the worst-performing circuits. All distributors are including major events.
- The group discussed how, after the 2013 flood, most of the worst-performing circuits for FortisAlberta and ENMAX were flood related. For the annual review, AUC staff had asked both of those companies to provide a separate worst-performing circuit list that excluded those circuits that were on the list simply due to the flood. One distribution company questioned whether this would now be the new process. The group debated the relative merits of determining the worst-performing circuits excluding major events and including major events. There are some major events that potentially the companies may need to protect their circuits against and therefore the circuits experiencing those should be included in the worst-performing circuits. For example, circuits that are in zones that are frequently experiencing certain types of bad weather, potentially those circuits may need additional protection.
- IPCAA mentioned that the Commission has the discretion to request additional information that is not written in the rule. So, the rule could remain as is and only in exceptional circumstances might the Commission require revisions to the list.
- One party pointed out that, should the rule remain unchanged, those circuits that are on the worst-performing list because of the flood will then need to be monitored for the next five years.
- One party brought up whether transmission-related interruptions should be included in the determination. AUC staff shifted the focus to all of the interruption duration and frequency metrics and asked the group whether they include transmission-related interruptions as well as distribution-related interruptions in their SAIDI and SAIFI. ATCO Electric is the only distributor that excludes transmission-related interruptions. AUC staff then quoted the rule for SAIDI and SAIFI which states in both cases: “This measure pertains to distribution-related interruptions,” and asked why the other distributors then include transmission-related interruptions.
- The group then debated the relative merits of including or excluding transmission-related interruptions. One argument was that, from the customer’s point of view, the loss of power has the same impact whether it is within the distributor’s control or outside of its control. The counter argument is that a distributor should not be held accountable for loss of supply since it is out of its control.
- The group concluded that more discussion would be required on these issues related to interruption duration and frequency metrics and that it would be best to have an informal written process to gain a better understanding of how the companies have reported these metrics; whether there is value in consistency; and what is the best approach going forward. In order to address this, AUC staff was tasked to develop questions and requested that they be answered by November 10, 2014.

ACTION: Distribution companies to provide the following information about their SAIDI, SAIFI and worst performing circuits to regulatorypolicy@auc.ab.ca by November 10, 2014:

(1) Have you historically included loss of supply or transmission-related interruptions?

- (2) Do you currently include loss of supply or transmission-related interruptions?**
- (3) Do you have the ability to restate annual numbers to include or exclude loss of supply or transmission-related interruptions?**
- (4) Is there value in consistency across distribution companies?**
- (5) What approach (transmission-related interruptions in or out) would make most sense in Alberta and why?**
- (6) Should the identification of the worst performing circuits exclude those circuits that were worst performing because of extreme events such as the flood of 2013 or the Slake Lake fires of 2011? Why?**

ACTION: Customer groups to provide the following information about SAIDI, SAIFI and worst performing circuits to regulatorypolicy@auc.ab.ca by November 10, 2014:

- (1) Is there more value in consistency across distribution companies or in consistency over time?**
- (2) What approach (transmission-related interruptions in or out) would make most sense in Alberta and why?**
- (3) Should the identification of the worst performing circuits exclude those circuits that were worst performing because of extreme events such as the flood of 2013 or the Slake Lake fires of 2011? Why?**

4 Next steps

- IPCAA had requested that industrial metrics be added to this agenda.
- IPCAA referred to Section 4.4.3 of AUC Rule 002, where in the distribution companies compare annual unplanned SAIDI results for each of its circuits. Based on the fact that distribution companies are already calculating SAIDI for each of its circuits, IPCAA requested a spreadsheet with a list of the SAIDIs of each circuit. IPCAA indicated that the circuits would not need to be identified and understood that the data would be raw. IPCAA intended to graph this data to see the overall shape of the SAIDI curve in order to gain a greater degree of visibility.
- The group debated the value in providing such raw data and how the data would be analyzed. IPCAA explained to the group that it wanted a better way of assessing what is going on in the system. However, it was not looking to create a new analysis or reporting process. Therefore, it felt that this was a reasonable compromise without increasing costs.
- The distribution companies agreed to provide this data on a pilot basis at the 2014 AUC Annual Review meeting. The group agreed that after the request for the AUC Rule 002 Annual Review meeting is sent out for each company, distributors will provide (by replying all) in advance of the meeting, a spreadsheet with the SAIDI of each of its circuits.

ACTION: After the request for the AUC Rule 002 Annual Review meeting is sent out for each company, distributors are to provide (by replying all) in advance of the meeting, a spreadsheet with the SAIDI of each of its circuits. This data will be provided on a pilot basis for 2014.