



Public Service Commission
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DATE: AUGUST 7, 2003
TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYO)
FROM: DIVISION OF ECONOMIC REGULATION (D. LEE, BREMAN, MATLOCK, MCNULTY)
OFFICE OF THE GENERAL COUNSEL (C. KEATING)
RE: DOCKET NO. 030312-EI - REQUEST FOR EXCLUSION UNDER RULE 25-6.0455(3), F.A.C., FOR OUTAGE EVENTS ASSOCIATED WITH PLANE CRASH ON 3/8/03, BY GULF POWER COMPANY.
AGENDA: 08/19/03 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE
CRITICAL DATES: NONE
SPECIAL INSTRUCTIONS: NONE
FILE NAME AND LOCATION: S:\PSC\ECR\WP\030312.RCM

CASE BACKGROUND

On April 3, 2003, Gulf Power Company ("Gulf") filed a petition for exclusion under Rule 25-6.0455(3), Florida Administrative Code, for outage events associated with a plane crash on March 8, 2003. Gulf has filed another petition in Docket No. 030270-EI that also seeks an exclusion under Rule 25-6.0455(3), Florida Administrative Code. These petitions represent the first instances where a utility has sought an exclusion under the rule.

Rule 25-6.0455, Florida Administrative Code, requires each investor-owned electric utility to file annually a Distribution Service Reliability Report containing data that the Commission uses to assess changes in distribution reliability. Under subsection (2) of the rule, a utility may exclude the specified outage events, such as a storm named by the National Hurricane Center, a tornado recorded by the National Weather Service, ice on lines, and an

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extreme weather event causing activation of the county emergency operation center. In addition, under subsection (3), a utility may petition the Commission to exclude an outage event not specifically enumerated in subsection (2). However, the utility must "demonstrate that the outage was not within the utility's control, and that the utility could not reasonably have prevented the outage." Rule 25-6.0455(3), Florida Administrative Code.

The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes, including Sections 366.04, 366.041, and 366.05, Florida Statutes.

Section 366.05(1), Florida Statutes, gives the Commission the power to prescribe standards of quality and measurements for public utilities. Further, Section 366.041(1), Florida Statutes, provides that the Commission, in setting rates for a public utility, is authorized to consider, among other things, the adequacy of service rendered. Hence, whether an outage event is included or not included in measuring Gulf's electric distribution reliability may have material consequences for the utility and its ratepayers in a future rate proceeding. No specific rate action is currently associated with approval or denial of this petition.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Gulf's petition for exclusion under Rule 25-6.0455(3), Florida Administrative Code, for outage events associated with a plane crash on March 8, 2003?

RECOMMENDATION: Yes. Outage events associated with the March 8 plane crash qualify for exclusion under Rule 25-6.0455(3). Exclusion data should be provided in the Annual Distribution Service Reliability Report to allow a more efficient assessment of the effects of exclusions granted under Rule 25-6.0455(3).

STAFF ANALYSIS: According to Gulf and press reports, a military training jet crashed into a residential area in Valparaiso, which is located in Gulf's Central District, at 1:45 p.m. on March 8, 2003. Gulf reported that the incident caused the interruption of electric service to 187 customers. Pursuant to Rule 25-

6.0455(3), Florida Administrative Code, Gulf requests that outage events associated with this incident be excluded from the calculation of reliability indices for its 2003 Annual Distribution Service Reliability Report to be filed next year. Total time to restore power was approximately 4.5 hours, including delays caused by military and emergency personnel. The 187 customers interrupted experienced an average interruption period of 190.9 minutes.

The resulting system-level impact related to this outage event is an estimated 0.093 minutes to Gulf's System Average Interruption Duration Index (SAIDI). SAIDI is an index most commonly used by utilities to measure distribution service reliability performance. A SAIDI value of 100 means that customers experience on average 100 minutes of interruption during the period. Gulf reported in its Annual Distribution Service Reliability Report for 2002 a SAIDI of 89.17 minutes. Compared with this number, the impact of the March 8 incident is approximately 0.1 percent, well below the degree of error associated with the process of capturing outage data.

In response to a staff data request, Gulf provided additional information pertaining to the March 8, 2003, outage event referenced in its petition. The additional information included a map of the airplane crash site, identification of the location and type of Gulf facilities that were damaged, and a description of Gulf's restoration effort. Based on the petition and the additional information provided, it appears to staff that this incident was not within Gulf's control and that Gulf could not reasonably have prevented the outage. It is clear this event does not have a major impact on Gulf's system reliability. However, Gulf appears to believe the requested exclusion is necessary in order to maintain a consistent quality of data that is used as a basis for the Annual Distribution Service Reliability Report.

Staff shares Gulf's concern for the quality of data. The purpose of allowing exclusions for certain outage events is to ensure that the report fairly represents the level of service reliability the utility delivers to its customers. Comparing a utility's reliability reports from one year to the next allows the utility, the Commission, and the public to assess improvements or the need for improvements to a utility's distribution reliability. As more requests for exclusions are granted under the new provisions in subsection (3) of the rule, the data produced in utilities' Annual Distribution Service Reliability Reports will

become less comparable to data produced in prior years' reports that do not exclude outages caused by the same or similar types of events for which exclusions are granted.

Thus, it is important to gauge the effects of exclusions in order to make meaningful analysis of reliability trends. Although exclusion data are provided in the petition for exclusion, staff believes such data should also be provided in the Annual Distribution Service Reliability Report. Exclusion data support the indices contained in the report and filing the data with the report will enhance the integrity of the report. This will also allow a more efficient assessment of the effects of exclusions granted under Rule 25-6.0455(3) by the Commission, the public, and interested parties.

Staff is also concerned that requests for exclusions under subsection (3) of the rule may not be made consistently. Certainly, for Annual Distribution Service Reliability Reports to provide the basis for meaningful analysis of reliability trends and comparisons to peers, consistency is necessary among a particular utility's excluded outage events and among various utilities' excluded outage events.

To determine the potential impacts of inconsistent use of exclusions, staff asked Gulf to provide information concerning all outage events caused by vehicles. Gulf identified 79 outage events caused by vehicles between the time subsection (3) of the rule was adopted in November 2002 and April 1, 2003. Gulf did not request an exclusion for any of these outage events even though it considered those events to be outside of its control. For 2002, Gulf reported 246 outage events caused by motor vehicles. Exclusion of those events would have had an impact of 6.02 minutes on Gulf's SAIDI. This indicates that significant impacts to reported performance could result from inconsistent use of exclusions.

By seeking an exclusion for only the plane crash and not asking for exclusion for the motor vehicle events, Gulf has been consistent with its historical reporting of outage data. In its response to staff's data request in this docket, Gulf explained that this particular plane crash is an extraordinary vehicle accident. Staff believes that this is the type of outage event that Rule 25-6.0455(3), Florida Administrative Code, was designed to address. In order to maintain a consistent quality of data,

staff believes that in addressing future exclusion requests under subsection (3) of the rule, the Commission should consider the consistency of such exclusions with prior exclusion requests by the utility and other utilities, as well as whether the outage event to be excluded is unique in comparison to outage events which have historically not been excluded from the utility's Annual Distribution Service Reliability Reports.

In conclusion, staff believes outage events associated with the March 8 plane crash qualify for exclusion under Rule 25-6.0455(3). Gulf could not reasonably have prevented the outages caused by this incident and the delays in service restoration. In addition, staff believes that Gulf's consideration of the uniqueness of the outage event in question and Gulf's history of not requesting outage exclusions related to motor vehicle accidents meet the intent of the rule. Therefore, staff believes that the outage events associated with the March 8 plane crash qualify for exclusion under the rule. Further, in the interest of the integrity of the Annual Distribution Service Reliability Report, staff believes exclusion data should be provided in the Annual Distribution Service Reliability Report to allow a more efficient assessment of the effects of exclusions granted under Rule 25-6.0455(3).

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest and request for hearing within 21 days of the issuance of the Proposed Agency Action Order.

STAFF ANALYSIS: As no further action will be required, this docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest and request for hearing within 21 days of the issuance of the Proposed Agency Action Order.