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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AVISTA CORPORATION DBA AVISTA UTILITIES' POWER CURTAILMENT, COORDINATION AND COMMUNICATION PLAN.	))))))	**CASE NO. AVU-E-01-14** **COMMENTS OF THE COMMISSION STAFF**

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Filing of Energy Curtailment Plan and Notice of Modified Procedure issued in Order No. 28842 on September 7, 2001, submits the following comments.

BACKGROUND

On August 17, 2001, Avista Corporation dba Avista Utilities filed its Power Curtailment, Coordination and Communication Plan (Plan) with the Commission. The Plan establishes a series of steps detailing the process for Avista to coordinate, communicate and curtail energy use of its customers in the event of emergencies. *Idaho Code* § 61-531 requires all electric corporations to maintain a plan

for the curtailment of electric or gas consumption during an emergency. *Idaho Code* § 61-532 requires the Commission to review the plan, specifically considering the consistency of the plan with the public health, safety and welfare, the technical feasibility of implementing the plan, and the effectiveness with which the plan minimizes the impact of any curtailment.

The Plan outlines procedures for the Company to temporarily interrupt electric service to its customers during emergencies and power shortages, and is intended to provide equitable procedures for the curtailment of power while minimizing adverse impacts to customers and maintaining overall system reliability. Avista's Plan provides 13 procedural steps through which the Company first identifies the problem, notifies customers and the necessary authorities, curtails load beginning with non-essential load, and in the final step, restores normal service to all customers.

Avista serves about 300,000 electric customers in Idaho and Washington. It generates most of its energy from hydroelectric dams located in Washington, Idaho, and Montana. A smaller proportion of the energy it generates comes from thermal plants located in Washington and Montana. The Avista distribution system is interconnected with other utility systems in the western United States in a regional system known as the Western Systems Coordinating Council (WSCC). The WSCC is a part of the North American Electric Reliability Council (NERC). The WSCC includes two Canadian Provinces, 11 western states, and a portion of Mexico. The WSCC administers operating criteria designed to maintain the integrity and reliability of the system.

THE EMERGENCY OPERATIONS PLAN

Included in the Company's Plan is the Emergency Operations Plan (EOP). The Company states that the EOP has been created to provide Avista Utilities employees with information, support and policy guidance prior to, during, and following an unusual event involving the Company's operations. Coordinated emergency response procedures are instrumental in effectively restoring customer services following accidents or natural disasters. The EOP is designed to safeguard life and property and to provide for restoration of electric service in case of natural disasters, accidents, or civil disorder. Avista Utilities operates in a part of the country where large earthquakes, ice storms, volcanoes, floods and heavy snows are genuine statistical probabilities.

This document outlines guidelines for interdepartmental coordination to help expedite restoration efforts, including the following:

- Provide general strategy for protection of life and efficient restoration of customer services.
- Provide policy guidance for restoration activities.
- Define interdepartmental coordination efforts during an unusual event.
- Define equipment, personnel and conditions required to open and maintain the Emergency Operating Plan.

In the event of a major emergency, the EOP states all employees should be prepared to help in every practicable way to restore and maintain essential utility services of Avista Utilities. According to the EOP, Avista Utilities places the safety of its personnel and the general public above any other consideration.

INCIDENT COMMAND SYSTEM

The Incident Command System (ICS) is being adopted by Avista Utilities as the basis for the Emergency Operating Plan. A primary concern to Avista Utilities is to use the same emergency response system now used by the City and County and to coordinate their efforts with outside agencies. If response personnel are not responding as part of an integrated emergency management system, effectiveness is reduced, as is potential communication and coordination with other agencies that may respond to the scene.

The ICS has a number of components working together to provide the basis for an effective ICS operation, including:

- Common terminology
- Integrated communications
- Modular organization
- Manageable span of control
- Comprehensive resource management

Another feature of the ICS is that the organizational structure is not based on the size or area of involvement but on the complexity of the incident. The ICS provides Avista Utilities' with a system well proven by fire departments and police departments.

The ICS also allows better resource management by letting the crews and other field personal manage the incident at the appropriate level. Although many systems exist throughout the nation for the command and control of resources at emergency incidents, Avista Utilities has adopted the Incident Command System (ICS) as its base for the EOP. This is consistent with the system adopted by the city and county of Spokane where Avista Utilities headquarters are located.

The ICS is recognized as a documented system that has been successfully used in managing available resources at emergency operations. The ICS was developed as a consequence of fires that consumed large portions of wild land, including structures, in Southern California in 1970. As a result of those fires, agencies saw the need to document a system that allowed them to work together toward a common goal in an effective and efficient manner.

The system consists of procedures for controlling personnel, facilities, equipment, and communications. It is designed to begin developing from the time an incident occurs until the requirement for emergency management and operations no longer exists. The "Incident Commander" is a title that can apply equally to a line foreman, or to the manager of a department, depending upon the situation. This structure of the ICS can be established and expanded depending upon the changing conditions of the incident.

As such, the system can be utilized for any type or size of emergency, ranging from a minor incident involving a single line crew, to a major emergency involving all Avista Utilities' crews and outside crews. The ICS allows different agencies to communicate using common terminology and operating procedures. It also allows for the timely combining of resources during an emergency.

The ICS has five major functional areas: Command, Planning, Operations, Logistics, and Finance. The potential magnitude of the incident will require adequate staffing to maintain an effective span of control. These areas will grow or shrink in size depending on the nature of the incident

CLASSIFICATION AND DECLARATION OF EMERGENCY

Emergency incidents at Avista Utilities will be classified into three different levels depending on the severity of the emergency and the number of incidents involved:

Level I An incident or incidents requiring immediate action to prevent

actual or potential loss, damage, or danger, but limited in scope to that of normal operations.

Level II — An incident or incidents requiring immediate action to prevent actual or potential loss, damage, or danger, but somewhat beyond the scope of normal operations. Event usually affects more than one construction area. Work force is usually shared between construction areas. Average restoration time is normally between 16 and 48 hours. Central Dispatch is still dispatching prioritized work crews.

Example: Effective restoration after a heavy snowstorm in Coeur d'Alene/Kellogg area requires assistance from Spokane area crews.

Level III — A major incident requiring immediate action to prevent actual or potential loss, damage, or danger but of such magnitude that it is far beyond the scope of normal operations. This type of emergency requires extensive interdepartmental mobilization of personnel, materials, and equipment in addition to contract line and tree crews to restore normal operating conditions. Restoration time is normally more than 48 hours. Central Dispatch is not dispatching crews but is still assigning the clearances.

CURTAILMENT

Curtailment of the Company's services may occur in one of two general circumstances. First, curtailment may be caused by unforeseen events with little or no warning. The situation may require remedial actions to be taken very rapidly. For example, lightning strike or equipment failures may cause protection equipment within the Company's electric system to automatically "trip" to protect the system from damage (or further damage) and to maintain reliability of the unaffected portion of the system. Curtailment could also result from circumstances that gradually develop over time or occur in a foreseeable manner and persist for a long term. An example of this second type of curtailment may result from extended cold weather, fuel shortage, or extremely low hydro conditions.

The Company's Plan is consistent with the "Northwest Energy Emergency Plan" (NEEP), and NERC rules. It also explains the "Regional Curtailment Plan" (RCP). The RCP addresses shortage of regional electric supply, i.e., when the Northwest suffers a prolonged energy shortage due to drought or

other fuel shortage conditions. Under RCP, the States of Idaho, Montana, Oregon and Washington implement voluntary and mandatory load curtailments. The intent of the RCP is to have customers reduce load so that rotational power outages (rotational disconnection or rolling blackouts) can be avoided. The NEEP contains procedures for (1) identifying potential northwest energy shortages; (2) issuing appropriate public alerts; (3) coordinating communication efforts; and (4) taking actions to reduce shortages. The NEEP was developed by the Pacific Northwest Utilities Coordinating Council and the Northwest Power Pool to increase the region's ability to avoid power emergencies or longer-term adequacy problems by promoting regional coordination, cooperation and communications. The NEEP is aimed at promoting actions in advance to avoid potential short-term capacity emergencies and longer-term adequacy problems in the Northwest Power Pool area. Among other things, the NEEP provides criteria for communicating emergency warnings and energy adequacy problems to the utilities, state and federal agencies, public officials, and the public. Once a regional warning has been issued, load reduction measures include halting discretionary exports of power; adjusting planned outages for the maintenance of generation or transmission facilities; operating generating resources to full operational capabilities; exploring options to increase transmission capability; and curtailing supplies to customers via existing contract provisions or purchasing load reductions from customers.

In the event restrictions in demand/consumption of electricity is envisaged, the curtailment plan will be implemented in three stages as described in NEEP. The three stages are consistent with NERC's definition or criteria and escalate in relationship to the severity of the emergency. The applicability of Stage 1 and Stage 2 alerts will depend upon the circumstance(s) that are causing or contributing to the power emergency. For example, situations that require immediate attention may necessitate moving immediately to a Stage 3 power emergency.

Without getting too technical, Avista's system is required to operate in a "balanced" condition. In other words, at any given time the generating resources of the Company must be sufficient to meet the demand or load caused by customer usage. The WSCC requires Avista (and all utilities) to maintain a 5% reserve capacity for hydroelectric generating resources and a 7% reserve for thermal (coal and gas-fired) generating resources. Under its Plan, the Company will declare a Stage 1 power alert when it foresees or is experiencing conditions where it cannot sustain spinning and non-spinning reserves of at

least 5% hydro and 7% thermal. Before declaring a Stage 1 alert, the Company will (1) bring online all available generation; (2) purchase necessary additional generation from sellers or the Northwest Power Pool; (3) exercise its right to curtail power delivery to interruptible customers and non-firm wholesale energy loads; and (4) seek voluntary curtailments.

When declaring a Stage 1 alert, the Company will issue public warnings requesting that all customers reduce energy usage on a voluntary basis. Avista will also notify the WSCC regional coordinator and the State Communications Center.

In the event that Avista cannot maintain its 5% and 7% reserves, the Company will declare a Stage 2 alert. Additional actions for Stage 2 alert include seeking emergency power assistance from neighboring utilities and increasing efforts to conserve or reduce load.

At such time as the Company's reserves fall below 2.5% for hydro and 3.5% for thermal, the Stage 3 power emergency will be declared. Stage 3 emergencies require the Company to curtail load. As previously mentioned, Stage 3 power emergency may also occur if there is a disturbance or event which requires immediate action to maintain system reliability. In such extreme emergencies, the Company will take automatic action to balance load in order to avert a system blackout. If the automated load shedding mechanisms are not sufficient to maintain system reliability, the Company will initiate load shedding in the form of rotational disconnection.

It is the Company's intent to implement rotational disconnection in a fair and equitable manner, while maintaining system reliability. Critical load customers are not included in these load groups. A critical load customer is defined as a customer who supplies essential services relating to public health, public safety, welfare, or energy production. Outages are expected to last about 30 minutes, however, factors like customer requirements, cold load pick-up, crew availability, will determine the actual outage duration. When possible, advanced notification will be provided to facilitate preparations and minimize the effect on customers. When rotational outages become necessary, or an emergency occurs, notification will be given. Depending on the events that precipitate the various stages, the Northwest Security Coordinator, the Idaho State Communication Center, the U.S. Department of Energy, the Idaho Public Utilities Commission and large customers will be notified. The State Communication Center will then provide notification to the Bureau of Disaster Services, County/City 911 Centers, Fire Departments,

Sheriff's Departments, Police Departments, Red Cross and various public officials.

STAFF REVIEW/COMMENTS

Circumstances surrounding the present electrical energy situation in the West are strikingly similar to the situation that existed in 1977, when the Idaho Public Utilities Commission last ordered individual utility curtailment plans. At that time Idaho, along with the entire Pacific Northwest, faced an electric energy crisis. The Pacific Northwest suffered a severe drought during the winter of 1976 – 1977. Precipitation during that period was the lowest on record for much of the area. Because electric power for most of the Northwest is generated primarily by hydropower in the Columbia River Basin, the drought resulted in short supplies of electrical energy. This situation was aggravated by the fact that loads were higher than expected due in part to the high irrigation demand. Furthermore, a number of new thermal generators were delayed in coming on line. As a result of these extreme conditions the Commission required all electric providers in the state of Idaho to file electric load curtailment plans. At that time Avista (formally Washington Water Power) filed a Curtailment Plan. As of 1992 Avista has been a party to the "Regional Curtailment Plan".

The Regional Curtailment Plan was designed to respond to a regional protracted drought. The model used in that Plan to predict an energy shortage relied on the free flow of data to the Director of the Northwest Power Pool who is designated as the Utility Coordinator. While the Regional Plan is still in effect, it is not clear how well it would function in today's environment. Changes in the electric industry and FERC Orders have made gathering the data necessary to run the model more difficult if not impossible.

In the Fall/Winter of 2000 the electric energy situation in the northwest was shaping up much like 1976 – 1977. Load growth, delayed construction of new generation, and drought conditions made for severe energy shortages. At that time the Northwest Energy Emergency Plan (NEEP) was developed to increase the northwest region's ability to deal with the energy shortage and avoid electric power emergencies. That Plan is forward-looking. It provides for the collection of data necessary to forecast loads and resources and identify potential shortages. The Plan provides a framework for communication

of emergency warnings in the event of severe weather conditions or unexpected outages of transmission or generation facilities. It defines a range of actions that could be taken to avoid declaration of an official NERC energy emergency alert.

The energy shortage of 2000 - 2001 prompted many utilities to reexamine their Curtailment Plans. In June of 2000 Avista compiled its Plan and in August of 2001 the Company filed it with the Commission.

As envisioned in the Plan, specific customers will be exempt from the impacts of curtailment. The Company exempts certain customers like hospitals, 911 dispatch centers, police and fire stations from curtailment. The Company plans that rotational outage curtailment will occur by circuit based upon the regional team's goal of minimizing impacts on communities.

RECOMMENDATIONS

The Company's Plan implements practices normally utilized by the electric industry to avoid rolling outages. If rolling outages become necessary, the Plan provides for an orderly, nondiscriminatory process to reduce load and to provide notification. The Plan employs both load reduction and increased generation measures to mitigate curtailments. In the event that rolling outages become necessary, the planned curtailments of about 30 minutes would appropriately balance the need to safeguard system reliability while minimizing adverse impacts to customers.

Upon review of the Company's Plan, Staff believes that it is in the interest of the public health, safety and welfare. Furthermore Staff believes that it is a workable plan. It provides for an interface with existing plans and organizations. Staff recommends approval of the Company's Power Curtailment Coordination and Communication Plan.

DATED at Boise, Idaho, this day of October 2001.

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Weldon B. Stutzman

Deputy Attorney General

Technical Staff: Dave Schunke

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