

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking for Electric
Distribution Facility Standard Setting

(U 39 E)

R.96-11-004

**ANNUAL REPORT OF CALIFORNIA PACIFIC ELECTRIC
COMPANY, LLC AND SIERRA PACIFIC POWER COMPANY
ON COMPLIANCE WITH GENERAL ORDER 166**

Compliance Period: July 1, 2010- June 30, 2011

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Dated: November 1, 2011

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Introduction

Pursuant to General Order 166 (“G.O. 166”), Standard 11, California Pacific Electric Company¹, LLC (“CalPECo”) and Sierra Pacific Power Company² (“Sierra Pacific”) hereby jointly submit this report on its compliance with G.O. 166 for the period July 1, 2010 through June 30, 2011 (“Compliance Period”).

This report demonstrates Sierra Pacific’s compliance with each of the thirteen standards of G.O. 166 from July 1, 2010 to December 31, 2010. In addition, this report demonstrates CalPECo’s compliance with each of the thirteen standards of G.O. 166 for the period of January 1, 2011 to June 30, 2011.

On October 28, 2010, the California Public Utilities Commission (“Commission”) issued Decision (“D.”) 10-10-017, approving Sierra’s transfer to CalPECo of the California electric distribution facilities and the Kings Beach Generating Station that Sierra Pacific had owned and

¹ CalPECo also does business in California as “Liberty Energy - California Pacific Electric Company.”

² Sierra does business in its northern Nevada service territory as NV Energy. This report contains references to NV Energy as well as to Sierra.

been operating. On January 1, 2011, the transfer from Sierra to CalPECo was completed and CalPECo then began operations as the utility with responsibility for serving the electric customers within Sierra's former California service territory. CalPECo is the primary focus of this report since it will be the on-going company providing retail electric service and reporting to the Commission.

As of January 1, 2011, CalPECo provides retail electric service to the public in the Lake Tahoe area of California. In California, CalPECo serves 46,000 customers, who are located in portions of Placer, El Dorado, Nevada, Sierra, Plumas, Mono, and Alpine Counties. Its service territory generally encompasses the western portions of the Lake Tahoe Basin ranging from Portola in the north to Markleeville and Walker in the south; however, 80% of its customers are located in the Lake Tahoe Basin. The terrain in the service territory is mountainous, with elevations ranging from 9,050 feet in Squaw Valley to just under 5,000 feet at Portola. Most of its customers are located at elevations greater than 6,000 feet.

CalPECo's electric service territory is divided into two districts for electric operations with individual services areas within those districts: (1) The South Tahoe service area serves parts of El Dorado, Mono, and Alpine Counties and is part of the South Lake Tahoe Operations located at 933 Eloise Avenue in South Lake Tahoe, California; and (2) The North Tahoe service area serves parts of Placer, Nevada, Sierra and Plumas County and is part of the North Lake Tahoe District Operations located at 701 National Avenue in Tahoe Vista, California. The two service areas work as independent control areas for distribution switching. The primary transmission source for North Tahoe is from the 120 kV systems out of Truckee and Verdi, California. The primary transmission source for South Tahoe is from the 120 kV systems in the Carson Valley of Nevada. There is very little distribution interconnection between the two

service areas. Because of the unique independent configuration the service areas operate as individual districts during emergencies.

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Standard 1: Emergency Response Plan

Sierra Pacific – July 1, 2010 to December 31, 2010:

The 2010 NV Energy Corporate Emergency Response Plan (“CERP”) covers each of the items specified in Standard 1. For the period from July 1, 2010 to December 31, 2010, there were no changes made to the Corporate Emergency Response Plan (CERP), and there were no changes to the contact numbers, major account contacts, or other information within Annex D of that plan which is specific to Sierra Pacific’s California Service Area. The Corporate Emergency Response Plan is attached as Tab 1 to this report. The following Table 1 sets forth the location in the Corporate Emergency Response Plan where the required elements are covered.

Table 1. Location of Topics Covered in Sierra Pacific’s Plan

Requirement	Section	Pages
A. Internal Coordination	Section 2.0	All
	Annex D, Section 4.0	All
	Annex A	All
ISO/TOC Coordination	Annex D, Section 6.0	All
B. Media Coordination	Section 5.0	All
	Annex D, Section 5.0	All
C. External and Governmental Coordination	Section 2.0	Pages 3, 4
	Section 5.0	Page 2
	Annex D, Section 7.0	All
D. Safety Coordination	Annex D, Section 8.0	All
E. Damage Assessment	Annex D, Section 9.0	All
F. Restoration Priority Guidelines	Annex D, Section 10.0	All
G. Mutual Assistance	Section 6.0	Page 1
	Annex C	All
	Annex D, Section 11.0	
H. Plan Updates	Section 8.0	All
	Appendix A	All

CalPECo – January 1, 2011 to June 30, 2011:

CalPECo developed and implemented a Corporate Emergency Response Plan (“CERP”) which covers each of the items specified in Standard 1. A copy of the plan is being submitted along with this document as Tab 2.

Standard 2: Mutual Assistance Agreements

Sierra Pacific – July 1, 2010 to December 31, 2010:

Sierra Pacific has entered into several mutual assistance agreements with a number of other electric and gas utilities in California and throughout the Western United States and Canada. The agreements include each of the items listed in Standard 2. Copies of the current

agreements are provided in the Corporate Emergency Response Plan as Annex C.

Up to June 30, 2011, Sierra Pacific participated in the California Utilities Emergency Association (CUEA) Mutual Assistance Agreement for Electric and Natural Gas, and the CUEA Call Center Mutual Assistance Agreement, as requirements for participation in these agreements are predicated on membership in CUEA. On June 30, 2011, Sierra Pacific's membership terminated when its annual dues terminated as a result of the sale of Sierra Pacific's California service area.

CalPECo – January 1, 2011 to June 30, 2011:

CaPECo has a Mutual Assistance Agreement with NV Energy and has entered into the California Utilities Emergency Association (CUEA) Mutual Assistance Agreement for Electric and Natural Gas, and the CUEA Call Center Mutual Assistance Agreement, as requirements for participation in these agreements are predicated on membership in CUEA.

Standard 3: Emergency Training and Exercises

Sierra Pacific – July 1, 2010 to December 31, 2010:

Sierra Pacific did not conduct an internal formal annual exercise testing the Tahoe District Emergency Response Plan. NV Energy (on a corporate wide basis) did test the Corporate Emergency Response Plan in a functional Emergency Operations Center Exercise on October 5, 2010. The exercise titled "Operation Morning Jackal" was a test of the emergency response plan and emergency operations center companywide. The After Actions Review is provided in Tab 3 of this report.

Additionally, Sierra Pacific (on a corporate wide basis) participated in the Western

Region Mutual Assistance Multiple Activation Functional Exercise on October 28 and 29, 2010. This exercise included participants from the California Utilities Emergency Association, and the Western Region Mutual Assistance Agreement in a planned live call request for mutual assistance resources. It included companies from seven western states and British Columbia. The Exercise Plan and Participant List are included in Tab 4 of this report.

CalPECo – January 1, 2011 to June 30, 2011:

CalPECo did not conduct an internal formal annual exercise testing the Corporate Emergency Response Plan (CERP). CalPECo did however have a Major Outage on May 9th, 2011. During this outage, we implemented our CERP and Communications Plan. Upon the conclusion of the outage, a recap and close-out session was held with all appropriate local agencies and lessons learned have been updated in our plans. A summary of the emergency response to this outage is included in Tab 5 of this report

In addition, CalPECo did conduct training on Outage Communications, Radio 101 Communications, System Control Communications & functionality and a joint session with Southwest Gas. CalPECo conducted a three (3) hour Wildland Fire Safety & Fire Shelter class which included a sand table exercise.

Standard 4: Communications Strategy

Sierra Pacific – July 1, 2010 to December 31, 2010:

- A. Sierra Pacific's strategy for communicating with the media and customers through Call Centers is contained in Sections 5.2, 5.2.1, and 5.2.2 of the NV Energy Corporate Emergency Response Plan.
- B. Sierra Pacific's strategy for communicating with Government is contained in Sections

5.2.3, 5.2.4, and 5.2.5 of the NV Energy Corporate Emergency Response Plan.

- C. The electric transmission and distribution system that serves Sierra Pacific's California Electric Customers is not connected to any CAISO controlled or Transmission Owner operated electric grid. CAISO and California Transmission Emergencies do not directly affect Sierra Pacific's California Customers because the primary electricity generation and transmission are served from Nevada and a separate northwest operating grid. However, Sierra Pacific's Transmission and Balancing Operations' Center is continually in contact with the CAISO, and other Transmission Owners as part of the North America Electric Reliability Council. This is also addressed in the Tahoe Regional Emergency Plan, Annex D, Section 6.0 of the NV Energy Corporate Emergency Response Plan.

CalPECo – January 1, 2011 to June 30, 2011:

- A. CalPECo's strategy for communicating with the media and customers is through a phone and email contact list.
- B. CalPECo's strategy for communicating with Government is contained in the "Emergency Plan Additional Elements" of the Corporate Emergency Response Plan (pages 7 to 10).
- C. The electric distribution system that serves CalPECo's California Electric Customers is not connected to any CAISO controlled or Transmission Owner operated electric grid. CAISO and California Transmission Emergencies do not directly affect CalPECo's California Customers because the primary electricity generation and transmission are served from Nevada and a separate northwest operating grid. CalPECo service territory is located within Sierra Pacific's Balancing Area. Sierra Pacific's Transmission and Balancing Operations' Center is continually in contact with the CAISO, and other Transmission Owners as part of the North America Electric Reliability Council.

Standard 5: Activation Standard

For the period of July 1, 2010 to December 31, 2010, Sierra Pacific did not have a Major Outage, consisting of 23,000 customers out, sustained, and simultaneous, or half the California Customers, during this Compliance Period.

For the period of January 1, 2011 to June 30, 2011, CalPECo did have a Major Outage (May 9th, 2011), consisting of greater than 23,000 customers out, sustained, and simultaneous, or half the California Customers, during this Compliance Period. The outage occurred at our Service Provider's Buckeye substation which is the electric source for the South Lake Tahoe region.

Standard 6: Initial Notification Standard

For the period of July 1, 2010 to December 31, 2010, this standard does not apply because Sierra Pacific did not have a Major Outage in this Compliance Period.

The CalPECo Major Outage of May 9th, 2011 began at 12:08 am and concluded at 3:29 am. The CalPECo President and South Lake Tahoe Business Manager were aware of the outage within the first 20 minutes. The Business Manager called NV Energy System Control to ensure they were aware of the extent of the outage. The Business Manager followed our protocol and sent emails to the City of South Lake Tahoe, Eldorado County, local agencies and all local media outlets.

Standard 7: Mutual Assistance Evaluation Standard

For the period of July 1, 2010 to December 31, 2010, this standard does not apply because Sierra Pacific did not have a Major Outage in this Compliance Period that would require

an evaluation of Mutual Assistance needs.

During the May 9th, 2011 Major Outage, with the issues being at the NV Energy's, Buckeye substation, no mutual assistance was necessary.

Standard 8: Major Outage and Restoration Estimate Communication Standard

During the period of July 1, 2010 to December 31, 2010, this standard does not apply because Sierra Pacific did not have a Major Outage in this Compliance Period.

During the May 9th, 2011 Major Outage, there were no infrastructure issues on the CalPECo portion of the system thus no maintenance or restoration communication required. After the power was restored at 3:29 am, CalPECo's Business Manager sent out emails to the City of South Lake Tahoe, Eldorado County, local agencies and all local media outlets.

Standard 9: Personnel Redeployment Planning Standard

Sierra Pacific outlines the personnel and resource redeployment process in Annex D, Section 11.0 of the Corporate Emergency Response Plan. As the development of Regional Emergency Coordination Plans continues, the training and deployment of non-trade emergency personnel will be addressed in the planning process.

CalPECo outlines the personnel and resource redeployment process under the "Emergency Activation" Section (Page 5) and "Supplemental & Contingency Resources" (Pages 6-7) of the Corporate Emergency Response Plan. As the development of Regional Emergency Coordination Plans continues, the training and deployment of non-trade emergency personnel will be addressed in the planning process.

Standard 10: Annual Pre-Event Coordination Standard

Sierra Pacific participated as a member of the California Utilities Emergency Association (CUEA), until June 30, 2011, at which time the annual dues terminated as a result of the sale of Sierra Pacific's California service area. The Company remains active with the California utilities in several other activities relating to Mutual Assistance and Emergency Response.

The Company's representatives are active members of the Sierra Front Wildfire Cooperators which meets monthly and represent Wildland Fire Agencies from Nevada Division of Forestry, US Forest Service, California Department of Forestry and Firefighting, California Emergency Management Agency's Fire and Rescue Division, Bureau of Land Management and numerous local fire departments that work cooperatively in wildfire management across seven (7) California and six (6) Nevada counties along the Sierra Nevada Range.

CalPECo became a member of the California Utilities Emergency Association (CUEA) in February 2011. CalPECo is active with the California utilities in several other activities relating to Mutual Assistance and Emergency Response.

CalPECo representatives are active members of the Sierra Front Wildfire Cooperators which meets monthly and represent Wildland Fire Agencies from Nevada Division of Forestry, US Forest Service, California Department of Forestry and Firefighting, California Emergency Management Agency's Fire and Rescue Division, Bureau of Land Management and numerous local fire departments that work cooperatively in wildfire management across seven (7) California and six (6) Nevada counties along the Sierra Nevada Range.

Standard 11: Annual Report

The number of repair and maintenance personnel in each personnel classification, from June 30, 2010, to December 31, 2010, including the previous year, is attached as Tab 6 to this

report.

The number of repair and maintenance personnel in each personnel classification, from January 1, 2011 to June 30, 2011, is attached in Tab 6 to this report. CalPECo has entered into a Mutual Assistance Agreement with NV Energy to inspect, repair and maintain our substation facilities.

Standard 12: Restoration Performance Benchmark For A Measured Event

CalPECo has, and Sierra Pacific had, fewer than 150,000 electric customers and are therefore exempt from application of this standard.

Standard 13: Call Center Benchmark For A Measured Event

CalPECo has, and Sierra Pacific had, fewer than 150,000 electric customers and are therefore exempt from application of this standard.

Respectfully Submitted,

/s/

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Dated: November 1, 2011

ATTACHMENTS

- Tab 1 NV Energy Corporate Emergency Response Plan
- Tab 2 Liberty Energy Corporate Emergency Response Plan
- Tab 3 Operation Morning Jackal – NV Energy Emergency Operations Center Exercise After Action Review
- Tab 4 Western Region Mutual Assistance Multiple Activation Functional Exercise Plan and Participant List
- Tab 5 Emergency Response Plan Implementation – Summary of May 9, 2011 Outage
- Tab 6 Sierra Pacific and CalPECO Repair and Maintenance Personnel Report