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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UM 1003 / UM 918

In the Matter of	)	
	)	
PACIFIC POWER AND LIGHT	)	
	)	
Service Quality Measure (SQM) Reporting for 2002.	)	ORDER
<b>(UM 1003)</b>	)	
-----	)	
	)	
In The Matter of	)	
	)	
SCOTTISHPOWER PLC and PACIFICORP	)	
	)	
Application for an Order Authorizing ScottishPower	)	
Plc to Exercise Substantial Influence Over the	)	
Policies and Actions of Pacificorp. <b>(UM 918)</b>	)	

DISPOSITION: 2002 SQM REPORT ACKNOWLEDGED;  
REPORTING REQUIREMENT MODIFIED

Pacific Power and Light (dba PacifiCorp) is subject to a variety of Service Quality Measures (SQMs) arising originally from the company's Alternative Form of Regulation (AFOR) plan adopted in UE 94, as per Order No. 98-191, and later modified when ScottishPower purchased PacifiCorp per Order No. 99-616 in Docket UM 918. To fulfill these requirements, PacifiCorp and the Public Utility Commission of Oregon Staff (Staff) must meet annually to set performance goals, and then later to evaluate performance related to those goals.

At the Public Utility Commission of Oregon's (Commission) July 1, 2003 public meeting, Staff presented a report that evaluated PacifiCorp's 2002 SQM performance. Staff found performance in all categories acceptable and no penalty levels were reached or exceeded. Staff asked the Commission to recognize the report as satisfying PacifiCorp's SQM requirements for 2002. Staff also recommended the Commission modify Order No. 99-616 to allow reporting based on a fiscal year (April 1 through March 31) instead of a calendar year.

Furthermore, Staff agreed with PacifiCorp's request to adjust the baselines for certain SQMs due to increased reporting accuracy. Specifically, PacifiCorp asked the Commission to acknowledge that the reliability performance goals of an annual SAIDI of

185 minutes or better, and an annual SAIFI of 1.5 outages or better, derived from PacifiCorp's CADOPS data, are reasonable as a basis for setting SQM performance lines starting with F.Y. 2005 (4/1/05 through 3/31/06). These levels reflect the 10% improvement commitment incorporated in Order No. 99-616.

The Commission adopted Staff's recommendation, as modified to include the request by PacifiCorp. Staff's recommendation report is attached as Appendix A and is incorporated by reference.

**ORDER**

IT IS ORDERED that:

- 1) The Commission acknowledges that Pacific Power & Light has fulfilled the 2002 Service Quality Measures reporting requirements of Order No. 98-191 and Order No. 99-616.
- 2) Relative to the performance lines set by the Commission for 2002, all performance evaluated was acceptable and no penalties are appropriate.
- 3) The Commission shall modify Order 99-616 to allow reporting based on a fiscal year (April 1 through March 31) instead of a calendar year, as shown in Attachment A of Appendix A.
- 4) The Commission acknowledges that reliability performance goals of an annual SAIDI of 185 minutes or better, and an annual SAIFI of 1.5 outages or better, derived from Pacific Power & Light's CADOPS data, are reasonable as a basis for setting SQM performance lines starting with F.Y. 2005 (4/1/05 through 3/31/06).

Made, entered, and effective \_\_\_\_\_.

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**Roy Hemmingway**  
Chairman

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**Lee Beyer**  
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 1, 2003**

**REGULAR AGENDA X CONSENT AGENDA \_\_\_ EFFECTIVE DATE \_\_\_\_\_**

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**DATE:** May 8, 2003

**TO:** John Savage through Lee Sparling, Jerry Murray, and Vicki McLean

**FROM:** Bob Sipler and Clark Jackson

**SUBJECT:** PACIFIC POWER & LIGHT: (Docket No. UM 1003) Service Quality Measures (SQMs) Performance Reporting for 2002 as required in UE 94 per OPUC Order No. 98-191 and UM 918 per OPUC Order No. 99-616, and as it relates to the performance levels set for 2002 at the OPUC Public Meeting of December 18, 2001.

**SUMMARY RECOMMENDATION:**

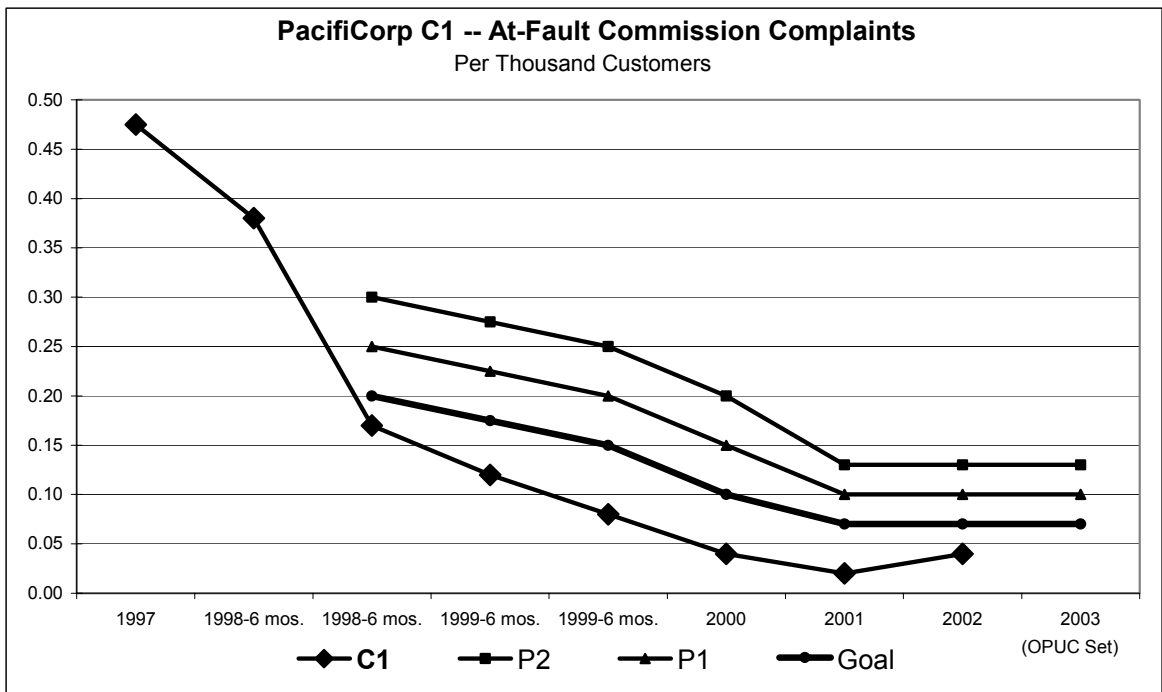
PacifiCorp and Staff jointly recommend that the Commission recognize this report as satisfying PacifiCorp's SQM requirements in PUC Orders 98-191 and 99-616. Performance in all of the measure categories was acceptable and no penalty levels were reached or exceeded. Staff also recommends that PacifiCorp be allowed to change their reporting from a calendar year to a fiscal year (4/1 through 3/31) as detailed in Attachment A.

**DISCUSSION:**

Service Quality Measures were originally stipulated as a condition of PacifiCorp's Alternative Form of Regulation (AFOR) in UE 94, per PUC Order 98-191, then were modified when ScottishPower purchased PacifiCorp in UM 918, per PUC Order 99-616. There is a requirement for the company and staff to meet annually to set performance goals, and then later to evaluate performance related to those goals. The goals were set for 2002 at the Dec. 18, 2001 Public Meeting. This memo evaluates 2002 SQM performance.

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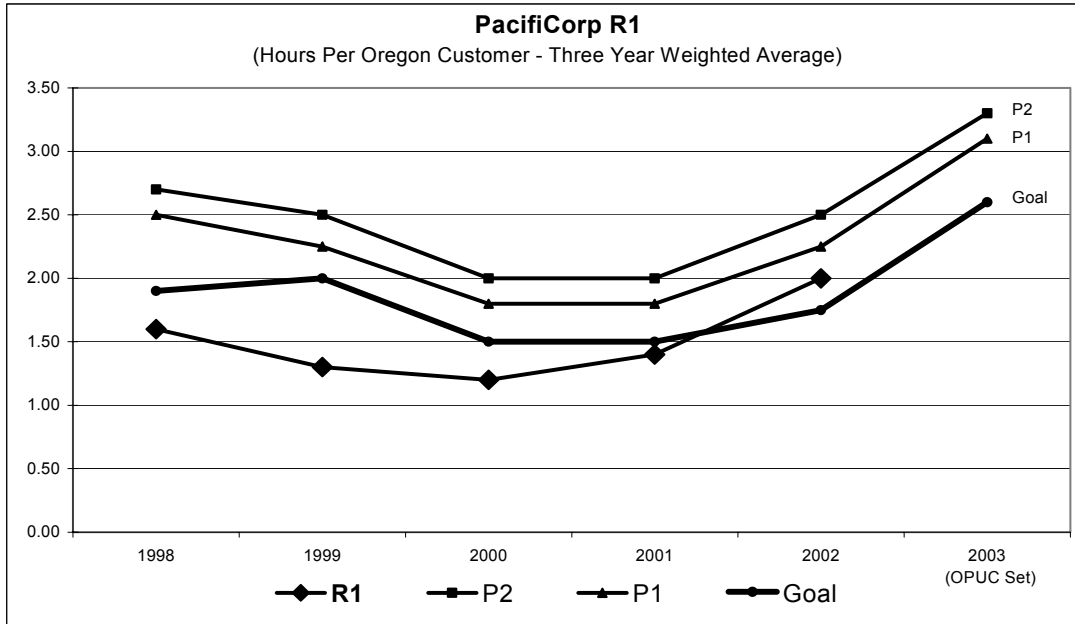
The first SQM is C1 (customer at-fault complaint frequency) which is the annual number of OPUC complaints where the company is determined to be at-fault, divided by the number of Oregon customers divided by 1,000. PacifiCorp's C1 performance lines for 2002 were: Goal line set at .07, Penalty-1 line set at .10 and Penalty-2 line set at .13. The actual C1 performance for the entire year was .04 "at-fault" PUC complaints per thousand customers. Significant improvements in C1 performance have been delivered by the company as can be seen in the following graph.



The R1 (Averaged Customer Interruption Duration) lines were set based on historical performance with some adjustment for major event (storm) exclusions. This is the weighted average amount of time that customers have been without power over the last three years. R1 performance lines for 2002 were: Goal set at 1.75 hours (105 minutes), Penalty-1 set at 2.25 hours (135 minutes), and Penalty-2 set at 2.5 hours (150 minutes). There were two storms affecting several Districts that were excluded as "Major Events" in 2002. R1 actual performance for 2002 was 1.98 hours.

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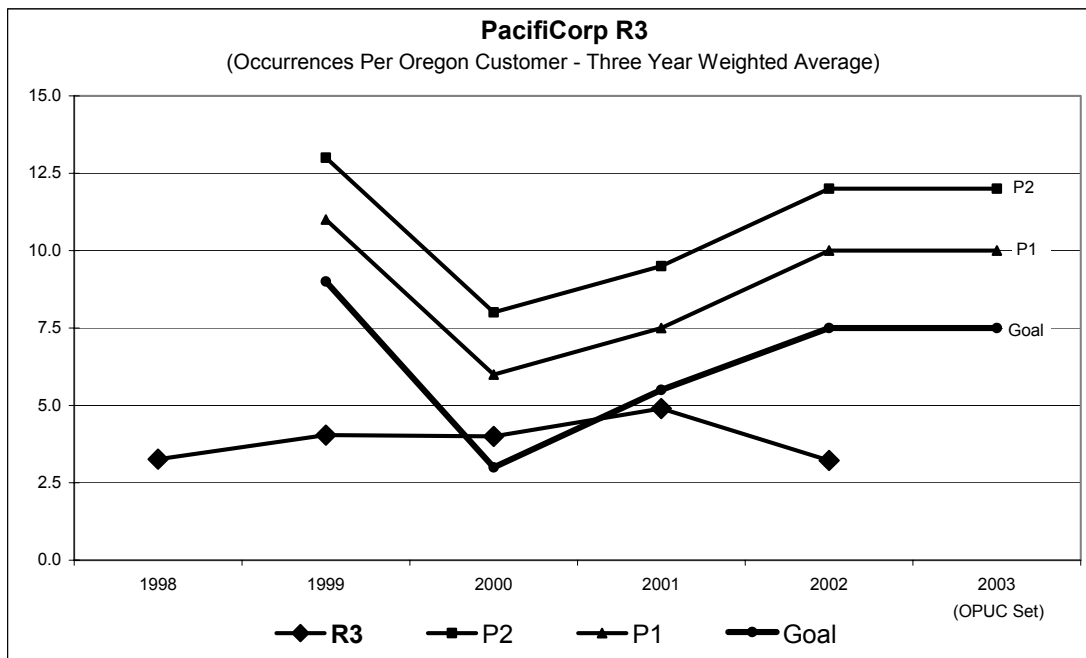
Note: The increases seen on the graphs for R1, R2 and R4 from 2001 on relate mostly to improved outage reporting and the initiation of the CADOPS system.



The third measure is R2 (Averaged Customer Interruption Frequency). This is a weighted average number of times that customers have been without power over the last three years. The R2 (Averaged Customer Interruption Frequency) levels set for 2002 were: Goal set at 1.4 occurrences, Penalty-1 set at 1.6 occurrences, and Penalty-2 set at 1.8 occurrences. R2 performance for 2002 was 1.08 occurrences.

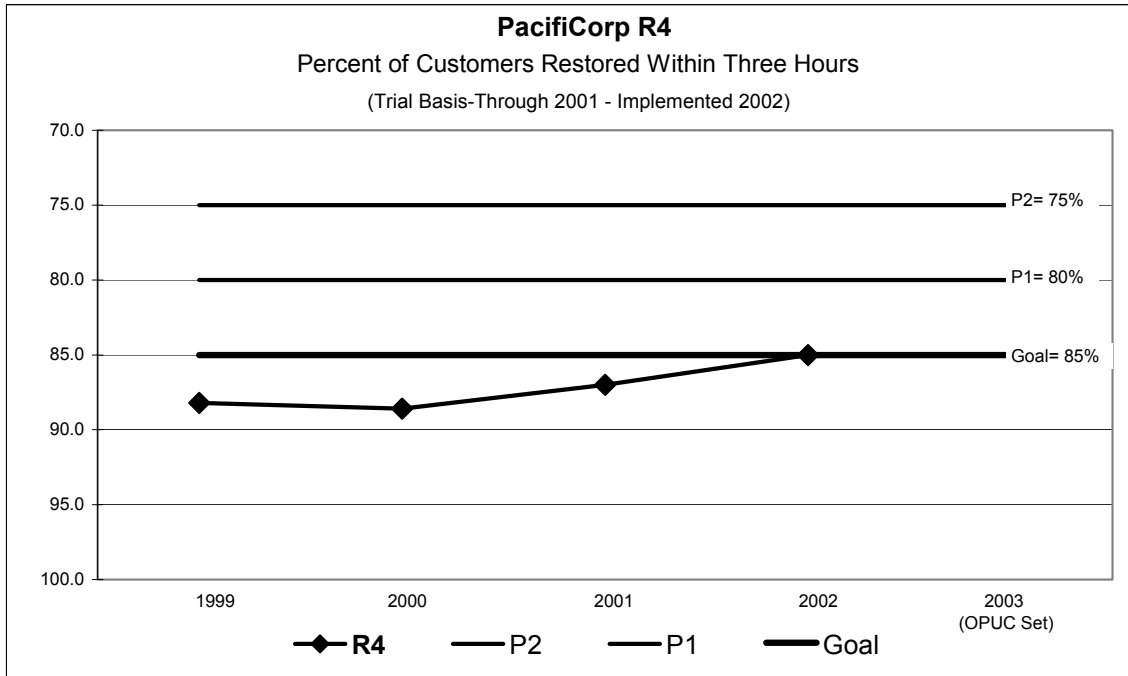
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The R3 (Averaged Customer Momentary Interruption Frequency event) Measure has been phased in. The 2002 values set for R3 were: Goal line at 7.5, Penalty-1 line at 10, and Penalty-2 line at 12. The R-3 performance for 2002 was calculated at 3.22 momentary events per customer. The performance lines for R3 were raised for 2001 and again for CADOPS implementation in 2002, then stayed at the same level for 2003.



The R4 Measure (Service Restoration Indicator - % restored within 3 hours) was fully implemented in 2002, after a two year trial basis. The R4 was calculated for 1999 at 88.2%, for 2000 at 88.6%, for 2001 at 87%, and for 2002 was 85%. The goal line had been set at 85%, the Penalty 1 line was 80%, and the Penalty 2 line was 75%.

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On April 14, 2003, PacifiCorp briefed staff on operational, customer service, and safety issues, including the Service Quality Measures. In addition to the C1, R1, R2, R3 and R4 issues already discussed, there were presentations and data provided for the S1 (Major Safety Violation Measure), and the X1, X2 and X3 Measures. This included Personnel Counts and the Vegetation Management Program (X1), various inspection and maintenance programs covered in the X2 measure (including joint-use issues, metering, company standards, corporate auditing) and special programs (X3). We also discussed the proposal to go to reporting on a fiscal year as a better fit with the system that is operating over the utility's multi-state territory. It seems that this would have only a minor impact on SQM ongoing administration.

PacifiCorp has also presented the statistics and graphs to support a "baseline adjustment" so the performance lines starting in 2005 can be adjusted down to reflect the merger promise to improve system performance by 10% for SAIDI and SAIFI, and by 5% for MAIFLe. This has been a difficult process because the company changed to an entirely new data collection system (CADOPS) a few years after the merger. This means that the two systems and the resulting data streams have to be paralleled in order to reach a new "baseline" to measure the performance improvement from. While no action by the Commission is requested at this time, PacifiCorp wanted to present

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this information well in advance of the time in late 2004 when 2005 performance lines are set to reflect the merger commitment.

Staff's conclusion, from field reviews, this meeting, and the materials submitted at the meeting is that, in general, the company is performing acceptably under the SQM requirements where specific performance lines have been set.

Concerns raised last year related to National Electrical Safety Code violations, associated with joint-use pole installations, inspection programs, and company quality control have still not been dispelled. A recent field review indicated significant violations left after a system inspection, completed corrections, and management quality control. Staff still needs to see where evidence of program improvements detailed by Pacific in 2002 can be demonstrated. Other field inspections in 2003 will determine Staff's future recommendations. This program is an X2 SQM requirement.

The Company has reported that the changes to the Vegetation Management Program are working well and are keeping the Oregon system in compliance with the OPUC's Tree Clearance Policy. There were no Service Quality Measures performance items that reached or exceeded penalty lines. Also, no "Major Safety Violations" were declared by the Commission in 2002.

**PROPOSED COMMISSION MOTIONS:**

1. Acknowledge that PacifiCorp has fulfilled the 2002 SQM reporting requirements of PUC Orders 98-191 and 99-616. Relative to the performance lines set by the Commission for 2002, all performance evaluated was acceptable and no penalties are appropriate.
2. Modify Order 99-616 to allow reporting based on a fiscal year (April 1 through March 31) instead of a calendar year, as shown in Attachment A.

pmmemo/PacifiCorpServiceQualityMeasures



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Attachment A

Proposed Modifications to UE 94 / UM 918 Service Quality Measures Document as adopted in OPUC Order 99-616.

Page 5 of 23, Add Definition:

7. "Year" or "annual" for the purposes of SQM reporting will be a one year period starting April 1 of the designated year and ending on the following March 31.

Page 6 of 23, Paragraph E 2, Make 3 changes:

In the two places it occurs, change "calendar year" to "year".  
Change May 1 to May 15.

Page 8 of 23, under H. Term, add a sentence to the end of the paragraph:

The Commission allowed PP&L to change to a SQM reporting year (4/1 through 3/31) in 2003, changing the end of the term to March 31, 2010.

In seven locations change the reporting deadline from May 1 to May 15.

1. Page 10 of 23, Measure C1 (9)
2. Page 11 of 23, Measure R1 (8)
3. Page 11 of 23, Measure R2 (second 7)
4. Page 13 of 23, Measure R3 (8)
5. Page 14 of 23, Measure R4 (8)
6. Page 16 of 23, Measure X1 (7)
7. Page 23 of 23, Reporting of X1, X2, and X3 Programs.

APPENDIX A  
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