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BEFORE THE PUBLIC UTILITY COMMISSION**

OF OREGON

UM 1003

In the Matter of)	
)	ORDER
PACIFICORP)	
)	
Service Quality Measures Performance)	
Reporting for 2003.)	

**DISPOSITION: SERVICE QUALITY MEASURES PERFORMANCE FOR 2003
ACKNOWLEDGED AND ACCEPTED**

At its Public Meeting on July 6, 2004, the Public Utility Commission of Oregon adopted PacifiCorp and Staff's joint recommendation to acknowledge PacifiCorp's report of 2003 performance as satisfying the requirements of Order Nos. 98-191, 99-616, and 03-528. PacifiCorp's performance in the C1, R1, R2, R3 and R4 measure categories was acceptable and no penalty levels were reached or exceeded. Staff's recommendation is attached as Appendix A, and is incorporated by reference.

ORDER

IT IS ORDERED that PacifiCorp's Service Quality Measures Performance Report for 2003 satisfies the requirements of Order Nos. 98-191, 99-616, and 03-528 and as it relates to the performance levels set for 2003 at the Commission Public Meeting of November 12, 2002. All performance evaluated was acceptable, and no penalties are appropriate.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

ORDER NO. 04-383

ITEM NO. 2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 6, 2004**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: June 9, 2004

TO: Lee Sparling through J. R. Gonzalez and Ed Busch

FROM: Bob Sipler

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UM 1003) Service Quality Measures (SQMs) Performance Reporting for 2003 as required in UE 94 per OPUC Order No. 98-191 and UM 918 per OPUC Order No. 99-616 and UE 147 per OPUC Order No. 03-528, and as it relates to the performance levels set for 2003 at the OPUC Public Meeting of November 12, 2002.

SUMMARY RECOMMENDATION:

PacifiCorp and Staff jointly recommend that the Commission recognize this report as satisfying PacifiCorp's SQM requirements in PUC Orders 98-191, 99-616, and 03-528. Performance in all of the measure categories was acceptable and no penalty levels were reached or exceeded.

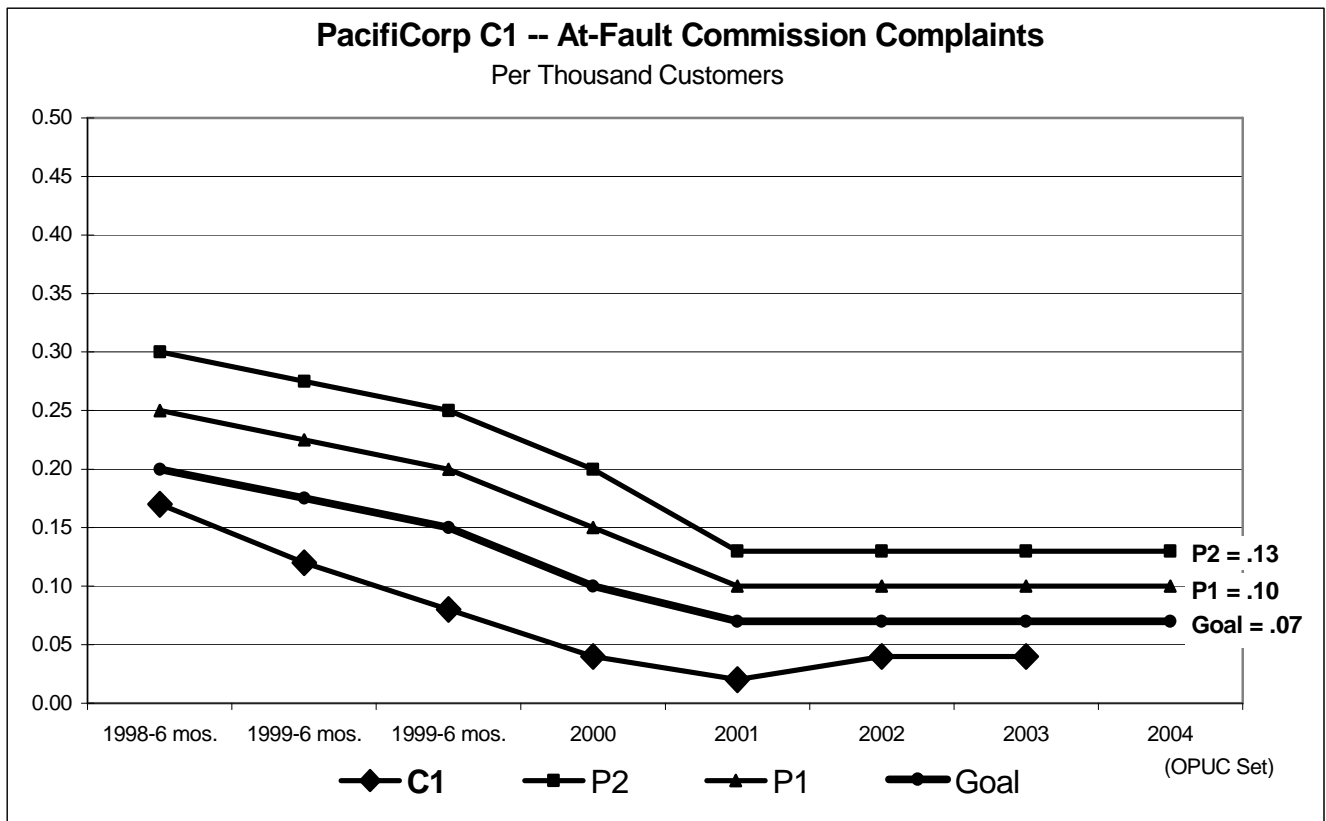
DISCUSSION:

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. The term for the SQMs was extended in PUC Order No. 03-528. There is a requirement for the company and staff to meet annually to set performance goals for the coming year, and then, after the year has been completed, to evaluate performance related to the set performance lines. The performance lines were set for 2003 at the Nov. 12, 2002 Public Meeting. This memo evaluates 2003 SQM performance.

APPENDIX A
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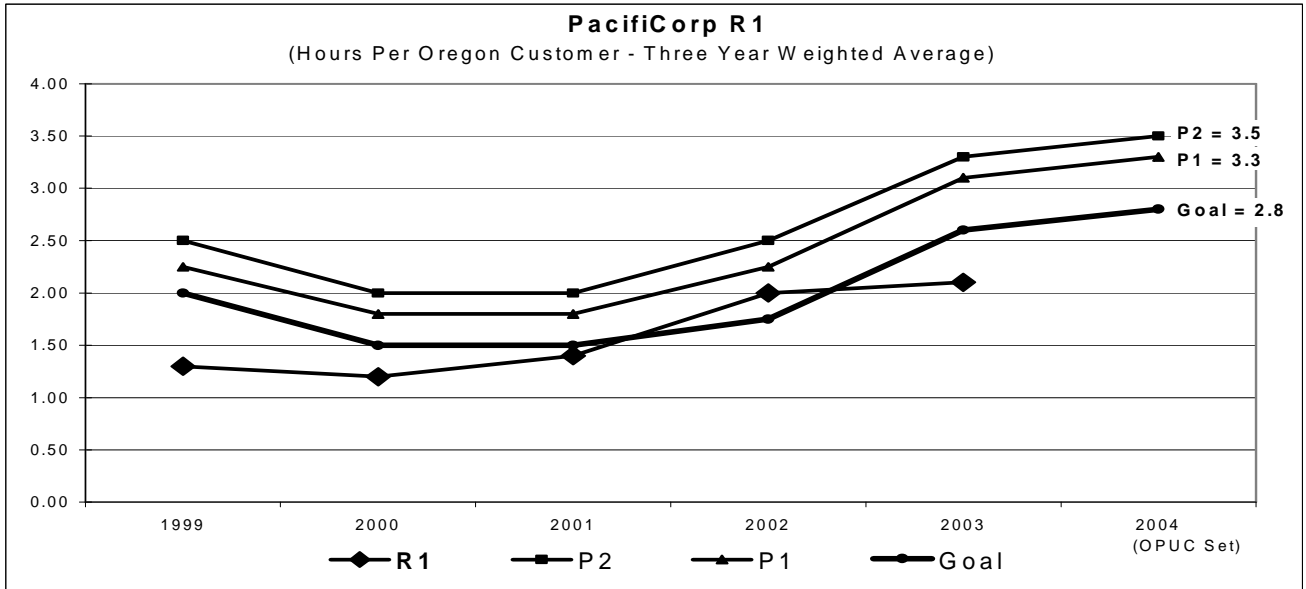
The first SQM is C1 (customer at-fault complaint frequency) which is the annual number of OPUC complaints when the company is determined to be at-fault, divided by the number of Oregon customers divided by 1,000. PacifiCorp's C1 performance lines for 2003 were: Goal line set at .07, Penalty-1 line set at .10, and Penalty-2 line set at .13. The actual C1 performance for the entire year was .036 "at-fault" PUC complaints per thousand customers. The graph below shows ongoing stable performance at an excellent level.



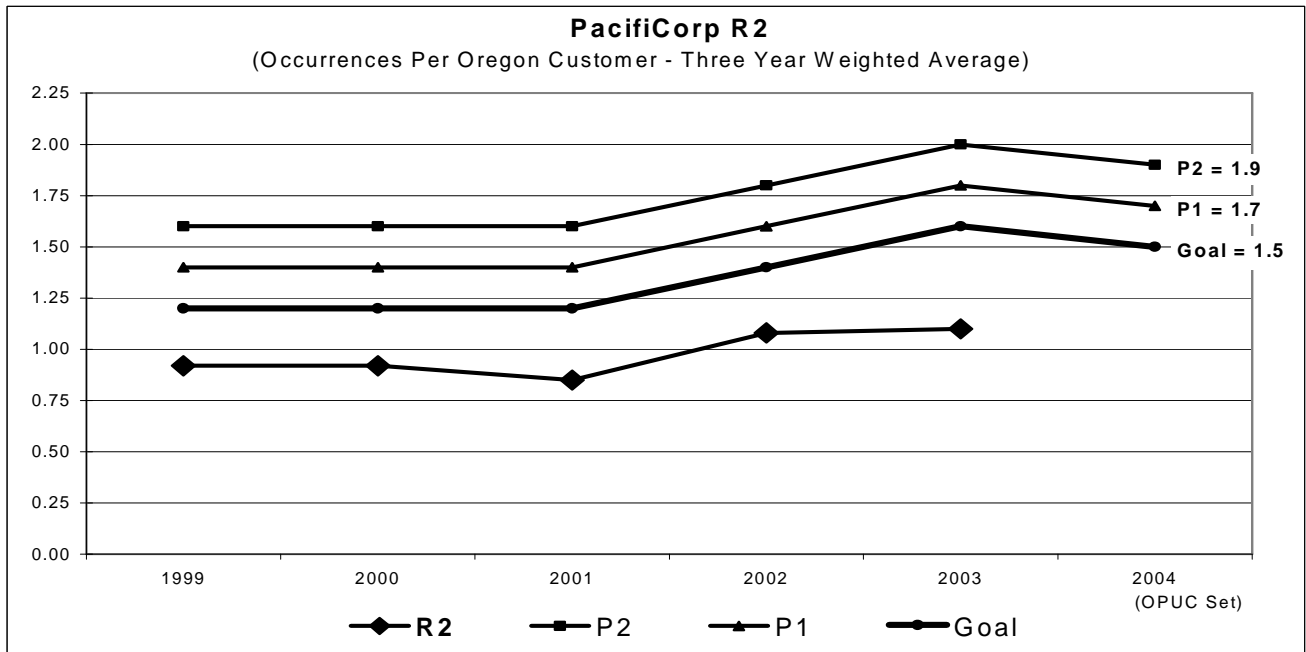
The R1 (3-year Weighted / Averaged Customer Interruption Duration) lines were set, based on historical performance, with some adjustment for major event (storm) exclusions. This is the weighted average amount of time that customers have been without power over the last three years. R1 performance lines for 2003 were: Goal set at 2.6 hours (156 minutes), Penalty-1 set at 3.1 hours (186 minutes), and Penalty-2 set at 3.3 hours (198 minutes). There were two storms affecting several Districts that were excluded as "Major Events" in 2003. R1 actual performance for 2003 was 2.1 hours.

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Note: The increases, seen on the graphs for R1, R2, and R4 from 2001, relate mostly to improved outage reporting and the initiation of the new system. Future performance should level off and not continue to rise.

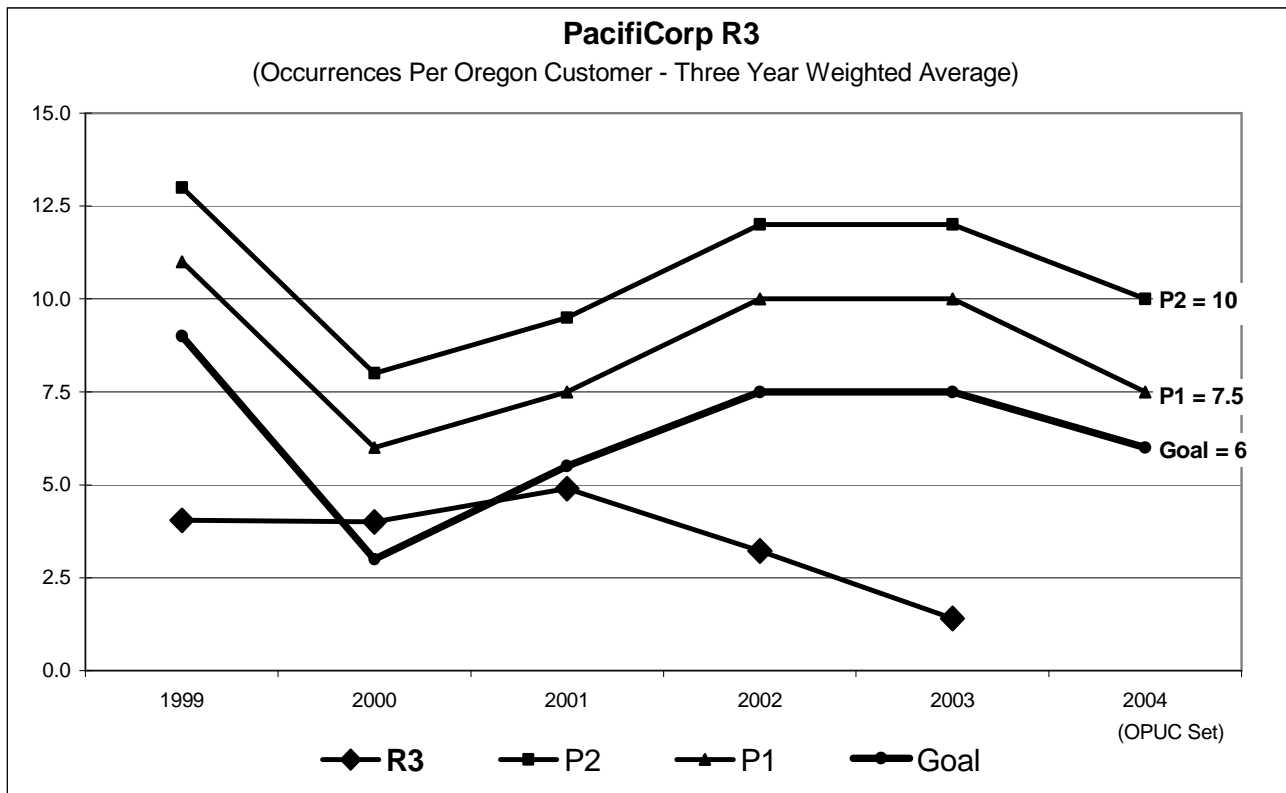


The third measure is R2 (3-year Weighted / Averaged Customer Interruption Frequency). This is a weighted average number of times that customers have been without power over the last three years. The R2 levels set for 2003 were: Goal set at 1.6 occurrences, Penalty-1 set at 1.8 occurrences, and Penalty-2 set at 2.0 occurrences. R2 performance for 2003 was 1.1 occurrences.



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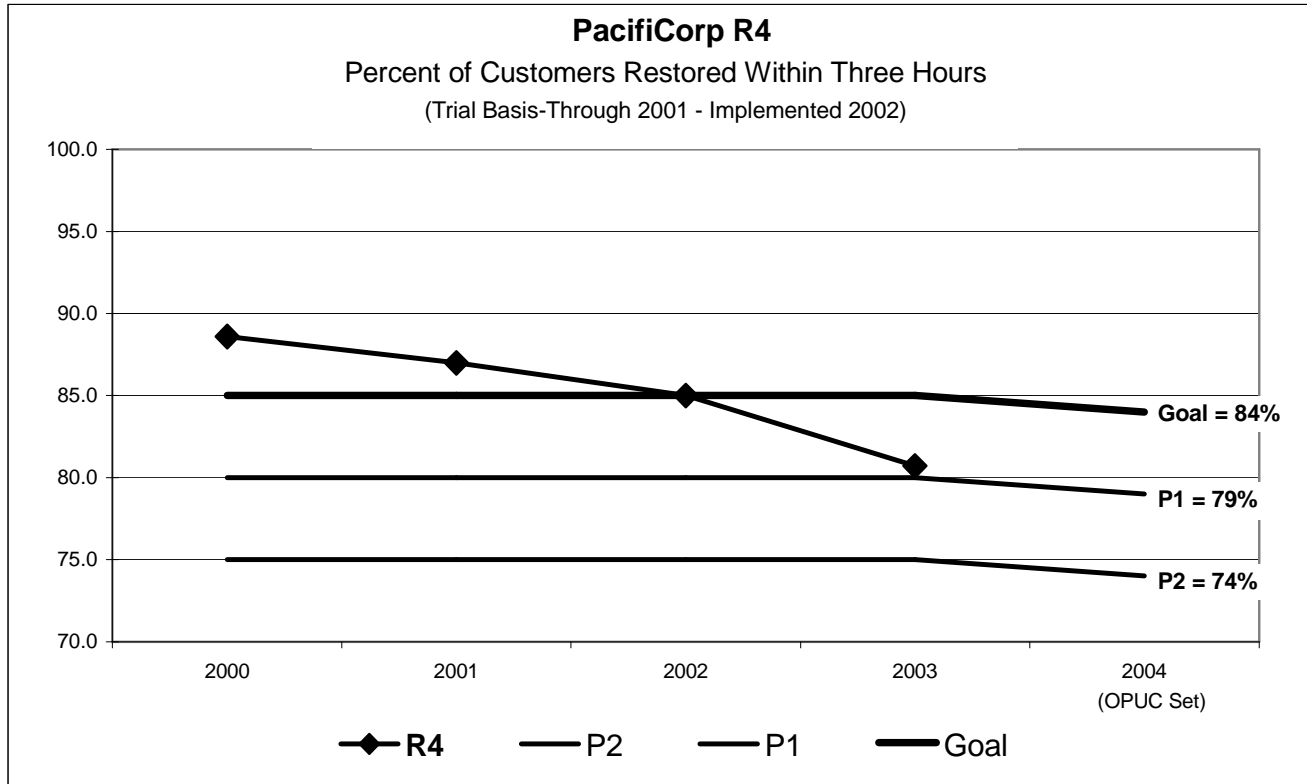
The R3 (3-year Weighted Averaged Customer Momentary Interruption Frequency event) Measure has been phased in. The 2003 values set for R3 were: Goal line at 7.5, Penalty-1 line at 10, and Penalty-2 line at 12. The R3 performance for 2003 was calculated at 1.6 momentary events per customer. The performance lines for R3 were raised for 2001, and again for the new implementation in 2002, then stayed at the same level for 2003. The performance lines set for 2004 were lowered to more realistic levels. Staff has a reduced confidence level for the accuracy of the data for R3 since the new system was initiated, and will audit this process.



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%, for 2002 at 85%, and 80.7% for 2003. The goal line had been set at 85%, the Penalty 1 line 80%, and the Penalty 2 line 75%. This was based on the Company's merger commitment to perform at 80% or better. For 2004 the performance levels were altered (goal at 84%, P1 at 79%, and P2

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at 74%) so that penalty levels were reached when performance was worse than (not at) the commitment. The performance trend for this measure is of concern, and hopefully the Company's efforts will bring about improved performance.



On May 25, 2004, 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, and corporate auditing), and special programs (X3). We also discussed fiscal year reporting issues.

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. 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 2003.

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PROPOSED COMMISSION MOTION:

Acknowledge that PacifiCorp has fulfilled the 2003 SQM reporting requirements of PUC Orders 98-191, 99-616, and 03-528. Relative to the performance lines set by the Commission for 2003, all performance evaluated was acceptable and no penalties are appropriate.

pmmemo/PacifiCorpServiceQualityMea