

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1003

In the Matter of)	
)	ORDER
PACIFICORP)	
)	
Service Quality Measures Performance)	
Reporting for 2004.)	

**DISPOSITION: SERVICE QUALITY MEASURES PERFORMANCE
FOR 2004 ACKNOWLEDGED AND ACCEPTED**

At its Public Meeting on September 27, 2005, the Public Utility Commission of Oregon adopted PacifiCorp and Staff's joint recommendation to acknowledge PacifiCorp's report of 2004 performance as satisfying the requirements of Orders No. 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 2004 satisfies the requirements of Orders No. 98-191, 99-616 and 03-528. Relative to the performance lines set by the Commission for 2004, all performance evaluated was acceptable and no penalties are appropriate.

Made, entered and effective SEP 30 2005



BY THE COMMISSION:

Becky L. Beier

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.

ITEM NO. 1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 27, 2005**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: August 17, 2005

TO: Public Utility Commission

FROM: Bill McNamee, Jerry Murray, and Bob Sipler

THROUGH: Lee Sparling, Ed Busch, J. R. Gonzalez, and Jack Breen

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UM 1003) Service Quality Measures (SQMs) Performance Reporting for 2004 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 2004 at the OPUC Public Meeting of December 4, 2003.

STAFF 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.

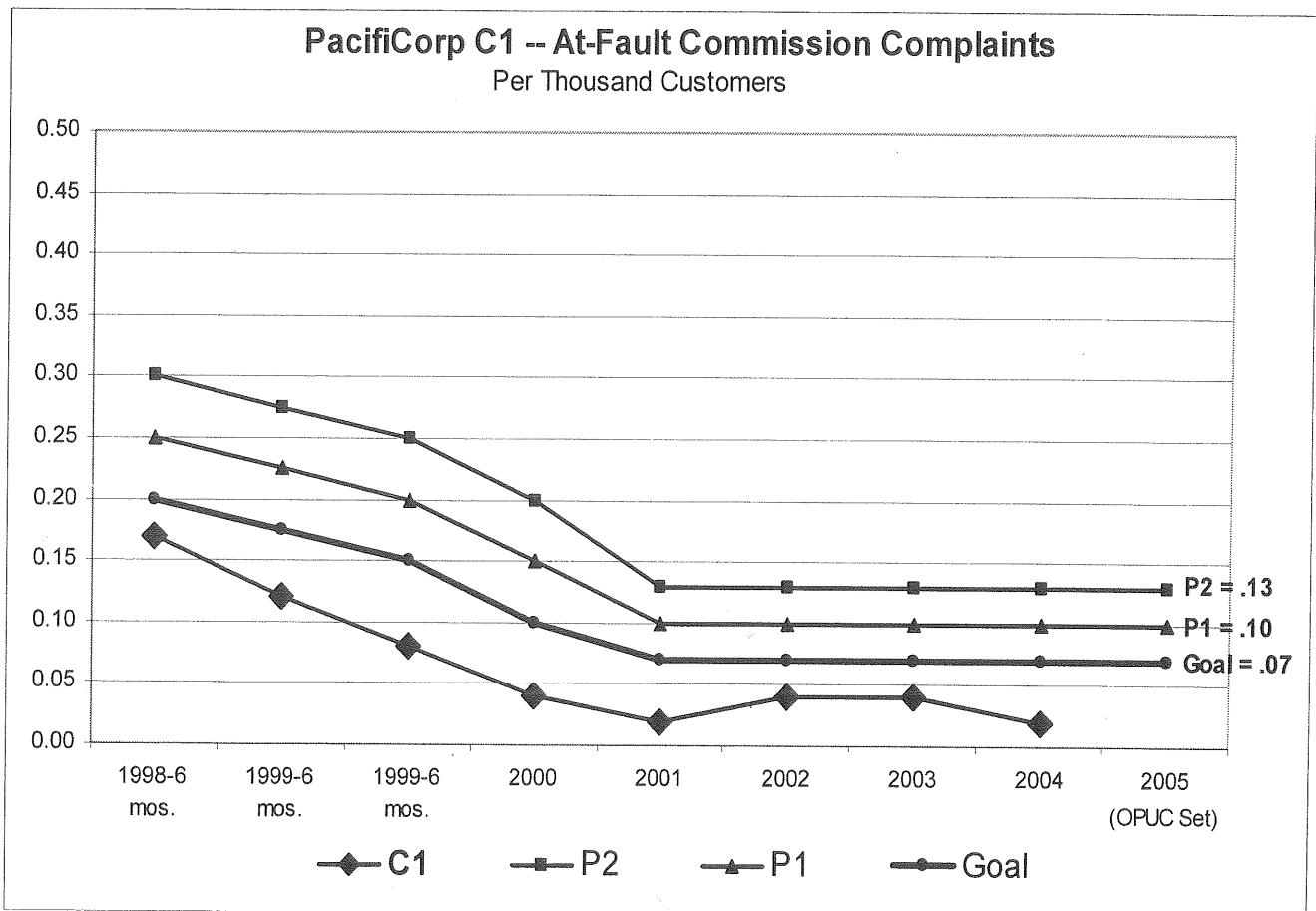
DISCUSSION:

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 2004 at the December 4, 2003 Public Meeting. This memo evaluates 2004 SQM performance.

The first SQM evaluated 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

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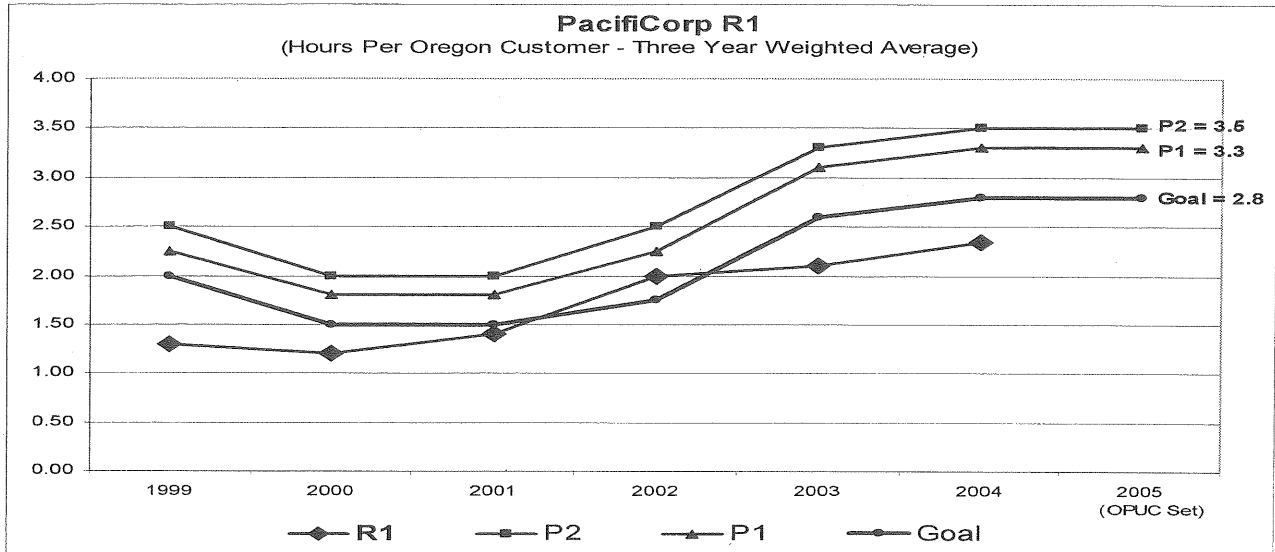
performance lines for 2004 were: Goal line set at .07, Penalty-1 line set at .10, and Penalty-2 line set at .13. The actual C1 performance for the entire year was .02 "at-fault" PUC complaints per thousand customers. The graph below shows ongoing stable performance at an excellent level.



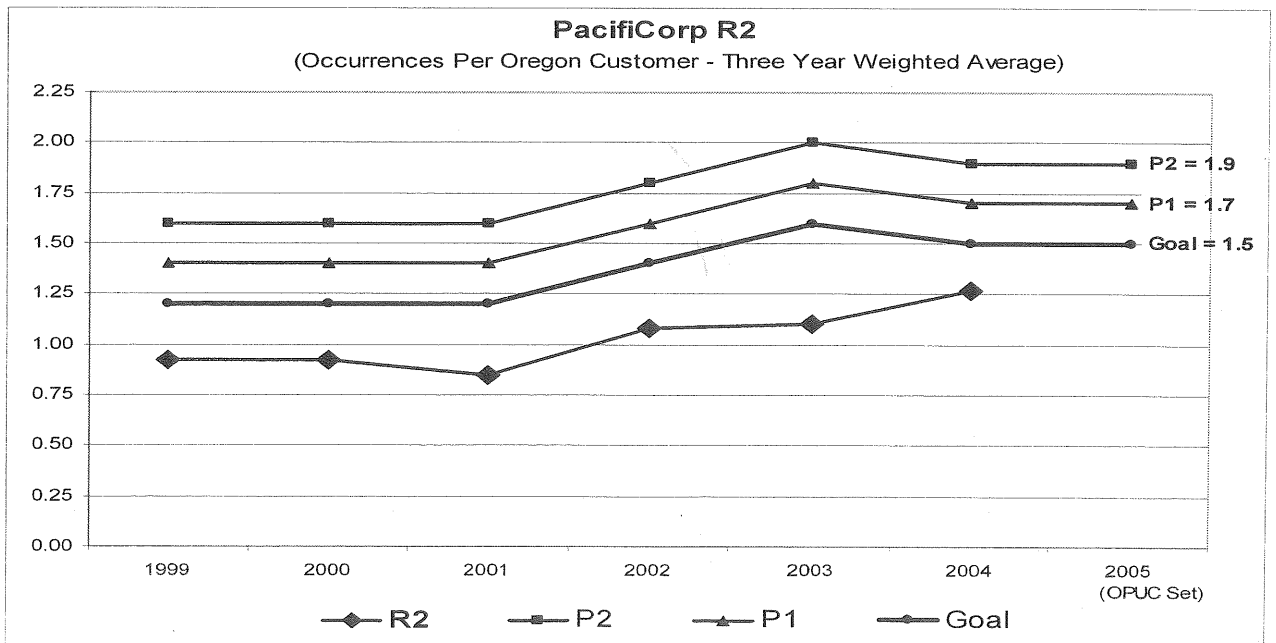
The R1 (3-year Weighted / Averaged Customer Interruption Duration) lines were set, based on historical performance, with some adjustment for major event (storm) exclusions. This is the weighted average amount of time that customers have been without power per year over the last three years. R1 performance lines for 2004 were: Goal set at 2.8 hours, Penalty-1 set at 3.3 hours, and Penalty-2 set at 3.5 hours. There were two storms affecting several Districts that were excluded as "Major Events" in SQM FY 2004. R1 actual performance for 2004 was 2.347 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 data collection system. Future performance should level off and not continue to rise.

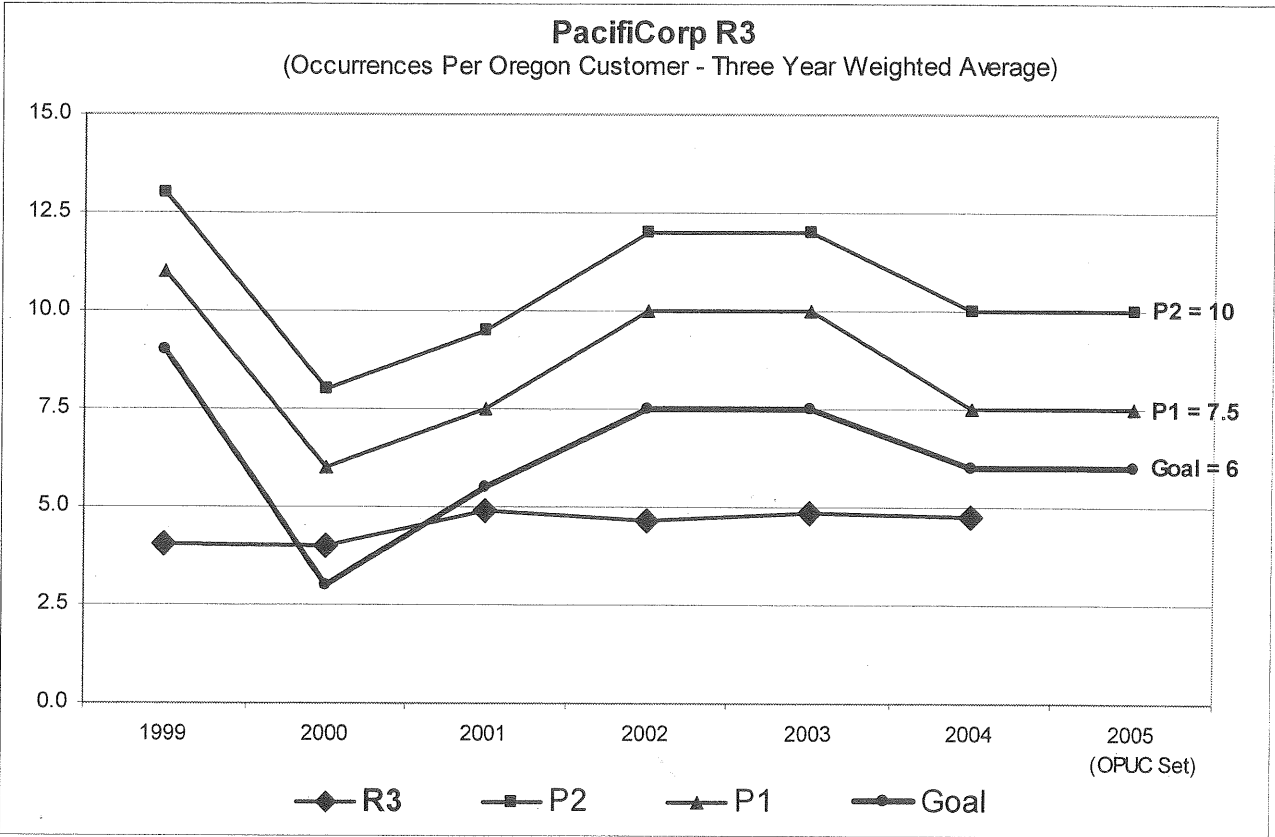


The third measure is R2 (3-year Weighted / Averaged Customer Interruption Frequency). This is a weighted average number of times that customers have been without power per year over the last three years. The R2 levels set for 2004 were: Goal set at 1.5 occurrences, Penalty-1 set at 1.7 occurrences, and Penalty-2 set at 1.9 occurrences. R2 performance for 2004 was 1.269 occurrences.



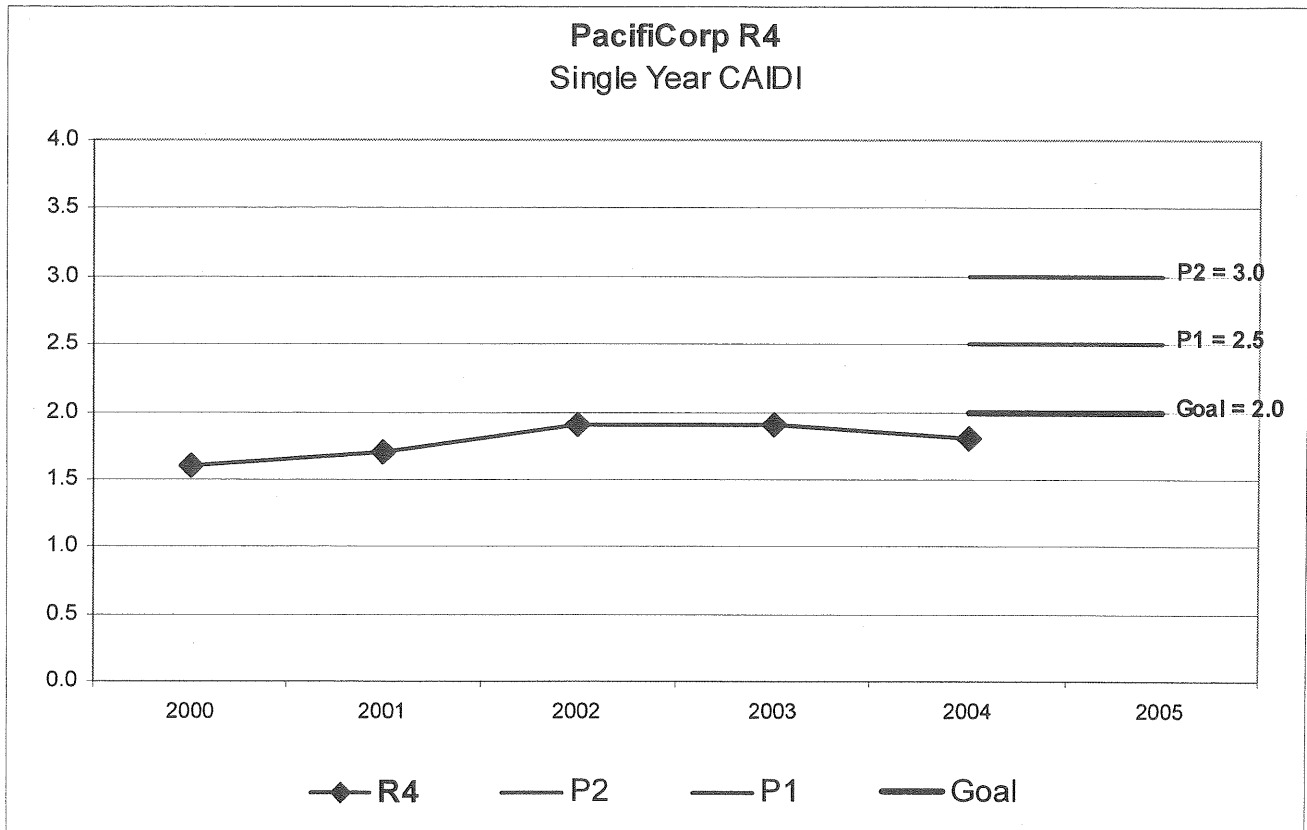
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The R3 (3-year Weighted Averaged Customer Momentary Interruption Frequency event) Measure has been phased in. The R3 performance levels reported for 2002 and 2003 were miscalculated. These years have been recalculated using better data that was made available to the reliability engineer recently. The revised levels can be seen in the graph below. The goal and penalty lines show a great deal of variation, but performance lines set for 2004 and 2005 were lowered to more realistic levels. Staff has audited the new data collection and analysis process for R3 and has reasonable confidence in this sample-basis reporting.



The R4 Measure (Service Restoration Indicator) was changed by the Commission in 2004 from percent of customers restored with power within three hours to a standard utility industry index, Customer Average Interruption Duration Index (CAIDI). Both of these approaches were to indicate restoration times per extended (> 5 minutes) outage on average. The following graph shows the performance lines set for SQM FY 2005 for CAIDI and several years of actual performance from historical records. The actual performance for FY 2004 was 1.8 hours.

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On August 10 and 16, 2005, PacifiCorp briefed staff on operational, customer service, safety, and security 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). An additional review of joint-use of poles that included the permit process, contracts, billing, pre and post attachment inspections, and record keeping was done. The results of our annual field reviews of inspection quality and vegetation management were also considered.

Staff's conclusion, from field reviews, these meetings, and materials submitted, is that in general, the company is performing very acceptably. There were no Service Quality Measure performance items that reached or exceeded penalty lines. Also, no "Major Safety Violations" were declared by the Commission in 2004.

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PROPOSED COMMISSION MOTION:

PacifiCorp has fulfilled the 2004 SQM reporting requirements of PUC Orders 98-191, 99-616, and 03-528. Relative to the performance lines set by the Commission for 2004, all performance evaluated was acceptable and no penalties are appropriate.

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