

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1003

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY)	ORDER
)	
Service Quality Measures Performance Reporting for fiscal year 2006.)	

**DISPOSITION: SERVICE QUALITY MEASURES PERFORMANCE
FOR FISCAL YEAR 2006 ACKNOWLEDGED AND
ACCEPTED**

At its Public Meeting on September 19, 2006, the Public Utility Commission of Oregon (Commission) adopted PacifiCorp, dba Pacific Power & Light Company (PacifiCorp), and Staff's joint recommendation to acknowledge PacifiCorp's report of fiscal year 2006 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 fiscal year 2006 satisfies the requirements of Orders No. 98-191, 99-616, and 03-528. Relative to the performance lines set by the Commission for fiscal year 2006, all performance evaluated was acceptable and no penalties are appropriate.

Made, entered and effective SEP 22 2006



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 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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. 3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 19, 2006**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: September 11, 2006

TO: Public Utility Commission

FROM: Bill McNamee *WM*

THROUGH: *u* Lee Sparling, *EB* Ed Busch, *R* JR Gonzalez, and *bbt* Bonnie Tatom

SUBJECT: PACIFIC POWER AND LIGHT: (Docket No. UM 1003) Service Quality Measures Performance Reporting for fiscal year 2006.

STAFF RECOMMENDATION:

Staff and Pacific Power and Light (PP&L or Pacific) jointly recommend that the Commission recognize this report as satisfying Pacific's Service Quality Measures (SQMs) performance requirements as listed in Oregon Public Utility Commission (OPUC) Orders 98-191, 99-616, and 03-528. For fiscal year (FY) 2006, performance in all the measures was acceptable and no penalty levels were reached or exceeded.

DISCUSSION:

Overview: Service Quality Measures had their origins as monitoring tools for evaluating the effectiveness of utility safety programs and reliability activities. OPUC Safety Program Staff and PP&L worked to establish SQMs as part of the Company's 1998 UE 94 proceeding -- "Alternative Form of Regulation" (see Order No. 98-191). The SQMs were also modified by stipulation in UM 918 -- PP&L/ScottishPower merger (see Order No. 99-616). The stated purpose of SQMs is "...to provide a mechanism to ensure service quality is maintained at current or improved levels" OPUC Safety and Reliability Program Staff believe that the SQMs have proven to be an excellent regulatory tool.

For Pacific there are nine separate SQMs, of which the first five are performance measures that are the subject of this report.

1. C1 - At Fault Customer Complaints
2. R1 - Average Interruption Duration

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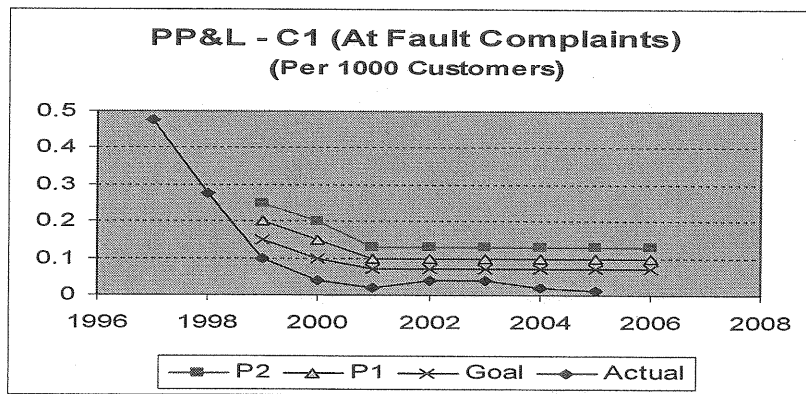
3. R2 - Average Interruption Frequency
4. R3 - Average Momentary Interruption Frequency
5. R4 - Average Interruption Duration (*Per Occurrence*)
6. S1 - Major Safety Violations
7. X1 - Annual Review Vegetation Management
8. X2 - Annual Review Basic Inspection & Maintenance Programs
9. X3 - Annual Review Special Programs

SQMs C1, R1, R2, R3, and R4 have three performance levels each (a goal and two penalty levels). The performance levels for Pacific's FY 2006 (*April 1, 2005 through March 31, 2006*) were set by the Commission at its December 7, 2004, public meeting. This memo evaluates the FY 2006 performance.¹

SQM C1: The first measure evaluated is C1, or customer at-fault complaint frequency. This is expressed as the number of PUC customer complaints where PP&L has been determined to be at-fault, having violated a tariff, rule or business practice standard. The C1 statistic is presented as the number of at-fault complaints per 1000 customers. For FY 2006 the performance levels set by the Commission were:

- Goal - less than .07
- Penalty 1 line (\$100,000) - .10
- Penalty 2 line (\$1,000,000) - .13

Actual PP&L performance for the 2006 fiscal year was .01 at-fault complaints per thousand customers. The following graph shows significant improvement since 1997, with stable performance at excellent levels the last several years.



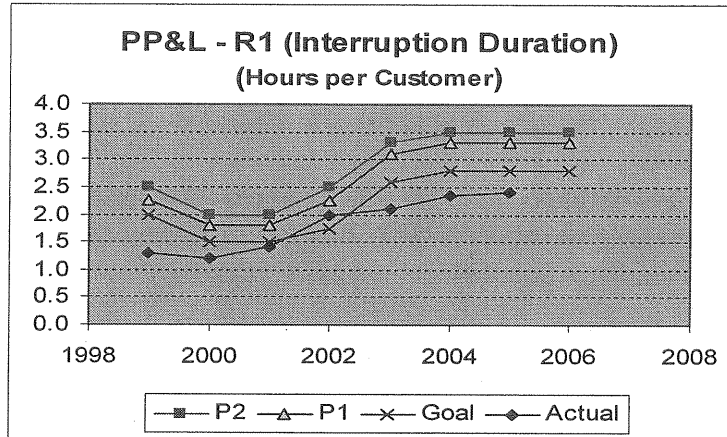
¹ For the historical graphs in the following sections, the data points for Pacific's FY 2006 -- April 1, 2005 through March 31, 2006 -- goals and actual performance are plotted above the year 2005.

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SQM R1: The R1 measure is an averaged customer interruption duration (*annual time without power*) that utilizes a three-year weighted averaging formula. This is similar to the System Average Interruption Duration Index (SAIDI), calculated with the target year weighted at 50 percent, the previous year weighted at 30 percent, and the third year weighted at 20 percent. Certain "major events" can be excluded from these statistics when specific requirements have been met (based on Oregon Administrative Rule (OAR) 860-023-0080 through 0160). The FY 2006 performance levels set by the Commission were:

- Goal – 2.8 hours
- Penalty 1 level (\$100,000) – 3.3 hours
- Penalty 2 level (\$1,000,000) – 3.5 hours

For FY 2006, actual PP&L performance was 2.4 hours. The following graph shows historical performance. (Note: The increases shown in the graphs for R1, R2, and R4 are primarily the result of improved outage reporting and the initiation of a new data collection system.)

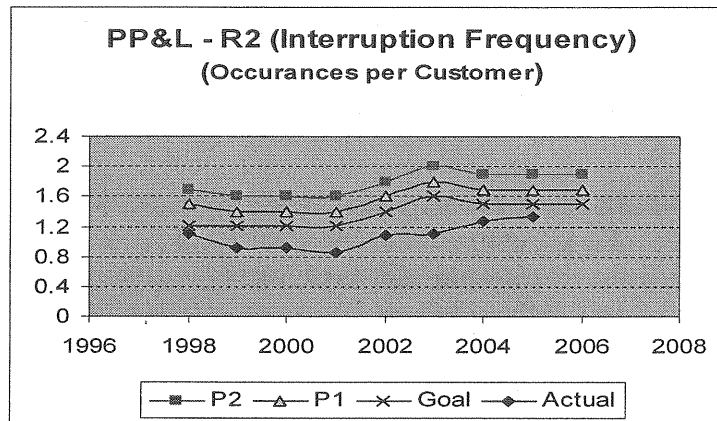


SQM R2: The R2 measure is an averaged customer interruption frequency (*annual number of times service is interrupted for five minutes or more*) that, like R1, utilizes a weighted three-year formula. This is, in essence, a three-year weighted System Average Interruption Frequency Index (SAIFI). The FY 2006 R2 performance levels set by the Commission were:

- Goal - 1.5 occurrences
- Penalty 1 level (\$100,000) - 1.7 occurrences
- Penalty 2 level (\$1,000,000) – 1.9 occurrences

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Actual FY 2006 PP&L performance for R2 was 1.3 occurrences. The following graph lists historical performance:



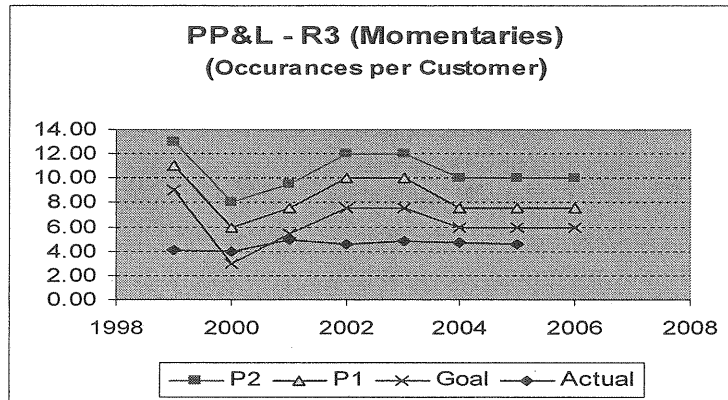
SQM R3: The R3 measure is a 3-year weighted average of a customer's momentary interruption frequency (*i.e.*, *Momentary Average Interruption Frequency Index or MAIFI*). Momentary outages are primarily the quick blinks that occur on an electrical system when automatic switches perform their protective function in response to a fault on the line. The diverse and rural nature of Pacific's system has made this a difficult statistic to measure. With equipment modifications, however, the Company has substantially improved its reporting capabilities.² Staff and PP&L have worked to adjust the R3 statistic to reflect Pacific's continually improving data collection system for momentaries. Staff believes that Pacific's current R3 reporting is reasonably accurate. The FY 2006 R3 levels set by the Commission were :

- Goal – 6 occurrences
- Penalty 1 level (\$100,000) – 7.5 occurrences
- Penalty 2 level (\$1,000,000) – 10 occurrences

Actual PP&L performance for R3 was 4.6 occurrences per customer. Historical performance is shown in the following graph:

² In compliance with Order No. 04-739, on March 9, 2005, PP&L submitted a written MAIFI Plan that presented the Company's updated automated system data collection (SCADA) procedures. The Company indicated that it has improved its coverage of Oregon circuits from roughly 30 percent in 2002 to nearly 50 percent (*i.e.*, data on momentary occurrences are now collected for approximately 78 percent of Oregon customers). This is a substantial improvement in the reporting of the R3 statistic.

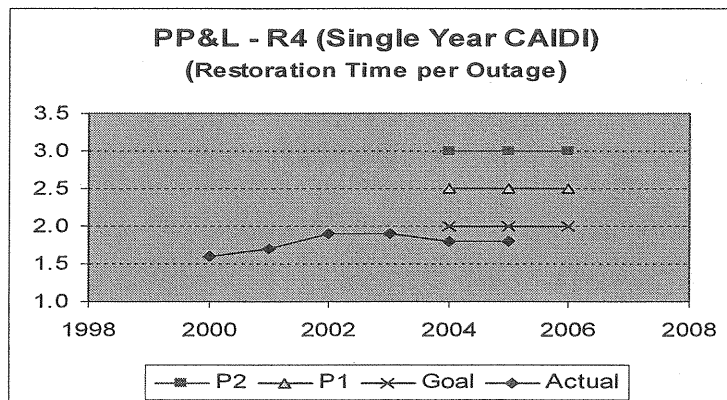
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SQM R4: The R4 measure (*Service Restoration Indicator*) was changed by the Commission in 2004 from percent of customers restored with power within three hours to a standard utility industry index known as the Customer Average Interruption Duration Index (CAIDI). CAIDI represents the average time (*hours*) required to restore service to the average customer per sustained outage. Major events may be excluded from the R4 statistic. For FY 2006, R4 levels set by the Commission were:

- Goal - 2 hours
- Penalty 1 line (\$100,000) - 2.5 hours
- Penalty 2 line (\$1,000,000) - 3 hours

The R4 performance level for FY 2006 was 1.8 hours. The following graph shows several years of historical performance.



On July 25, 2006, Pacific briefed Staff on operational, customer service, safety, and security issues, including SQMs. Staff's conclusion, from this meeting, as well as field

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reviews, is that the Company is performing well. Staff notes that the existing SQMs extend through 2014, pursuant to a stipulation in UE 147 (Order No. 03-528).

In addition, with its acquisition by MidAmerican Energy Holding Company (UM 1209), Pacific will begin reporting SQM results on a calendar year, rather than fiscal year, basis.³ Therefore, Pacific will report 2006 SQM results for the period January 1, 2006 through December 31, 2006. This will involve a three month overlap with the FY 2006 results discussed in this memo and may cause minor inconsistencies in historical data trends. Given the MidAmerican acquisition, however, Staff and the Company have agreed that moving to calendar year SQM reporting is reasonable.

PROPOSED COMMISSION MOTION:

Pacific has fulfilled the FY 2006 Service Quality Measures performance standards under OPUC Orders 98-191, 99-616, and 03-528.

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³ Scottish Power operated on a fiscal year basis, while MidAmerican operates on a calendar year basis.