

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1206

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	ORDER
COMPANY)	
)	
Requests approval of B1 Service Quality)	
Measure for Billing Accuracy.)	

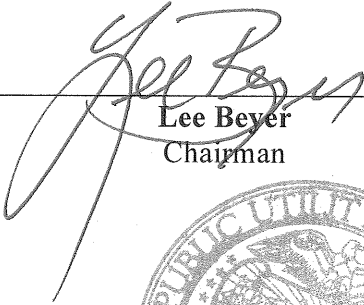
DISPOSITION: B1 SERVICE QUALITY MEASURE FOR BILLING ACCURACY APPROVED

At its Public Meeting on November 21, 2006, the Public Utility Commission of Oregon (Commission) adopted Portland General Electric Company's (PGE) proposed B1 Service Quality Measure (SQM) for Billing Accuracy filed on November 2, 2006. The details of PGE's filing are described in Staff's Memo recommending approval, which is attached as Appendix A, and is incorporated by reference.

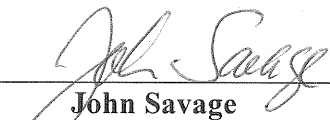
ORDER

IT IS ORDERED that Portland General Electric Company's proposed B1 Service Quality Measure for Billing Accuracy is approved, and shall go into effect with billings issued on or after January 1, 2007.


Made, entered, and effective NOV 30 2006



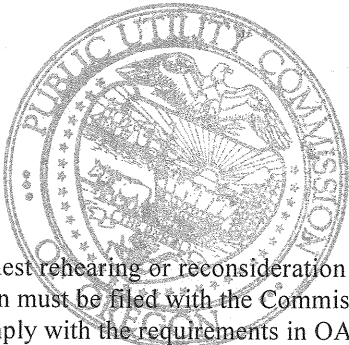
Lee Beyer
 Chairman



John Savage
 Commissioner



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

ITEM NO. 2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 21, 2006**

REGULAR CONSENT EFFECTIVE DATE January 1, 2007

DATE: November 9, 2006

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: *in* Lee Sparling, *EB* Ed Busch and *JJ* Judy Johnson

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1206) Requests approval of B1 Service Quality Measure for Billing Accuracy.

STAFF RECOMMENDATION:

I recommend that Portland General Electric's proposed B1 Service Quality Measure for Billing Accuracy, as filed on November 2, 2006, be approved to go into effect January 1, 2007.

DISCUSSION:

As part of its final Order 05-1250 in Docket UM 1206¹, the Commission approved a stipulation, dated August 31, 2005, that was the result of settlement negotiations between Portland General Electric (PGE) and other parties to the docket. Section 14 of the stipulation² requires PGE to file a service quality measure related to billing accuracy (B1 SQM) that meets specific requirements.

After meeting with Staff several times, PGE filed a proposed B1 SQM on June 12, 2006. In Staff's opinion, many of the terms proposed by PGE in that B1 SQM did not align with the requirements of the stipulation. Subsequently, Staff and PGE held a series of meetings to try to find common ground and reach agreement on what terms would be appropriately included in the PGE B1 SQM. Throughout the process, Staff or PGE provided updates to Bob Jenks with the Citizens' Utility Board. Mr. Jenks joined Staff and PGE for the last telephone conference held on October 20, 2006, during which final agreement was reached on the specific terms to be included in the B1 SQM.

¹ In Docket UM 1206, the Commission authorized Portland General Electric's Application for an Order Authorizing the Issuance of 62,500,000 Shares of New Common Stock Pursuant to ORS 757.410 et seq.

² See Attachment B for a copy of Section 14.

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The currently proposed B1 SQM³ reflects the final agreement reached during the negotiations and it accomplishes the following:

- (1) provides assurance that PGE shall achieve a monthly billing accuracy target greater than or equal to 99.4%;
- (2) provides a remedy to customers for large-impact, systematic billing errors by reducing the company's revenue requirement if the level of accuracy for billing falls below the 99.4% target;
- (3) provides standards for Commission notification of billing errors, and for monitoring and reporting on billing accuracy; and
- (4) does not change the function and application of the existing C1 Service Quality Measure for at-fault customer complaints.

In Staff's opinion, the B1 SQM, as filed on November 2, 2006, provides appropriate incentives for PGE to retain its excellent record of accurate customer billings and meets the requirements of the stipulation, yet incorporates appropriate accommodations for the way PGE conducts business.

PROPOSED COMMISSION MOTION:

Portland General Electric's proposed B1 Service Quality Measure for Billing Accuracy, as filed on November 2, 2006, go into effect with billings issued on or after January 1, 2007.

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³ See Attachment A for a copy of the proposed B1 SQM.

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**PORTLAND GENERAL ELECTRIC
B1 Service Quality Measure
for Billing Accuracy**

I. Purpose and Interpretation

- A. **Purpose.** The purpose of this B1 Service Quality Measure ("B1 SQM") is to ensure that Portland General Electric (PGE or the Company):
1. Maintains its current level of customer bill accuracy; and
 2. If performance accuracy targets are not achieved, to provide the Public Utility Commission of Oregon (the Commission) with certain remedies.
- B. **Guiding Principles.** This B1 SQM is to be interpreted in accordance with the following guiding principles:
1. PGE is committed to delivering accurate bills to customers that meet or exceed the Monthly Billing Accuracy Targets;
 2. PGE monitors and responds to Qualifying Bill Errors effectively, makes corrections in a timely manner, informs customers as needed about billing calculation errors, and provides timely notification to the Commission if a Qualifying Bill Error occurs;
 3. The Annual Billing Accuracy Target measurement and tracking process will be managed to achieve an appropriate balance between customer benefit and the cost of administration and reporting; and
 4. The function and application of the existing C1 Service Quality Measure ("C1 SQM"), attached as Exhibit A, remains unchanged.

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II. Term and Annual Billing Accuracy Target

- A. **Term.** This B1 SQM shall be effective from the January 2007 Bill Month through and including the September 2012 Bill Month.
- B. **Billing Accuracy Target.** Subject to the terms and conditions set forth in this B1 SQM, total bills issued by the Company to Oregon customers for Regulated Retail Service shall have a Monthly Billing Accuracy Ratio greater than or equal to ninety-nine point four percent (99.4%). If the Company fails to meet the Monthly Billing Accuracy Ratio of 99.4% in any given month, as determined at the time of the Annual Report for the Measure Year, it shall incur the remedy amounts set forth in Section V. below.

III. Definitions

Capitalized terms used but not defined in other sections of this B1 SQM shall have the meanings set forth below.

- A. **Aggregated Qualifying Bill Error Grand Total.** The sum of all Qualifying Bill Error Grand Totals for a Measure Year.
- B. **Aggregated Monthly Qualifying Bill Error Total.** The sum of all Monthly Qualifying Bill Error Totals for a Bill Month.
- C. **Monthly Billing Accuracy Ratio.** The Billing Accuracy Ratio shall be equal to:
1 minus (the Aggregated Monthly Qualifying Bill Error Total divided by the total number of bills issued by the Company to its Oregon customers during the same Bill Month), except that multiple bills issued to the same customer, each with a Qualifying Bill Error due to the Same Cause, will be counted as one bill.
- D. **Bill Month.** The month in which the Company records an original bill to a customer into its financial records. This means one full set of billing cycles in which all customers have been billed once. A Bill Month may differ from a calendar month.

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- E. **Initiation Date.** The Initiation Date of this B1 SQM shall be the first day of the January 2007 Bill Month.
- F. **Material Bill Error.** An error, on a bill for Regulated Retail Service issued to the customer by the Company, which causes the bill to fail to meet the requirements contained in PGE's Tariff, the Oregon Revised Statutes, the Oregon Administrative Rules, or a Commission Order.
- G. **Measure Year.** The twelve (12) month period from the January Bill Month through and including the December Bill Month.
- H. **Monthly Qualifying Bill Error Total.** The number of bills associated with a specific Qualifying Bill Error in a Bill Month.
- I. **Net Operating Income.** Net operating income, as reported in the first column in the Company's most recent annual results of operations report to the Commission. This is also known as Utility Operating Income.
- J. **Qualifying Bill Error.** Subject to Section IV below, a Material Bill Error affecting a total of 1,000 or more customers where the error is due to the Same Cause.
- K. **Qualifying Bill Error Grand Total.** The sum of the Monthly Qualifying Bill Error totals for all Bill Months for a specific Qualifying Bill Error.
- L. **Regulated Retail Service.** Service or products provided to retail customers under Company's tariff on file with the Commission.
- M. **Same Cause.** A single, specific event, reason, condition, or cause that permits the occurrence of, or leads to a result that is similar in kind. By way of example, but not of limitation, a specific computer programming error that leads to multiple Qualifying Bill Errors would be attributable to the same cause, while two or more computer programming errors that lead to multiple Qualifying Bill Errors would each be attributed to a

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different cause, and would be counted separately.¹ Each bill affected by a Qualifying Bill Error due to the Same Cause would be counted in the month the bill is issued²

IV. Exclusions

- A. The term Qualifying Bill Error shall not include
1. Meter reading inaccuracies normally encountered in meter reading operations including, but not limited to, inability to access a meter due to a dog, a locked gate, a cover over a meter, an unlocatable meter, or a hazardous condition, including but not limited to a confined space, or meter failures not reasonably foreseeable or within the Company's control;
 2. The omission of billing details on a prorated bill. For purposes of this section "billing details" means the actual rate attributed to a particular billing determinant that was used during a Bill Month.
 3. Estimated meter reads performed in accordance with procedures or policies approved by the Company or by the Commission. By way of example, but not limitation, meter reads estimated due to extreme weather or other access issues;
 4. Meters that are "crossed" either "physically" or "on paper" when the cause can be documented to be outside of the Company's control. By way of example, but not of limitation, "crossed meters" include physically crossed customer-owned wiring and meters assigned to neighboring addresses due to incorrect premises labeling or data provided to the Company by a third party during construction;
 5. Changed "turn on" or "turn off" dates provided by the customer;
 6. Other incorrect customer, ESS, or aggregator supplied data including, but not limited to, incorrect customer identification or

¹ In no case would a single bill with multiple qualifying bill errors attributed to different causes be included in a count for more than one Qualifying Bill Error total.

² For purposes of this BI SQM: Multiple bills, each containing a Qualifying Bill Error due to the Same Cause, that are issued to a single customer with multiple accounts, will be counted as one Qualifying Bill Error for the Bill Month.

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address, or situations such as unmetered services or customer reads where the billing accuracy is dependent upon the information provided by the customer;

7. Any cause beyond the reasonable control or fault of the party claiming force majeure that could not have been prevented by the exercise of due diligence, or that could not otherwise reasonably be foreseen and guarded against including, but not limited to, strikes, lockouts, labor troubles, riots, insurrection, war, acts of God, extreme weather conditions or other reason of like nature.

- B. **Exclusions Clarification.** Meter reading errors from actions not consistent with the Company's meter reading policy that are due to the Same Cause and affect a total of one thousand (1,000) or more of the Company's customers shall be included as Qualifying Bill Errors.

V. **The Remedy Calculation**

- A. **2007 Measure Year.** For the Measure Year including the January 2007 Bill Month through and including the December 2007 Bill Month any Qualifying Bill Errors which may occur during the first six Bill Months shall not be subject to remedies, but will be reported to the Commission in accordance with Section VI. Any Qualifying Bill Errors which may occur during the remainder of the Measure Year, which result in the Monthly Billing Accuracy Ratio not being met, shall be subject to the appropriate remedy standard per Bill Month set forth in Section V.B.
- B. **Subsequent Measure Years.** For the Measure Years 2008 to 2012:
1. For each month in which the Monthly Billing Accuracy Ratio is not met, the remedy shall be one-twelfth (1/12) of zero point one seven percent (0.17%) of the Company's Net Operating Income.
- C. **Mitigating Circumstances.** For good cause shown the Commission may reduce the remedy amount for a specific Qualifying Bill Error below the amounts set forth in A and B. of this section.

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VI. Reports, Determination of Remedy, and Records

A. Reports

1. **Initial Notification.** PGE will notify the Oregon Public Utility Commission Consumer Services Division via email and/or facsimile transmission no later than ten (10) business days from the date that the Company first identifies that a Qualifying Bill Error is likely to have occurred. The ten (10) business day Initial Notification deadline will be waived during the occurrence of a major event (e.g., Level III Outage) or other extenuating circumstances (e.g., system failure). When a situation such as this arises, the Company will provide initial notification of Qualifying Bill Errors to the Commission as soon as reasonably possible after normal business operations resume.
2. **Written Report.** PGE shall submit a written report to Staff no later than sixty (60) business days from the date that the Company first identifies that a Qualifying Bill Error is likely to have occurred, subject to Section VII.A. The written report shall include:
 - a) a description of the Qualifying Bill Error;
 - b) the Monthly Qualifying Bill Error Total;
 - c) the Qualifying Bill Error Grand Total;
 - d) how the error was discovered; and
 - e) a description of the actions taken by the Company to correct the Qualifying Bill Error.
3. **Annual Report.** Beginning in 2008, PGE shall submit to the Commission by July 1 of each year, an annual written report of the preceding Measure Year that shall include:
 - a) A summary of all Qualifying Bill Errors that the Company identified during the Measure Year, that includes for each, the Monthly Qualifying Bill Error Total and the Qualifying Bill Error Grand Total;

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- b) The Aggregated Monthly Qualifying Bill Error Total for each month;
 - c) The Monthly Billing Accuracy Ratio for each month in the Measure Year;
 - d) Any billing error that occurred in the Measure Year which affected more than 1,000 customers, but due to the nature of the error does not, in the Company's opinion, meet the definition of a Qualifying Bill Error.
 - e) The Aggregated Qualifying Bill Error Grand Total; and
 - f) Any remedy calculated as set forth in Section V.
- B. **Recommendation of Remedy.** On or before August 1, beginning in 2008 for the 2007 Measure Year, the Commission Staff shall present to the Commission, at its **regularly** scheduled public meeting, a copy of the Company's Annual Report for the prior Measure Year, as set forth in VI. A. 3. above, along with Staff's recommendation.
- C. **Remedy Application.** Within a reasonable period of time after the Commission determines that a remedy shall apply, as set forth in Section VI. B. above, the Company shall record such amount as a liability and include such amount in its next filing that affects most or all of the Company's rate schedules, which amount shall be deemed to have all of the characteristics of a deferral account for purposes of such filing. This amount shall accrue interest, at the Commission authorized rate, beginning at the date of the Commission's determination and continuing until the balance is eliminated by amortization into rates, or eliminated through a one time credit to customer bills.
- D. **Maintenance of Records.** PGE shall retain billing accuracy tracking reports for a minimum of five (5) **Measure** Years. PGE shall retain billing data for all customers on a rolling thirty-six (36) Bill Month basis.

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VII. Special Conditions

- A. **Origination of Qualifying Bill Error Reporting.** When a Qualifying Bill Error is found to have originated prior to the Bill Month in which the Qualifying Bill Error was first reported, as set forth in Section VI.A. above, the Qualifying Bill Error may be counted for each Bill Month in which the Qualifying Bill Error occurred, for up to six (6) months. For good cause shown, the Commission may extend the number of Bill Months in which the Qualifying Bill Error will be counted up to a maximum of 36 months, or reduce the number of Bill Months in which the Bill Error will be counted.³
- B. **Conflict.** Billing Errors that are not subject to this B1 SQM due to specific exclusions or otherwise shall continue to be subject to the C1 SQM. Qualifying Bill Errors that are subject to this B1 SQM shall not be subject to the C1 SQM. In the event of conflict between the 131 SQM and the C1 SQM concerning which SQM is applicable, the terms and conditions of this B1 SQM shall control.
- C. **System or Tariff Changes.** The Company may request in advance that the Commission approve exclusion of a Bill Error that result from a new or changed system or tariff that would otherwise be a Qualifying Bill Error under the terms of this B1 SQM if they are included in an implementation plan for the new or changed system or tariff and that implementation plan includes service quality considerations.

³ In no case will any Bill month preceding the Initiation Date of this SQM be included in the count.

Section 14.⁷ PGE agrees to work in good faith with Staff and other interested parties to develop and present to the Commission a billing accuracy service quality measure ("SQM"). Within 180 days of a Commission order approving the Application, PGE will file with the Commission a billing accuracy SQM. In general, the SQM would apply to systematic errors (such as programming and input errors, failure to follow tariff provisions and failure to implement rates correctly) and would be reasonably consistent with billing accuracy SQMs that apply to other energy utilities in Oregon. The SQM could exclude billing errors resulting from such sources as meter reads, customer meter reads, crossed meters, customer-caused errors, force majeure, estimates due to access issues, or inaccuracies that do not affect the calculation of the bill or prevent the bill from reaching the customer, but would not necessarily exclude Commission-required notices. In addition, PGE can also request exclusions or reductions in remedy amounts where there are mitigating circumstances. The SQM could include the ability for PGE to request a targeted and time-limited exclusion category for the introduction of a new metering or billing program or new tariff offering. Each bill affected by a systematic error would be considered an incident in the month the bill is issued, except that multiple bills to the same customer that contain the same type of error would count as one incident in that month. PGE would provide the Commission notice within 10 days after becoming aware of a specific billing error incident and after a certain level of errors per month. A written report would follow within a certain number of days. PGE would also prepare an annual report on billing for the Commission, to include such information as the number of estimated bills and bills excluded from this SQM under one of the approved categories. The SQM would include a per-incident remedy for errors beyond an agreed level, and a monthly or quarterly and annual maximum remedy. No bill counted as an error for purposes of this SQM would also be the basis of an At-Fault complaint for purposes of the C-1 SQM in PGE's Service Quality Program. The SQM would include a trial period before remedies applied. The parties also agree to review the costs of implementing and operating this SQM program prior to presenting it to the Commission. The Settlement Parties other than PGE may take any position they deem appropriate regarding the filings made under this Condition.

⁷ Copied from the August 31, 2005 stipulation adopted by Order 05-1250, in Docket UM 1206.