

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1308

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY)	ORDER
)	
Request to modify its currently effective Service Quality Measure Stipulation regarding its Measure X2--Basic Inspection and Maintenance Programs.)	

DISPOSITION: APPLICATION APPROVED

On April 9, 2007, PacifiCorp, dba Pacific Power & Light Company (PacifiCorp), filed a request with the Public Utility Commission of Oregon (Commission), to modify its currently effective Service Quality Measure Stipulation regarding the Company's Measure X2—Basic Inspection and Maintenance Programs. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on May 8, 2007, the Commission adopted Staff's recommendation.

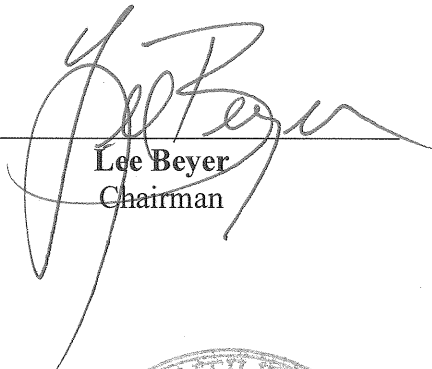
ORDER

IT IS ORDERED that:

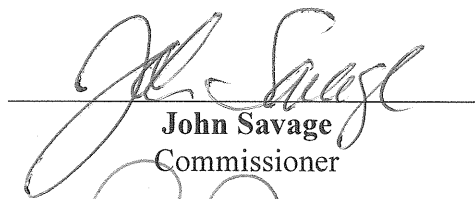
- 1) PacifiCorp's proposed modifications to the Service Quality Measure Stipulation, specified in Appendix A, shall be allowed to go into effect.

- 2) The modification shall remain in effect through December 31, 2009, unless terminated earlier by the Public Utility Commission of Oregon.

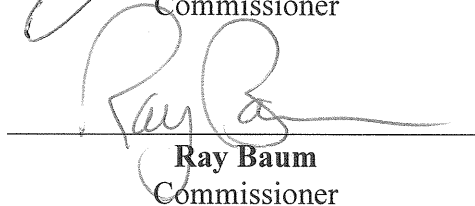
Made, entered, and effective MAY 17 2007.



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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 8, 2007**

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2007

DATE: April 26, 2007

TO: Public Utility Commission

FROM: Jerry Murray *JM*

THROUGH: *LS* Lee Sparling, *EB* Ed Busch and *JR* JR Gonzalez

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UM 1308) Joint Recommendation for Commission to allow Pacific Power and Light to modify its Service Quality Measure Stipulation regarding the X2 Measure (Basic Inspection and Maintenance Programs).

STAFF RECOMMENDATION:

Staff and Pacific Power and Light (Pacific or Company) jointly recommend that the Company be allowed to engage in a pilot project that modifies Measure X2 -- Basic Inspection and Maintenance Programs as specified in the Company's Service Quality Measure (SQM) Stipulation (see OPUC Orders No. 98-191, 99-616, and 03-528).

DISCUSSION:

On April 9, 2007, Pacific filed with the Public Utility Commission of Oregon (OPUC) a request to modify its currently effective SQM Stipulation regarding the Company's Measure X2 -- Basic Inspection and Maintenance Programs. Pacific made an amended filing on April 17, 2007.¹ Pacific titled its request: "Proposal for Implementing Division 24 Pilot Program Phase-One" and requests that the pilot program remain effective through December 31, 2009.² The proposal includes two modifications:

1. The Company would be allowed to defer correction of certain National Electric Safety Code (NESC) violations that pose little or no risk of danger to life or property to the next major work activity associated with the violation location, or

¹ The proposed modifications are detailed in Attachment A to this memo.

² Pacific's filings may viewed at the PUC's UM 1308 Docket Summary website at <http://apps.puc.state.or.us/edockets/docket.asp?DocketID=14020>.

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within four years of discovery, whichever is sooner. (The currently effective correction period for NESC violations is approximately one year but in no case extending beyond the calendar year following the year of discovery.)

2. The Company would conduct underground facilities inspections on a ten-year, rather than the current four-year, inspection cycle.

The Company states that the above modifications will substantially improve the quality and efficiency of its inspection and correction programs. Pacific believes that the modifications will more closely align its safety programs with the pertinent new PUC safety rules (see Order No. 06-547, OAR Division 24, OAR 860-024-0012), and will enable the Company to effectively leverage its processes and tools to deliver improved results.

The proposed 10-year inspection cycle of its underground facilities excludes the Portland downtown underground network district, which retains the current four-year cycle. Pacific states that its proposal is in alignment with the PUC's new safety rule OAR 860-024-0011(1)(c). The Company contends its underground facilities' investigations show a reduction in underground facility issues and indicate that the 10-year cycle is appropriate.

OPUC Safety Staff have reviewed the pilot's timelines, processes, and tools. Staff concludes that the proposed modifications have the potential to provide a number of benefits, including:

- Offer Pacific a better opportunity to effectively and efficiently manage its operating resources (e.g., line crews and pole management efforts) in correcting NESC violations.
- Allow Pacific flexibility to defer low risk violations that have little risk to life and property to more appropriate timeframes.
- Set an example to other Oregon electric and communications utilities and operators regarding the responsible and efficient use of processes, tools, and resources in correcting low risk NESC violations.

Pacific requests that the modifications to SQM Measure X2 be allowed to remain in effect through December 31, 2009. Staff believes this time frame is reasonable. However, because of the test nature of these pilot modifications and the potential for unforeseen difficulties, Staff recommends that either Staff or the Company may make a formal request to the Commission that, upon proper showing, the pilot modifications be

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discontinued. If the pilot is prematurely terminated, the NESC low risk violations found by Pacific during the pilot would have to be corrected at the next major activity associated with the violation location or within four years of discovery, whichever was sooner.

OPUC Safety Staff will remain active in monitoring the pilot project and evaluating Company performance. Staff believes this project will provide a body of useful information for Pacific and Staff regarding the implementation of effective inspection and maintenance programs that meet OAR 860-024-0012 requirements. Staff is hopeful that this pilot project will result in long-term enhancements to Pacific's SQM Stipulation and its safety programs.

PROPOSED COMMISSION MOTION:

Pacific's proposed modifications to the Service Quality Measure Stipulation specified in Attachment A be allowed to go into effect. The modifications may remain in effect through December 31, 2009, or until, upon formal request and showing by either Staff or the Company, there is early discontinuance by the Commission.

Attachment A - Modification to Pacific's Service Quality Measure Stipulation

PPL UM 1308 SQM X2 Measure Modification

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Modification to Pacific's Service Quality Measure Stipulation:

Note – Additions to X2.I.A. and X2.I.C. provisions in the X2 Measure are shown underlined and in bold below. Other provisions in the Measure X2 are unchanged.

MEASURE X2 -- BASIC INSPECTION AND MAINTENANCE PROGRAMS

I. INSPECTION AND REPAIRS

A. Pole and Overhead Facilities

1. Description: Inspection and treatment of all Company-owned distribution and transmission poles and overhead distribution facilities. All Company-owned poles are intrusively inspected for strength. Distribution equipment attached to any pole is inspected, repaired, or replaced to ensure the electrical system remains in good working order and meets the National Electric Safety Code (NESC). The first cycle is completed in 1998. The second cycle begins January 1999.
2. Required Interval: 10-year cycle, 10% annually with no individual year falling below 8.5%. Repairs or replacement completed promptly. Repairs are designated "A" (immediate hazard), requiring correction within 30 days, or "B," requiring correction within approximately one year but in no case extending beyond the calendar year following the year of discovery.

EXCEPTION:

Company may engage in a pilot project to end on December 31, 2009, that would allow certain designated "B" NESC violations to be extended beyond the correction deadlines covered in section 2 above. With this pilot project, the Company may elect to defer correction of violations of the NESC that pose little or no foreseeable risk of danger to life or property to the next major activity associated with the violation location or within four years of discovery, whichever is sooner. Either Staff or the Company can request discontinuance of the pilot.

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3. Company Quality Control: Inspection by appropriate random sample to ensure accuracy of inspection. Minimum 5% of facility points that have been detail inspected are inspected as needed to ensure NESC compliance during each year.
4. Program Expenditures: Annual budget figures to include: (a) Pole and Overhead Facilities Inspection and Pole Treatment; and (b) Repair and Replacement of Facilities

C. Underground Facilities:

1. Description: Inspection program includes a thorough visual inspection of underground vaults, pad-mount transformers, switches, and an infrared inspection of all accessible terminals and splices. The first cycle starts in 1998.
2. Required Interval: 4-year cycle, 25% of the system annually with no individual year falling below 20% of the system.

Exception:

The Company may engage in a pilot project to end on December 31, 2009, that would allow the Company to conduct its underground facilities inspections on 10-year inspection cycle in conformance with OAR 860-024-0011(1)(c). Either Staff or the Company can request discontinuance of the pilot.

3. Company Quality Control: Inspection by appropriate random sample to ensure accuracy of inspection.
4. Program Expenditures: Annual budget figures to include: (a) Facilities Inspection, and (b) Repair and Replacement of Facilities.