

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1004

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC COMPANY)	ORDER
)	
Service Quality Measures Performance Reporting for calendar year 2006.)	

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

At its Public Meeting on August 7, 2007, the Public Utility Commission of Oregon (Commission) adopted Portland General Electric Company's (PGE) and Staff's joint recommendation to acknowledge PGE's report of 2006 performance as satisfying the requirements of Order No. 97-196. PGE's performance in the C1, R2, and R3 measure categories was acceptable and no penalty levels were reached or exceeded. R1 was not acceptable, but no penalties were initiated. Staff's recommendation is attached as Appendix A, and is incorporated by reference.

ORDER

IT IS ORDERED that Portland General Electric Company's Service Quality Measures Performance Report for 2006 satisfies the requirements of Order No. 97-196 and, recognizing the unusual weather circumstances during the winter of 2006, a formal complaint regarding the exceedance of the 2006 R1 penalty level will not be initiated. All performance evaluated for measures C1, R2, and R3 were acceptable, and no penalties are appropriate.

Made, entered and effective AUG 13 2007.

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. 2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 7, 2007**

REGULAR X CONSENT EFFECTIVE DATE N/A

DATE: July 27, 2007

TO: Public Utility Commission

FROM: Bill McNamee *WM* *in* *EB* *[Signature]* *bbt*

THROUGH: Lee Sparling, Ed Busch, JR Gonzalez, and Bonnie Tatom

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1004) Service Quality Measures Performance Reporting for calendar year 2006.

STAFF RECOMMENDATION:

Staff and PGE jointly recommend that the Commission acknowledge PGE's 2006 Service Quality Measures report related to customer service and electric reliability. This report satisfies the requirements of Oregon Public Utility Commission (OPUC) Order No. 97-196. PGE's performance in measures C1, R2, and R3 was acceptable and no penalty levels were reached or exceeded. For measure R1 (*Average Interruption Duration*) the first penalty level was exceeded, but because of several moderate storm events Staff does not recommend a penalty.

DISCUSSION:

Overview: Service Quality Measures (SQMs) were adopted by the Commission in 1997 as measurement tools related to safety programs and reliability monitoring activities conducted by the Safety Program Staff. SQMs are intended "...to provide a mechanism to ensure service quality is maintained at current levels or improved ..." (see UM 814 – PGE/Enron Merger, Order No. 97-196). OPUC Safety and Reliability Program Staff believe that the SQMs have proven to be an excellent regulatory tool.

There are eight separate measures included in PGE's UM 814 SQMs, of which the first four are the subject of this report.

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

3. R2 - Average Interruption Frequency
4. R3 - Average Momentary Interruption Frequency
5. S1 - Major Safety Violations
6. X1 - Annual Review Vegetative Management
7. X2 - Annual Review Basic Inspection & Maintenance Programs
8. X3 - Annual Review Special Programs

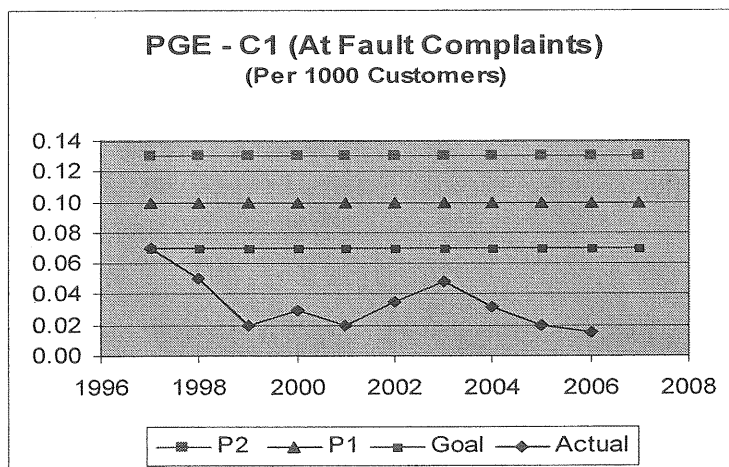
SQMs C1, R1, R2, and R3 have three performance levels each (a goal and two penalty levels). The performance levels for PGE's 2006 calendar year were set by the Commission at its December 6, 2005, public meeting. PGE's 2006 SQM performance results are the subject of this memo.

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 PGE 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 2006, the performance levels were set as follows:

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

Actual PGE performance for the 2006 was .015 "at-fault" complaints per thousand customers. The following graph shows C1 performance since 1997:

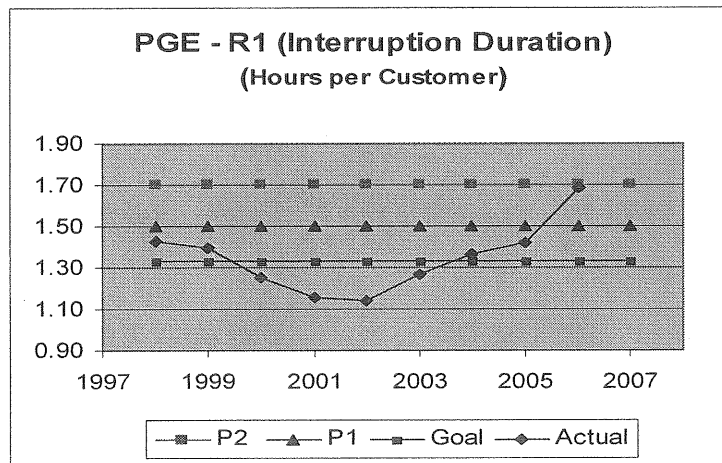


The next three measures (R1, R2, and R3) relate to service reliability.

SQM R1: The R1 measure is a 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%, the previous year weighted at 30%, and the next previous year weighted at 20%. Certain "major events" can be excluded from these statistics when specific requirements have been met (based on OAR 860-023-0080 through 0160). The 2006 performance levels were:

- Goal - 1.33 hours
- Penalty 1 level (\$100,000) - 1.5 hours
- Penalty 2 level (\$1,000,000) - 1.7 hours

Actual PGE performance for 2006 was 1.68 hours, which exceeds the penalty 1 level. The following graph shows historical performance:



In its 2006 SQM Report, PGE explains that during January, February, and March, six windstorms with gusts exceeding 55 miles per hour caused widespread outages in its service territory. A storm that results in outages for at least 10 percent of PGE's customers can be excluded from the R1 calculation. None of the six identified windstorms reached this threshold. Nevertheless, PGE maintains that 2006 was the windiest winter in many years and that the cumulative impact of the sequence of storms resulted in an average interruption in service during winter 2006 of 43.1 minutes per customer. This compares to 15.3 minutes in 2005 and 10.1 minutes in winter 2007.

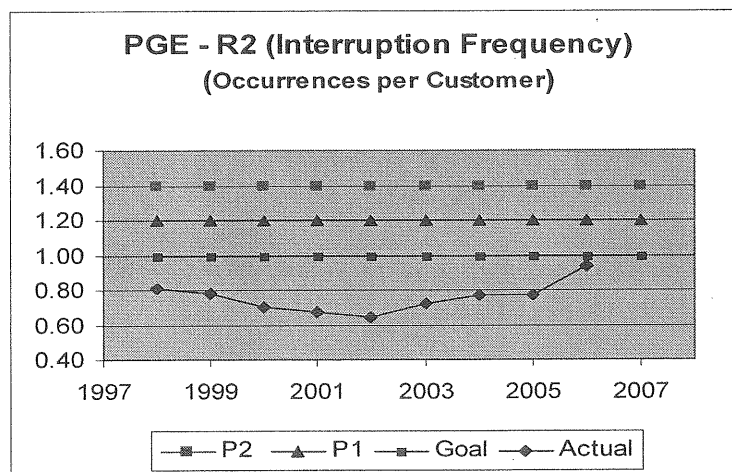
PGE states that the combination of many moderate windstorms resulted in the R1 measure exceeding its goal and first penalty level. PGE notes, however, that its system construction, maintenance, and outage restoration efforts worked well. Without strong performance in these areas the average interruption duration would have been higher.

Staff agrees with PGE's assessment of the 2006 R1 measure. Given the unusual weather circumstances, Staff does not plan to initiate a formal complaint regarding the exceedance of the 2006 R1 penalty level.

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 2006 R2 performance levels set by the Commission were:

- Goal - 1.0 occurrences
- Penalty 1 level (\$100,000) - 1.2 occurrences
- Penalty 2 level (\$1,000,000) - 1.4 occurrences

Actual 2006 performance for R2 was .94 occurrences. The following graph lists historical performance:

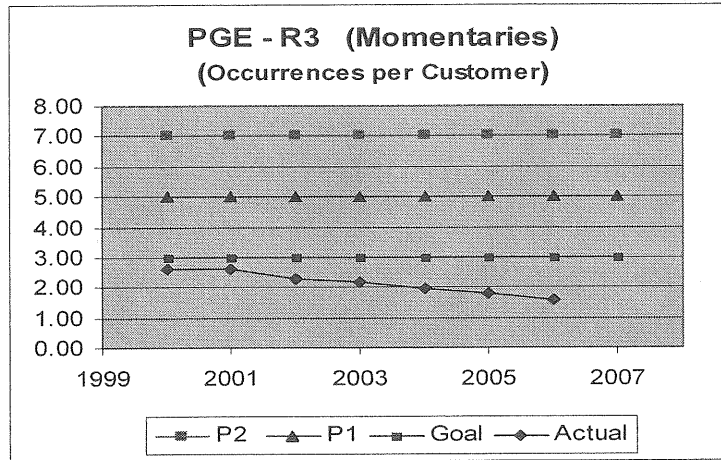


SQM R3: The R3 (averaged customer momentary interruption event frequency) measure has been phased in by PGE over the last few years. A trial run was performed for 1999, and the measure's first fully implemented year was 2000. Momentary outages are primarily the quick blinks that occur on an electrical system when automatic switches perform their protective function in response to a fault on the line.

PGE's 2006 R3 levels were set as follows:

- Goal – 3 occurrences
- Penalty 1 level (\$100,000) – 5 occurrences
- Penalty 2 level (\$1,000,000) – 7 occurrences

Actual 2006 performance for R3 was 1.6 occurrences per customer. Historical performance is shown in the following graph:



On July 3, 2007, PGE briefed Staff on operational, customer service, safety, and security issues, including SQMs. Staff's conclusion from this meeting, as well as field reviews, is that the Company is meeting the SQM requirements.

Staff notes that the existing SQMs extend through 2016, pursuant to the Commission's December 14, 2005, order approving PGE's Stock Distribution (*Order No. 05-1250*).

PROPOSED COMMISSION MOTION:

For calendar year 2006, PGE's performance for Service Quality Measures C1, R2, and R3 was acceptable and no penalty levels were reached or exceeded. Recognizing the unusual weather circumstances during the winter of 2006, a formal complaint regarding the exceedance of the 2006 R1 penalty level will not be initiated.