

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1003

In the Matter of)
)
PACIFICORP, dba PACIFIC POWER) ORDER
)
Service Quality Measures Performance)
Reporting for calendar year 2007.)

**DISPOSITION: SERVICE QUALITY MEASURES PERFORMANCE
FOR CALENDAR YEAR 2007 ACKNOWLEDGED AND
ACCEPTED**

At its Public Meeting on July 29, 2008, the Public Utility Commission of Oregon (Commission) adopted PacifiCorp, dba Pacific Power (Pacific Power), and Staff's joint recommendation to acknowledge Pacific Power's report of calendar year 2007 performance as satisfying the requirements of Order Nos. 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 calendar year 2007 satisfies the requirements of Order Nos. 98-191, 99-616, and 03-528. Relative to the performance lines set by the Commission for calendar year 2007, all performance evaluated was acceptable and no penalties are appropriate.

Made, entered and effective JUL 31 2008



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. CA8

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 29, 2008**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: July 9, 2008

TO: Public Utility Commission

FROM: Jerry Murray *JM*

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

SUBJECT: PACIFIC POWER AND LIGHT: (Docket No. UM 1003) Service Quality Measures Performance Reporting for calendar year 2007.

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 calendar year 2007, performance in all the measures was acceptable and no penalty levels were reached or exceeded.

DISCUSSION:

Overview: Service Quality Measures are monitoring tools for evaluating the effectiveness of utility safety programs and system 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). Pursuant to a stipulation in Pacific's UE 147 rate proceeding (see Order No. 03-528) the SQMs were extended through 2014.

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
3. R2 - Average Interruption Frequency
4. R3 - Average Momentary Interruption Frequency

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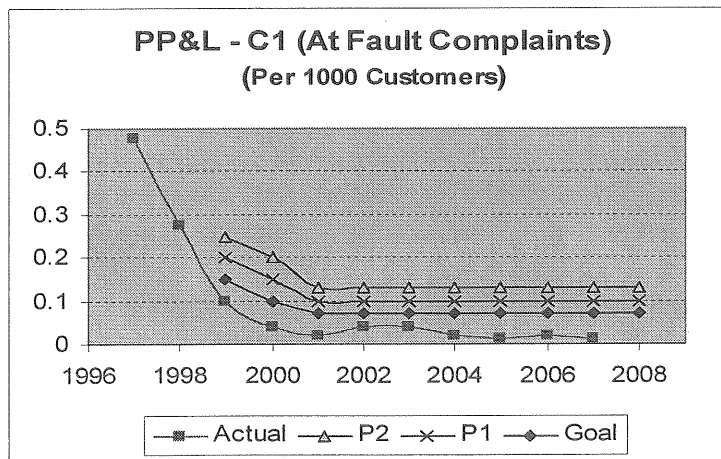
5. R4 - Average Interruption Duration (*Per Occurrence*)
6. S1 - Major Safety Violations
7. X1 - Annual Review Vegetation Management
8. X2 - Annual Review Basic Inspection & Maintenance Programs
9. X3 - Annual Review Special Programs

SQMs C1, R1, R2, R3, and R4 have three performance levels each (a goal and two penalty levels). The performance levels for Pacific's 2007 SQMs were set by the Commission at its December 7, 2006, public meeting. This memo evaluates the calendar year 2007 performance.

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 2007 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 2007 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.

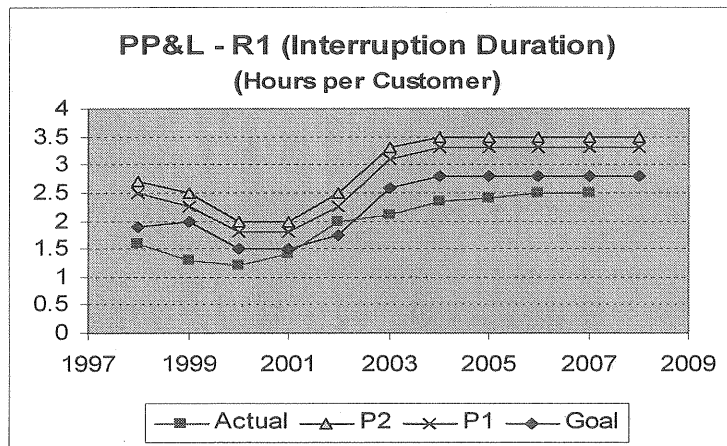


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SQM R1: The R1 measure is an averaged customer interruption duration (annual time without power) that utilizes a three-year weighted averaging formula. This is similar to the System Average Interruption Duration Index (SAIDI), calculated with the target 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 OAR 860-023-0080 through 0160). The 2007 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 2007, actual PP&L performance was 2.5 hours. The following graph shows historical performance.¹



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 2007 R2 performance levels set by the Commission were:

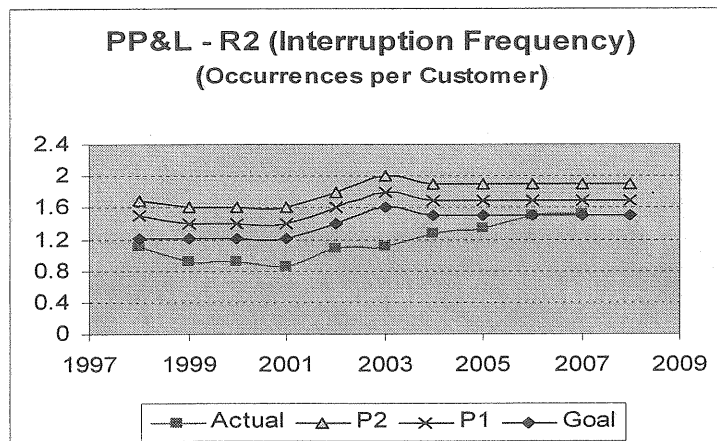
- Goal - 1.5 occurrences
- Penalty 1 level (\$100,000) - 1.7 occurrences

¹ Note that the performance level adjustments shown in the reliability measure graphs are primarily the result of improved outage reporting and the initiation of a new data collection system beginning in 2003.

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- Penalty 2 level (\$1,000,000) – 1.9 occurrences

The 2007 PP&L performance for R2 met the established goal of 1.5 occurrences. The following graph lists historical performance:



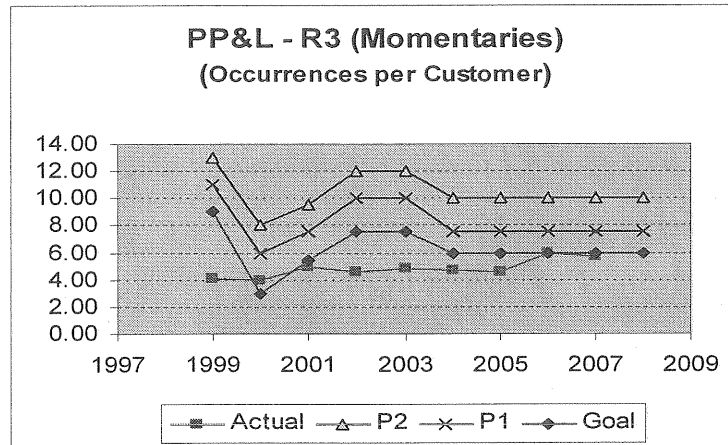
SQM R3: The R3 measure is a 3-year weighted average of a customer's momentary interruption event frequency (*i.e.*, *Momentary Average Interruption Event Frequency Index or MAIFI*). Momentary outages are primarily the quick blinks that occur on an electrical system when automatic switches perform their 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 2007 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

PP&L performance for R3 was 5.7 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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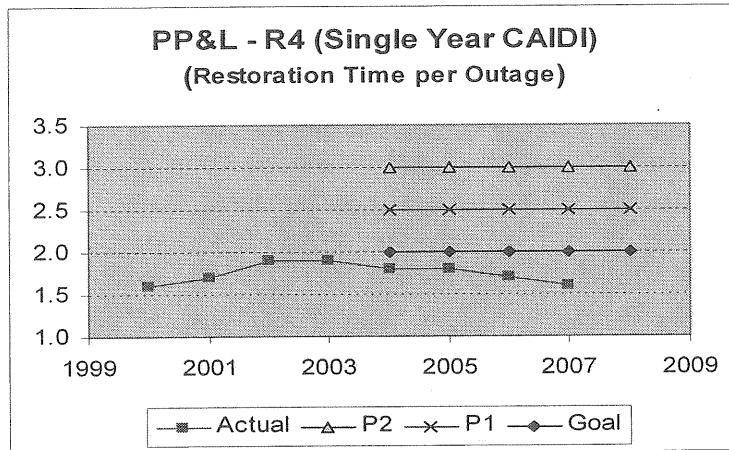


SQM R4: The R4 measure (*Service Restoration Indicator*) was changed by the Commission in 2004 from percent of customers restored with power within three hours to a standard utility industry index known as the Customer Average Interruption Duration Index (CAIDI). CAIDI represents the average time (*hours*) required to restore service to the average customer per sustained outage. Major events may be excluded from the R4 statistic. For 2007, 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 2007 was 1.6 hours. The following graph shows several years of historical performance.

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On May 22, 2008, Pacific 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 for C1, R1, R2 R3 and R4.

PROPOSED COMMISSION MOTION:

Pacific has fulfilled the 2007 Service Quality Measures performance standards under OPUC Orders 98-191, 99-616, and 03-528.

PP&L 2007 SQMs UM1003.doc