

ORDER NO. 16 4 27

ENTERED NOV 08 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 814

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Request for Waiver of the Discretionary
Penalty Associated with Exceeding the 2015
Service Quality Measure (SQM) Threshold.

ORDER

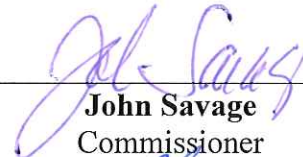
DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at our November 8, 2016 Regular Public Meeting, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 8 day of November, 2016, at Salem, Oregon.



Lisa D. Hardie
Chair



John Savage
Commissioner



Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ORDER NO. 16 4 27

ITEM NO. CA8

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: November 8, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE _____

DATE: October 26, 2016

TO: Public Utility Commission

FROM: Paul Birkeland *PAB*

THROUGH: *MB & J* Jason Eisdorfer and Lori Koho *JK*

SUBJECT: PORTLAND GENERAL ELECTRIC; (Docket No. UM 814) Requests waiver of the discretionary penalty associated with exceeding the 2015 Service Quality Measure(SQM) threshold as set forth in Commission Order No. 15-007.

STAFF RECOMMENDATION:

Staff recommends that the Commission accept Portland General Electric's (PGE or Company) explanation of why its reliability measure CAIDI exceeded the Performance Measure R4 threshold by 6 minutes for the calendar year 2015, and not issue a penalty.

DISCUSSION:

Issue

Whether the Commission should accept PGE's letter of explanation and not issue a penalty per the Service Quality Measures (SQM) agreement approved by the Commission in Order 11-160.

Applicable Law

Under Oregon Administrative Rules (OAR) 860-023-0081 through 860-023-0161, each electric company is required to collect and analyze outage data in compliance with Institute of Electrical and Electronics Engineers (IEEE) 1366, a national standard.¹ In addition, PGE is subject to certain SQM standards for reliability metrics required by Commission Order No. 11-160.²

¹ Available at <https://www.ieee.org/about/corporate/compliance/legal/index.html>.

² See Docket No. UM 814, Order No. 11-160 (May 12, 2011)(amending the service quality measures approved in Order No. 97-196).

PGE Docket No. UM 814
October 26, 2016
Page 2

Background

The SQM were adopted by the Commission in 1997 as measurement tools related to customer service, safety issues, and reliability monitoring activities, and were intended to serve as a mechanism to ensure that service quality was maintained at current levels or improved after the PGE/Enron Merger.³ The SQM were later amended in Commission Order No. 11-160 and are set to expire on December 31, 2016.

Discussion and Analysis

On April 29, 2016, PGE filed its SQM report for calendar year 2015 in Docket No. RE 61. Subsequently Staff and PGE met to discuss the report and specifically addressed the 2015 Annual Service Restoration Index (R4) using Customer Average Interruption Duration Index (CAIDI) that had exceeded the established penalty level by 6 minutes. CAIDI is a measure of the average time that it takes to restore service to the average customer after an outage, exclusive of Major Events. Commission Safety Staff has tracked CAIDI as a general indicator of a utility's effectiveness in outage response for many years. PGE's SQM CAIDI (R4) goal level for 2015 was set at 2 hours per outage, and the penalty thresholds P1⁴ and P2⁵ were set at 2.5 hours and 3 hours, respectively.⁶

PGE submitted corrections to its April 2016 filing on June 14, 2016. On September 27, 2016, the Company provided responses to information requests submitted by Commission Safety Staff to further investigate the issues contributing to PGE's CAIDI performance, which increased from 135 minutes in 2014 to 156 minutes in 2015. PGE cited several contributing factors for the increased average time to restoration that resulted in the Company exceeding the established penalty level of 150 minutes by 6 minutes, including weather, technology, traffic, and overtime issues, indicating that weather had been the largest contributing factor.

Specifically, in 2015, PGE experienced a high volume of small storms that did not meet the reporting criteria for Major Events.⁷ Per IEEE 1366 and OAR 860-023-0081, a Major Event is an event that exceeds the reasonable design or operational limits of the electric power system. Events that stress the energy delivery system beyond what can normally be expected are separately analyzed and reported, in other words, Major Events are removed from the annual reliability data so that any trends in reliability are more easily seen. A storm that does not meet the statistical threshold of a Major Event

³ See Order No. 97-196.

⁴ P1 – Penalty 1 = A penalty of up to \$100,000 reduction in revenue requirement per year.

⁵ P2 – Penalty 2 = A penalty of up to \$1 million reduction in revenue requirement per year.

⁶ Docket No. UM 1004, Order No. 15-007 (Jan. 13, 2015)(Commission adopted Staff's recommendation to set the SQM performance thresholds at P1 – 2.5 hours per outage and P2 – 3 hours per outage, the same levels used in 2014).

⁷ PGE submits a report to the Commission detailing all outages that do not meet the reporting criteria for Major Events. Safety Staff has reviewed this report to confirm the effects of the small storms on CAIDI.

PGE Docket No. UM 814
October 26, 2016
Page 3

is not removed from the annual reliability data, but may still cause a lot of outages in a small geographic area, resulting in a numerically higher CAIDI. Staff agrees that the high volume of small storms is partially responsible for the uptick in CAIDI, and notes that all three of Oregon's electric utilities experienced an uptick in CAIDI in 2015. However, Staff suspects that line worker staff allocation is also a contributing factor.

Safety Staff has been concerned for several years about line worker staffing levels at the utilities and the possible correlation between diminishing staffing levels and a general increase in CAIDI. Therefore it is good to see that PGE, as one of its Targeted Improvements, has stated that they are increasing staffing by adding 12 contract line crews. The more line workers available to respond to outages should have a positive effect in reducing outage duration.

Conclusion

Staff, after careful consideration, recommends that the Commission accept PGE's explanation and that the P1 penalty of up to \$100,000 reduction in revenue requirement per year be waived. However, Staff will continue to monitor the Company's outage response times closely to ensure that this is a unique circumstance and not a trend.

PROPOSED COMMISSION MOTION:

Approve PGE's request to waive the SQM penalty established in Commission Order No. 11-160 that resulted from the Company's CAIDI exceeding the established P1 penalty level by 6 minutes in 2015.

PGE Docket No. UM 814