

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 25, 2005**

REGULAR _____ CONSENT X EFFECTIVE DATE April 1, 2005

DATE: January 12, 2005

TO: Commissioners Lee Beyer, Ray Baum, and John Savage

FROM: Bill McNamee

THROUGH: Lee Sparling, Ed Busch and Jack Breen III

SUBJECT: PACIFIC POWER & LIGHT: (Advice No. 04-019) Revises the Customer Guarantee Program to reflect the expiration of the five-year Scottish Power merger commitment.

STAFF RECOMMENDATION:

I recommend that the Commission allow Pacific Power & Light Company's Advice No. 04-019 to go into effect on April 1, 2005.¹

DISCUSSION:

Pacific Power & Light Company (Pacific) filed Advice No. 04-019 with the Oregon Public Utility Commission (OPUC) on December 2, 2004, under ORS 757.205. The following tariff sheet revisions are proposed:

Second Revision of Sheet No. Y-1	Rule 25	Customer Guarantees
First Revision of Sheet No. Y-2	Rule 25	Customer Guarantees
First Revision of Sheet No. Y-3	Rule 25	Customer Guarantees
Fifth Revision of Sheet No. 300-3	Schedule 300	Charges as Defined by the Rules and Regulations
Third Revision of Sheet No. 300-4	Schedule 300	Charges as Defined by the Rules and Regulations

The purpose of this filing is to revise the Company's Customer Guarantee Program. Customer Guarantees, and related Customer Service Performance Standards, were adopted by the Commission as part of the Scottish Power PLC and PacifiCorp Merger (see Docket UM 918, OPUC Order No. 99-616). As part of the merger agreement, the

¹ Pacific has requested Commission approval by January 31, 2005, in order to allow sufficient time to train employees and make necessary information system changes to reflect the revisions to the Customer Guarantee Program.

Company agreed to implement the Customer Guarantee Program for a period of five years. The current agreement will end on March 31, 2005.

The Customer Guarantee Program is designed to improve service to customers and ensure that Pacific's employees emphasize customer service. Based on positive feedback from customers, regulators, and employees, Pacific is proposing to continue the program, with some revisions, through March 31, 2008. At that time the program will be reviewed, and if necessary revised, for future continuance.

The current Customer Guarantee Program includes the following services:

1. Restoring Supply after an Outage
2. Meeting Appointments
3. Switching on Power
4. Estimates for New Supply
5. Responding to Bill Inquires
6. Resolving Meter Problems
7. Notifying of Planned Interruptions
8. Responding to Power Quality Complaints

There are two Customer Service Performance Standards:

1. Telephone Performance Standard
2. Commission Complaint Performance Standard

Pacific's filing is proposing the following changes to the current program:

1. **Restoring Supply after an Outage** -- In Oregon, the current commitment is that the Company will restore a customer's electric supply within 20 hours of being notified of the outage. Pacific is proposing to change the time commitment from 20 to 24 hours. With this change, the time commitment for restoration of service will, as of April 1, 2005, be consistent in all states served by Pacific.
2. **Meeting Appointments** -- Currently, the Company will offer the customer a morning appointment or an afternoon appointment. Pacific is proposing to offer the customer an appointment within a two hour time period. The shorter time frame should benefit customer service.
3. **Switching on Power** -- Currently, the Company will switch on power within 24 hours of when the request is received, provided that all necessary construction, government inspections, and payments are complete. Pacific is proposing to continue this guarantee, with the exception that it will no longer apply to

reconnection of customers who have been disconnected for nonpayment.

Pacific states that it will strive to reconnect disconnected customers within 24 hours of payment, but that no guarantee will apply. Pacific maintains that the customer who was disconnected for credit reasons did not meet their financial obligation to the Company and, therefore, Pacific will not voluntarily offer a monetary guarantee to reconnect within 24 hours.

Pacific is also proposing to offer a flat payment of \$50 in the event of guarantee failure. Currently, the payment is \$50 plus \$25 for each additional 12 hours, with a maximum payment of \$200. Pacific states that generally customers who received the compounded payment needed the connection at a future date and were not unduly inconvenienced. For example, the customer may call the first of the month, but does not go to the building site until a week later. Pacific further states that in a survey of 12 other utilities, five offered service activation guarantees averaging \$42.

4. **Estimates for New Supply** -- Currently, the Company will: (1) Contact the customer within 2 working days; (2) Provide an approximate estimate within 5 working days after meeting with the applicant, if no network changes are required; or (3) If network changes are necessary, provide a written estimate within 15 days. To address employee concerns regarding the complexity of this guarantee, Pacific is proposing to limit the guarantee to providing a written estimate within 15 working days. The Company will retain, as an internal target, its policy of contacting the customer within 2 working days.

Pacific indicates that customer focus groups that provided feedback on the Customer Guarantee Program did not consider this guarantee a high priority. Supply estimates are applicable to line extension requests, for which providing applicants a written estimate within 15 working days is usually reasonable. Pacific states that for applicants who require an approximate appraisal, it will provide a "ballpark" estimate during early discussions.

5. **Responding to Bill Inquires** -- Pacific proposes to continue its current policy of responding to most billing inquires at the time of the customer's initial inquiry. If additional research is necessary, the Company will respond as soon as possible within 10 working days.
6. **Resolving Meter Problems** -- Current policy is to respond to a meter problem inquiry within 15 working days. Pacific is proposing to reduce the response time to 10 working days.

7. **Notifying of Planned Interruptions** -- Pacific is proposing to provide two calendar days notification to customers of planned interruptions, instead of the current guarantee of two working days. The Company states this change provides more flexibility for Pacific's employees.
8. **Responding to Power Quality Complaints** -- Pacific is proposing to eliminate this guarantee. The current policy is to respond to a customer inquiry within seven working days. The Company indicates that this guarantee is seldom used -- 1 and 2 failures in responding to 359 and 358 inquiries in 2003 and 2004, respectively. In addition, Pacific states that the guarantee is somewhat redundant in that under its Commission Complaint Performance Standard, the Company will respond to at least 95% of non-disconnect complaints within three working days.

The proposed modifications to the Customer Service Performance Standards are as follows:

1. **Telephone Performance Standard** -- Pacific is proposing to change this standard from answering at least 80% of all calls within 20 seconds (80/20) to answering at least 80% within 30 seconds (80/30). Pacific states that it is currently meeting the 80/20 standard. The Company notes, however, that with evolving structural changes in the electric industry, customer inquiries are becoming more complex and the call volumes are increasing. Pacific claims that the 80/30 standard will help to maintain cost control (e.g., reduced mandatory overtime) and that for customers the perceived value of having calls answered 10 seconds sooner is minimal. The Company notes that a 2003 survey of 61 other utilities found that 80/30 was the most common service level.
2. **Commission Complaint Performance Standard** -- The current standard is to respond to non-disconnect complaints within three working days and disconnect complaints within four working hours. The overall standard is to resolve at least 95% of complaints within 30 days. Pacific maintains that, in order to allow for an infrequent missed response, the responding standards should also include a 95% completion target. The omission of this target was, Pacific states, an oversight in the original UM 918 agreement. Therefore, Pacific is proposing that the revised response standards state that the Company will respond to at least 95% of the non-disconnect complaints within three working days and at least 95% of the disconnect complaints within four working hours. The overall standard remains to resolve at least 95% of all complaints within 30 days.

Staff Review: I have reviewed, with the assistance of Consumer Services Staff, Pacific's proposed revisions to its Customer Guarantee Program and Customer Service

Performance Standards. Pacific provides the OPUC with semi-annual reports detailing the Company's performance in meeting Customer Guarantees and Performance Standards. For the period of April through September 2004, Pacific reported the following:

Customer Guarantee	Events	Failures	% Success	Paid
Restoring Supply after an Outage	323,526	1	99.9%	\$50
Meeting Appointments	7,485	31	99.6%	\$1,550
Switching on Power	15,904	60	99.6%	\$5,125
Estimates for New Supply	5,127	23	99.6%	\$1,150
Responding to Bill Inquires	3,045	7	99.8%	\$350
Resolving Meter Problems	332	2	99.4%	\$100
Notifying of Planned Interruptions	5,226	3	99.9%	\$150
Responding to Power Quality Complaints	351	0	100.0%	\$0
TOTAL	360,996	127	99.9%	\$8,475

As indicated above, Pacific has done well in meeting its customer service guarantees. The Company's proposed revisions are relatively straightforward and should improve the efficiency of the program.

Initially, Staff did have a concern regarding the proposal that the Switching on Power monetary guarantee will no longer apply to reconnection of customers who had been disconnected for nonpayment. Staff understands Pacific's position that the disconnected customer had not met their financial obligation to the Company and, therefore, should not be entitled to a monetary guarantee. Staff's concern, however, was that new customer requests for service may receive preference over those of returning disconnected customers.

In responding to Staff's concern, Pacific stated that its commitment is to continue to reconnect customers within 24 hours after payment has been received. The Company maintains that it schedules field personnel visits based upon date and time power activation requests are received and that no distinction is made between new service and reconnects. Pacific informed Staff that of the 60 failures out of 15,904 requests to activate power reported during the April through September 2004 time period, 24 (40%) were returning disconnected customers.

Recognizing Pacific's high success rate in activating power within 24 hours of requests (i.e., 99.6%), Staff reached the following understanding with Pacific. In future semi-annual reports detailing its Customer Guarantee Program, Pacific will break down the number of Switching on Power failures by new customer and returning disconnected

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customer requests. Any significant change in either the number of failures or in the current failure ratio (60/40) of new customer to returning disconnected customers will be cause for Staff and the Company to revisit the issue of offering a monetary guarantee. Given this understanding, Staff is recommending approval of Pacific's proposal.

PROPOSED COMMISSION MOTION:

Pacific Power & Light Company's Advice No. 04-019 be allowed to go into effect on April 1, 2005.