



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 2005 calendar year were set by the Commission at its December 7, 2004, public meeting. PGE's SQM performance for 2005 is the subject of this memo.

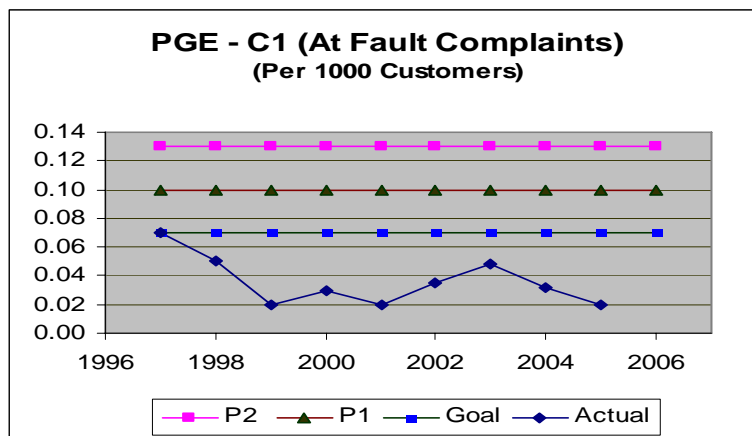
First, the calendar year 2005 results for measures C1, R1, R2, and R3 will be summarized. The last section of this memo will mention Staff's intention to file a Motion for a Major Safety Violation (S1) regarding PGE's Vegetative Management Program (X1).

**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 2005, 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 2005 was .02 "at-fault" complaints per thousand customers. The following graph shows C1 performance since 1997:

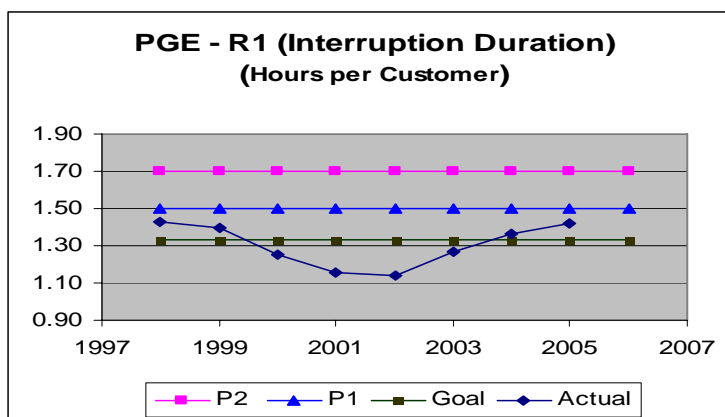


The next three measures (R1, R2, and R3) relate to service reliability.

**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 2005 performance levels were:

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

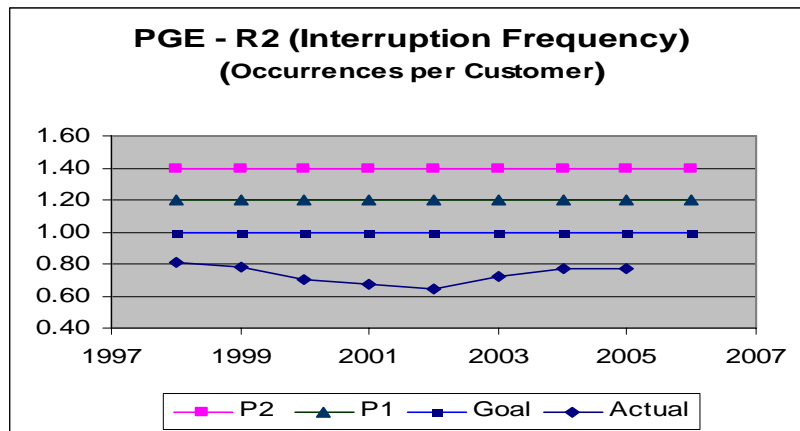
Actual PGE performance for 2005 was 1.4 hours. The following graph shows historical performance:



**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 2005 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 PGE performance for R2 was .77 occurrences. The following graph lists historical performance:

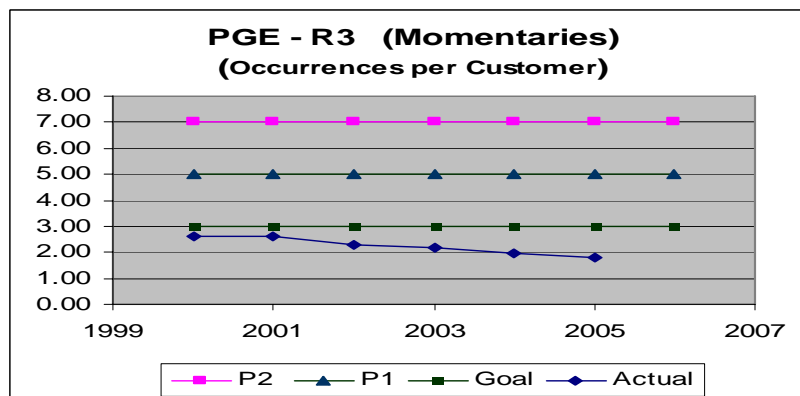


**SQM R3:** The R3 (averaged customer momentary interruption event frequency) measure has been phased in by PGE over the last few years. A trial run was performed for 1999, and the measure's first fully implemented year was 2000. Momentary outages are primarily the quick blinks that occur on an electrical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

PGE's 2005 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 2005 performance for R3 was 1.6 occurrences per customer. Historical performance is shown in the following graph:



On May 8, 2006, 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 for C1, R1, R2, and R3.

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*).

**SQMs S1 and X1:** As previously mentioned, Staff intends to file, in the near future, a Motion for a Major Safety Violation (S1) regarding PGE's Vegetative Management Program (X1).<sup>1</sup> Over the past several years, based on field reviews of PGE's service territory, OPUC Safety Staff have issued to PGE hundreds of violations for inadequate vegetative-to-powerline clearances. These violations impair system reliability and threaten public safety.

In its PGE 2004 SQM memo for the September 27, 2005, Commission public meeting, Staff stated that: "Some revision of this program (X1) seems necessary if a Major Safety Violation is to be avoided." During the past year, discussions between Staff and PGE to reach a resolution to vegetative management issues have not resulted in a mutually agreeable stipulation. Therefore, to carry out its responsibility to ensure system reliability and to protect the public safety, Staff believes it is necessary to move forward with a Motion for a Major Safety Violation.

#### **PROPOSED COMMISSION MOTION:**

For calendar year 2005, PGE's performance for Service Quality Measures C1, R1, R2, and R3 was acceptable and no penalty levels were reached or exceeded.

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<sup>1</sup> Staff is currently planning to present its motion at the November 21, 2006, Commission public meeting. At this time, no Commission action on this issue is required.