

ITEM NO. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 28, 2009**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: July 14, 2009

TO: Public Utility Commission

FROM: Jerry Murray

THROUGH: Lee Sparling, and JR Gonzalez

SUBJECT: PACIFIC POWER AND LIGHT: (Docket No. UM 1003) Service Quality Measures Performance Reporting for calendar year 2008.

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 2008, performance in all the measures was acceptable and no penalty levels were reached or exceeded.

DISCUSSION:

Overview: SQMs 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

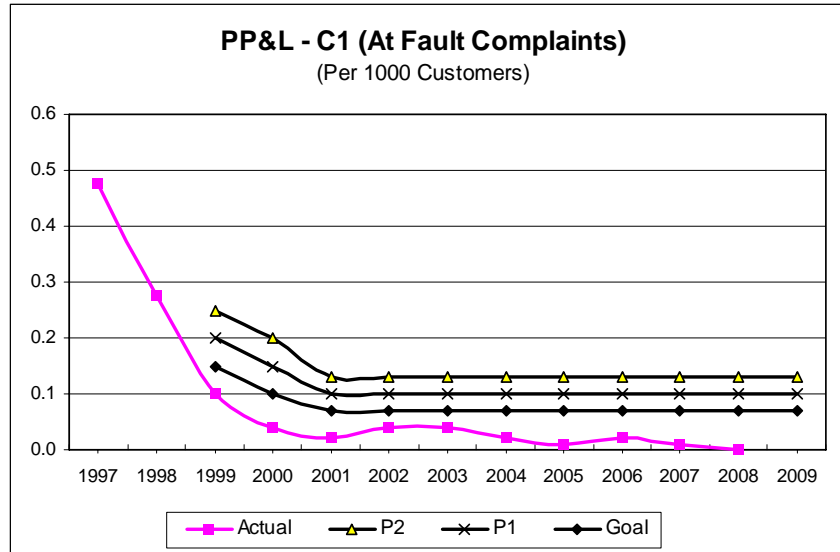
3. R2 - Average Interruption Frequency
4. R3 - Average Momentary Interruption Frequency
5. R4 - Average Interruption Duration (*Per Occurrence*)
6. S1 - Major Safety Violations
7. X1 - Annual Review Vegetation Management
8. X2 - Annual Review Basic Inspection & Maintenance Programs
9. X3 - Annual Review 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 2008 SQMs were set by the Commission at its December 4, 2007, public meeting (see Order 07-542). This memo evaluates the calendar year 2008 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 2008 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 2008 was 0.00 at-fault complaints per thousand customers. The following graph shows significant improvement since 1997, with stable performance at excellent levels the last several years.

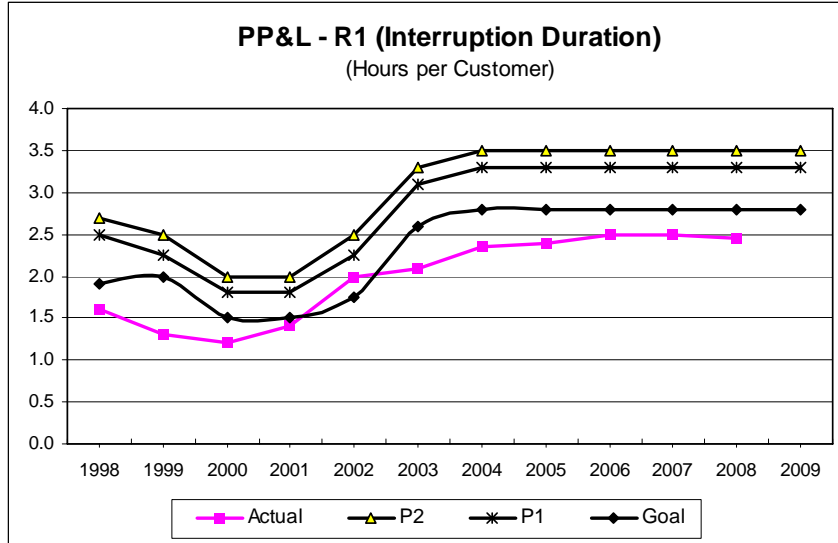


SQM R1: The R1 measure is an averaged customer interruption duration (annual time without power) that utilizes a three-year weighted averaging formula. This is similar to the System Average Interruption Duration Index (SAIDI), calculated with the target year weighted at 50 percent, the previous year 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 2008 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 2008, actual PP&L performance was 2.4 hours. The following graph shows historical performance.¹

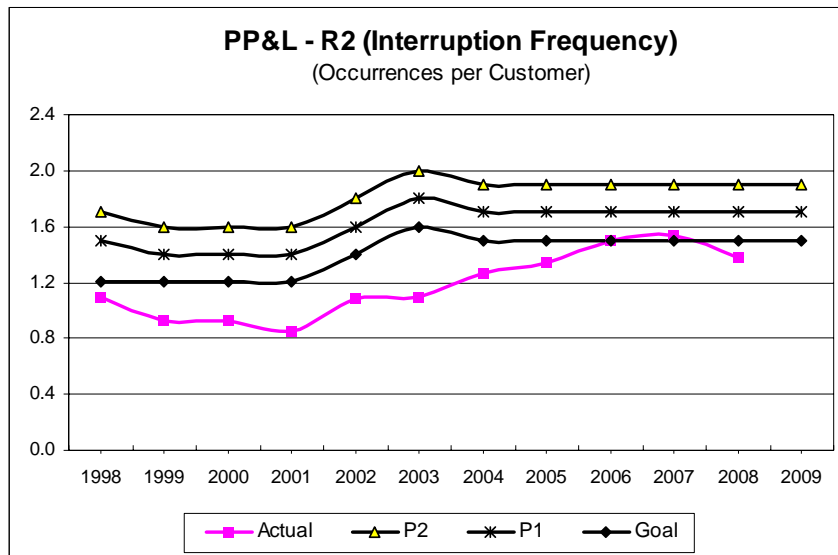
¹ Note that the performance level adjustments shown in the reliability measure graphs are primarily the result of improved outage reporting and the initiation of a new data collection system beginning in 2003.



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 2008 R2 performance levels set by the Commission were:

- Goal - 1.5 occurrences
- Penalty 1 level (\$100,000) - 1.7 occurrences
- Penalty 2 level (\$1,000,000) – 1.9 occurrences

The 2008 PP&L performance for R2 was 1.4 occurrences. The following graph lists historical performance:

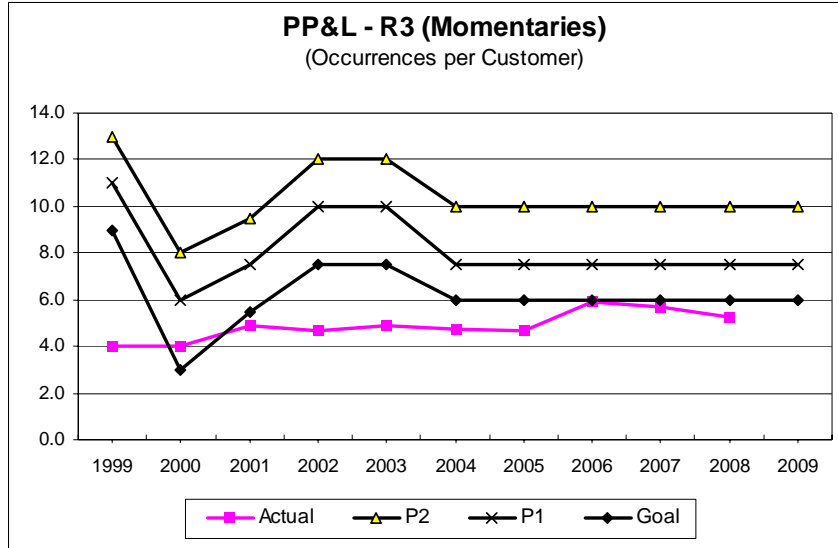


SQM R3: The R3 measure is a 3-year weighted average of a customer’s momentary interruption event frequency (*i.e.*, *Momentary Average Interruption Event Frequency Index or MAIFI*). Momentary outages are primarily the quick blinks that occur on an electrical system when automatic switches perform their 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 2008 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 5.2 occurrences per customer. Historical performance is shown in the following graph:

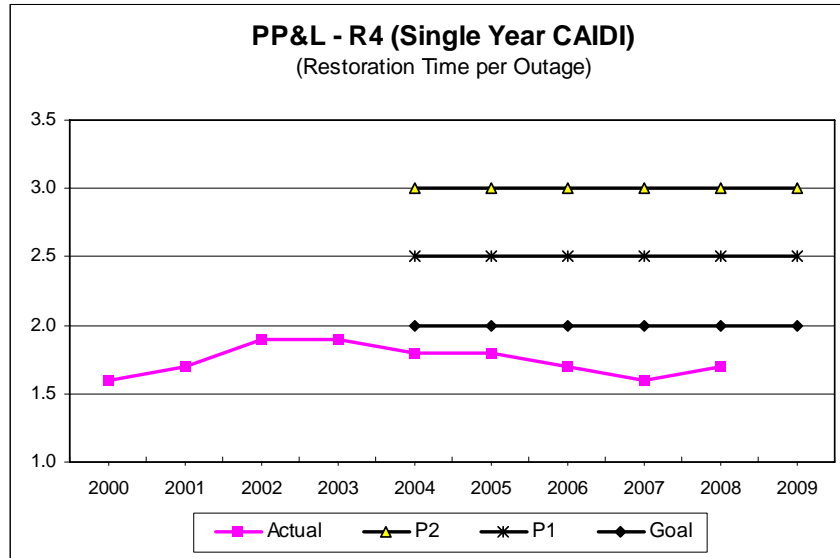
² In compliance with Order No. 04-739, on March 9, 2005, PP&L submitted a written MAIFI Plan that presented the Company’s updated automated system data collection (SCADA) procedures. The Company indicated that it has improved its coverage of Oregon circuits from roughly 30 percent in 2002 to nearly 50 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.



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 2008, 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 2008 was 1.7 hours. The following graph shows several years of historical performance.



On May 30, 2009, 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 2008 Service Quality Measures performance standards under OPUC Orders 98-191, 99-616, and 03-528.