



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204

June 12, 2006

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol Street NE, Suite 215  
Salem, OR 97301-2551

Attn: Vikie Bailey-Goggins  
Administrator, Regulatory Operations Division

**RE: Order No. 05-1250, PGE's Proposed Billing Accuracy SQM**

Attached is PGE's proposed Billing Accuracy Service Quality Measure (SQM) which we are filing in accordance with Condition No. 14 of the stipulation adopted by Commission Order No. 05-1250, relating to PGE's application to issue new common stock.

We developed the proposed Billing Accuracy SQM with the goal of providing the Commission and our customers with a meaningful and cost-effective standard to measure PGE's on-going commitment to provide our customers accurate and timely bills for electric service. We believe our objective is consistent with other standards and SQMs such as SAIDI and MAIFI that measure PGE's performance over time in achieving and maintaining high customer service standards. We have also incorporated concepts such as using incentives as well as penalties to keep PGE focused on maintaining high billing accuracy levels.

Consistent with Condition No. 14 which states in part, "PGE will work in good faith with Staff and other interested parties to develop and present to the Commission a billing accuracy service quality measure," PGE met with the Citizen's Utility Board (CUB), the Industrial Customers of Northwest Utilities, NW Natural, PacifiCorp and the OPUC Staff to gather information and receive feedback and guidance on drafting the attached SQM. Based on these meetings, PGE developed a draft Billing Accuracy SQM that has been shared the OPUC Staff and CUB.

PGE greatly appreciates Staff's availability and willingness to discuss the details of our proposed SQM. In our discussions, Staff has expressed concerns about some of the elements in our proposal which differ in certain specifics from a billing accuracy SQM currently in place for NW Natural. Our proposed SQM builds from the work done in preparing the NW Natural billing accuracy SQM and incorporates additional specifications which we expect will enhance the usability of the SQM by clearly defining the standards to measure performance for PGE.

We are open and willing to continue working with Staff and other parties to further refine the SQM and hope to achieve a consensus proposal.

Please direct any questions regarding this filing to Doug Kuns at (503) 464-7891.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Dahlgren". The signature is fluid and cursive, with the first name "Randy" and last name "Dahlgren" clearly distinguishable.

Randy Dahlgren  
Director, Regulatory Policy & Affairs

Attachment

cc: Bob Jenks, CUB  
Michael Early, ICNU

**PORTLAND GENERAL ELECTRIC**  
B1 Service Quality Measure  
for Billing Accuracy

**I. Purpose and Interpretation**

A. **Purpose.** The purpose of this B1 Service Quality Measure (“B1 SQM”) is to ensure that Portland General Electric (PGE or the Company):

1. Maintains its current level of customer bill accuracy; and
2. Administers process changes when a ninety-nine point four percent (99.4%) Billing Accuracy Target has not been achieved due to Qualifying Bill Errors.

B. **Guiding Principles.** This B1 SQM is to be interpreted in accordance with the following guiding principles:

1. PGE is committed to delivering accurate bills to customers that meet or exceed the Annual Billing Accuracy Target;
2. PGE monitors and responds to Qualifying Bill Errors effectively, makes corrections in a timely manner, informs customers as needed about billing calculation errors, and provides timely notification to the Commission if a Qualifying Bill Error occurs;
3. The Annual Billing Accuracy Target measurement and tracking process will be managed in a cost-effective manner such that customers in general benefit from this SQM; and
4. The existing C1 Service Quality Measure (“C1 SQM”) remains unchanged and is mutually exclusive of Material Bill Errors covered by the B1 SQM.

**II. Term and Annual Billing Accuracy Target**

A. **Term.** This B1 SQM shall be effective from the January 2007 Bill Month up to the earlier of the September 2012 Bill Month or the enactment of a Rule addressing the terms of billing accuracy SQM applicable to electric and gas utilities (the “Term”).

B. **Annual Billing Accuracy Target.** Subject to the terms and conditions set forth in this B1 SQM, total bills issued by the Company to customers for Electricity Service shall have a Billing Accuracy Percentage greater than or equal to ninety-nine point four percent (99.4%). If the Company fails to

meet the Billing Accuracy Percentage of 99.4%, as determined at the time of the Annual Report for the Measure Year, it shall incur the remedy amount set forth in Section V. below.

### III. Definitions

Capitalized terms used but not defined in other sections of this B1 SQM shall have the meanings set forth below.

- A. **Aggregated Qualifying Bill Error Total.** The sum of all Qualifying Bill Error Totals for a Measure Year.
- B. **Billing Accuracy Percentage.** The Billing Accuracy Percentage shall be equal to:
  - 1 – (Aggregated Qualifying Bill Error Total divided by the total number of bills issued by the Company to its Oregon customers during the Measure Year)
- C. **Bill Month.** The month in which the Company records an original bill to a customer into its financial records. This means one full set of billing cycles in which all customers have been billed once. A Bill Month may differ from a calendar month.
- D. **Due Date.** The date appearing on a bill on which payment is due.
- E. **Electricity Service:** The provision of retail electricity, transmission or distribution service to customers within the Company's service territory as defined herein.
- F. **Initiation Date.** The Initiation Date of this B1 SQM shall be the first day of the January 2007 Bill Month.
- G. **Material Bill Error.** A systematic error on an original bill for Electricity Service issued by the Company to the customer that causes the bill to fail to meet the billing requirements contained in PGE's Tariff, Division 21 of the Oregon Administrative Rules, and ORS 757.020. For the purposes of this SQM, a "systematic error" is not an error that is random or sporadic, or affects only one customer.
- H. **Measure Year.** The twelve (12) month period from the January Bill Month through and including the December Bill Month.

- I. **Qualifying Bill Error.** Subject to Section IV. below, a Material Bill Error affecting a total of 1,000 or more Electricity Service customers within a Bill Month where the error is due to the Same Cause.
- J. **Qualifying Bill Error Grand Total.** The sum of the Qualifying Bill Error totals during a Measure Year for a specific Qualifying Bill Error.
- K. **Same Cause.** A single, specific event, reason, or root cause condition that produces the occurrence of, or leads to, a Material Bill Error. Each bill affected by a Material Bill Error due to the Same Cause would be counted as a Qualifying Bill Error in the month the bill is issued, but multiple bills to the same customer that contain the same type of error and are due to the Same Cause would all count as one Qualifying Bill Error for that Bill Month.

#### IV. Exclusions

- A. The term Qualifying Bill Error shall not include rebillings resulting from:
  - 1. Meter reading inaccuracies normally encountered in meter reading operations including, but not limited to, stopped or damaged meters, and manufacturing defects;
  - 2. The omission of billing details on a prorated bill;
  - 3. Estimated meter reads performed in accordance with procedures or policies approved by the Company or by the Commission in Division 21. By way of example, but not limitation, meter reads estimated due to extreme weather or other access issues;
  - 4. Meters that are “switched” either “physically” or “on paper” when the cause can be documented to be outside of the Company’s control. By way of example, but not of limitation, meters assigned to neighboring addresses due to incorrect premises labeling or data provided to the Company by a third party during construction;
  - 5. Changed “turn on” or “turn off” dates provided by the customer;
  - 6. Other incorrect customer, ESS or aggregator supplied data including, but not limited to, incorrect customer identification or address, or situations such as unmetered services or customer reads where the billing accuracy is dependent upon the information provided by the customer;

7. Settlement distributions to, or collections from, customers that are unrelated to billing the customer for Electricity Service (e.g., the Williams Settlement);
8. Any cause beyond the reasonable control or fault of the party claiming force majeure which could not have been prevented by the exercise of due diligence, or which could not otherwise reasonably be foreseen and guarded against including, but not limited to, strikes, lockouts, labor troubles, riots, insurrection, war, acts of God, extreme weather conditions or other reason of like nature.
9. Temporary exclusions are covered in Section VIII C., below.

**B. Exclusions Clarification.**

1. Meter reading errors from actions not consistent with the Company's meter reading policy that are due to the Same Cause and affect a total of one thousand (1,000) or more of the Company's customers in a Bill Month shall be included as Qualifying Bill Errors.

**V. The Remedy Calculation**

- A. **2007 Measure Year.** For the Measure Year including the January 2007 Bill Month through and including the December 2007 Bill Month any Qualifying Bill Errors which may occur during the first six Bill Months shall not be subject to penalties, but will be reported to the Commission in accordance with Section VI. Any Qualifying Bill Errors which may occur during the remainder of the Measure Year shall be subject to 50% of the appropriate remedy standard set forth in Section V.B.2-3.
- B. **Subsequent Measure Years.** For the Measure Years 2008 to 2012:
  1. **Offset Provision.** If the Company's Billing Accuracy Percentage exceeds ninety-nine point six percent (99.6%), the Company will receive the percentage points in excess of 99.6% as an offset for use in a subsequent Measure Year where the Annual Billing Accuracy Target of 99.4% is not met subject to the following provisions:
    - a. At no time shall the Offset Percentage allow for a Billing Accuracy Percentage of less than 99.0% to occur without application of a remedy in the amount of \$100,000.00; and

- b. The maximum number of Offset Percentage Points the Company may accumulate and carry forward from year to year is 0.4%.
  - c. By way of example, if a Billing Accuracy Percentage of 99.7% is achieved the Offset Percentage received by the Company is 0.1%. If in a subsequent Measure Year the Company achieves a Billing Accuracy Percentage of 100%, and has not already used the previous Offset Percentage of 0.1%, an Offset Percentage of only 0.4% will be carried forward for use in a subsequent Measure Year.
- 2. **Remedy Level 1.** Subject to B1. of this section, the remedy amount will be One Hundred Thousand Dollars (\$100,000.00) for failure to meet the Annual Billing Accuracy Target of ninety-nine point four percent (99.4%).
- 3. **Remedy Level 2.** Subject to B1. of this section, the remedy amount will be Six Hundred Thousand Dollars (\$600,000.00) for failure to meet a Billing Accuracy Percentage of ninety-nine point zero percent (99.0%) for the Measure Year.
- C. **Mitigating Circumstances.** For good cause shown the Commission may reduce the remedy amount for a specific Qualifying Bill Error below the amounts set forth in A and B. of this section.

## VI. Reports, Determination of Remedy, and Records

### A. Reports

- 1. **Initial Notification.** PGE will notify the Oregon Public Utility Commission Consumer Services Division via email no later than ten (10) business days from the date that a Qualifying Bill Error is first identified by the Company. The Consumer Services Division will provide an email confirming the date and time the Initial Notification was received.

- a) The ten (10) business day Initial Notification deadline will be waived during the occurrence of a major event (e.g., Level III Outage) or other extenuating circumstances (e.g., system failure). When a situation such as this arises, the Company will provide initial notification of Qualifying Bill Errors to the Commission as soon as reasonably possible after normal business operations resume.
2. **Written Report.** PGE shall submit a written report to Staff no later than sixty (60) business days from the date that the Qualifying Bill Error is first identified by the Company, subject to Section VII.A. The written report shall include:
    - a) a description of the Qualifying Bill Error;
    - b) the Qualifying Bill Error Total;
    - c) a notation of whether the error was initially identified by the Company or another party; and
    - d) a description of the actions taken by the Company to correct the Qualifying Bill Error.
  3. **Annual Report.** PGE shall submit an annual written report to the Commission which shall include:
    - a) all Qualifying Bill Errors that the Company identified during the Measure Year;
    - b) the Qualifying Bill Errors Grand Totals for the Measure Year;
    - c) the Billing Accuracy Percentage;
    - d) a listing by Bill Month of Qualifying Bill Errors; and
    - e) any remedy calculated as set forth in Section V.

The Annual Report shall be submitted to the Commission by the Company as part of the Company's annual SQM report during each year of this SQM.

**B. Recommendation of Remedy.**

1. On or before June 1 for the prior Measure Year, beginning in 2008 for the 2007 Measure Year, the Commission Staff shall present to the Commission, at its regularly scheduled public meeting, a copy of the Company's Annual Report, as set forth in VI. A. 3. above, along with Staff's recommendation.
2. If the Company has accrued offset percentage points as set forth in Section V.B.1. such points shall be applied to the Billing Accuracy Percentage before any remedy may be assessed.
3. At any time during the term of the SQM, if Staff and the Company disagree about a Qualifying Bill Error designation, calculated percentages for the Billing Accuracy Percentage, or the terms of this SQM, and if Staff and the Company are unable to resolve the disagreement to the satisfaction of both, then either Staff or the Company may request a review and resolution of the disagreement by an Administrative Law Judge, with appeal to the Commission. No remedy shall be assessed until any disagreements have been resolved by the Administrative Law Judge or, if appealed by either PGE or Staff, by the Commission.

**C. Remedy Application.** Within a reasonable period of time after the Commission determines that a remedy shall apply, as set forth in Section VI. B. above, the Company shall record such amount as a liability and include such amount in its next rate filing that adjusts rates to all customers.

**D. Maintenance of Records.** PGE will maintain copies of each Annual Report prepared and provided to the Commission under this SQM for a minimum of five (5) Measure Years. PGE will also retain billing data for all customers on a rolling thirty-six (36) Bill Month basis.

**VII. Review of this B1 SQM**

**A. B1 SQM Review.** Should any changes to this SQM be recommended by either Staff or the Company, the Commission shall consider such recommendation(s) and may modify the SQM based on the recommendation(s) and any evidence presented by the Staff and the Company.

## VIII. Special Conditions

### A. Origination of Qualifying Bill Error Reporting.

1. When a Qualifying Bill Error is found to have originated prior to the Bill Month in which the Qualifying Bill Error was first reported, as set forth in Section VI.A. above, the Qualifying Bill Error may be counted for each Bill Month in which the Qualifying Bill Error occurred, for up to six (6) months, not to precede the Initiation Date of this SQM.
2. Anyone proposing that the Commission extend the number of Bill Months in which a Qualifying Bill Error is to be counted must do so in writing and submit such proposal to an Administrative Law Judge absent agreement by both the Company and the OPUC Staff to the extension. If the Company opposes this proposal, it shall have an opportunity to provide evidence to the Administrative Law Judge why the extension should not be granted. The Administrative Law Judge shall make a recommendation to the Commission based on the written record and any testimony provided, and the Commission shall either approve or disapprove such recommendation, subject to the following:
  - a) At no time shall the Qualifying Bill Error counting period be extended to include the Bill Months occurring prior to the Initiation Date of this SQM,
  - b) At no time shall this Qualifying Bill Error counting period exceed twelve (12) months, and
  - c) The standard to be applied for extending the number of Bill Months in which a Qualifying Bill Error is to be counted is that of gross negligence on the part of the Company.
3. The Company may provide evidence to the Commission for reducing the number of Bill Months in which the Qualifying Bill Error will be counted.

- B. **Conflict.** Qualifying Bill Errors which affect fewer than one thousand (1,000) customers, shall not be subject to the C1 SQM. In the event of conflict between the B1 SQM and the C1 SQM, the terms and conditions of this B1 SQM shall control.

**C. System or Rate Schedule Changes.**

1. Bill Errors resulting from a new system or Rate Schedule that would otherwise be Qualifying Bill Errors shall be excluded from this B1 SQM for a period of six (6) months.
2. The Company may request in advance that Bill Errors resulting from a new system or Rate Schedule that would otherwise be Qualifying Bill Errors be excluded from this B1 SQM if they are included in an implementation plan and that implementation plan includes service quality considerations.