

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 UM 918

4 In The Matter Of

5 The Application Of Scottishpower Plc And  
6 Pacificorp For An Order Authorizing  
7 Scottishpower Plc To Exercise Substantial  
8 Influence Over The Policies And Actions Of  
9 Pacificorp.

STAFF'S MOTION TO AMEND ORDER NO.  
98-191 (UM 918)

9 **MOTION**

10 Comes now the staff of the Public Utility Commission of Oregon (Commission) and  
11 requests the Commission issue an order amending Order 98-191 (UM 918) to approve revisions  
12 to the previously-approved "Service Quality Measures" agreement ("SQM Agreement")  
13 involving provision of service by Pacific Power and Light ("PacifiCorp"). A clean copy of the  
14 revised SQM Agreement is attached to this motion and marked as Exhibit A.

15 Staff earlier submitted a draft of the amended SQM Agreement to PacifiCorp and to the  
16 other formerly-active parties in this docket: Community Action Partnership of Oregon (CAPO),  
17 Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities  
18 (ICNU). While staff has not received objections to the proposed revisions from any party, staff  
19 notes that it has since made minor revisions to the draft it previously shared with the parties. As  
20 such, staff encourages all parties to carefully review Exhibit A.

21 **DISCUSSION**

22 The Commission originally adopted the SQM Agreement for PacifiCorp in 1998. *See*  
23 Order No. 98-191 (UM 918). The Commission has since approved several subsequent revisions  
24 to various aspects of the SQM Agreement, most recently in 2004. *See* Exhibit A, page 1.

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26 revisions are necessary to reflect the implementation of Oregon Administrative Rules (OAR)

1 Chapter 860, Divisions 024 and 028. These rules were not in place when the SQM Agreement  
2 was originally established more than ten years ago.

3 Notable revisions to the SQM Agreement include the following changes to the  
4 performance measures:

5 1) Revision of the safety performance measures (X measures) to align with the  
6 adopted safety rules (OAR Chapter 860, Division 024) and pole attachment rules  
(OAR Chapter 860, Division 028); and

7 2) Elimination of the Major Safety Violation measure S1.

8 PacifiCorp and staff agreed to eliminate the Major Safety Violation measure S1, because  
9 the current safety rules (OAR 860-024) provide for the complete enforcement of all violations of  
10 the Commission's Safety Rules and of the National Electrical Safety Code.

11 **CONCLUSION**

12 For the reasons stated, staff asks the Commission approve the attached revised SQM  
13 Agreement.

14 DATED this 23<sup>rd</sup> day of March 2011.  
15

16 Respectfully submitted,

17 JOHN R. KROGER  
18 Attorney General

19 

20 Michael T. Weirich, #82425  
21 Assistant Attorney General  
22 Of Attorneys for Staff of the Public Utility  
23 Commission of Oregon  
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25  
26

**PP&L MASTER AGREEMENT THROUGH 2014**

AFOR SQMs UE 94, Feb. 12, 1998, OPUC Order 98-191/ScottishPwr Merger Modifications UM 918, OPUC Order 99-616-June 16, 1999/UE 147 Term Extension (through 2014) OPUC Order 03-528.

Change 1: Dec. 14, 1999 Public Meeting - 3 items modified.

Change 2: July 1, 2003 Public Meeting – Reporting on Fiscal Year (4/1 through 3/31), also reasonable 10% improvements in SAIDI and SAIFI goals indicated.

Change 3: Dec. 7, 2004 Public Meeting – R4 Measure changed to CAIDI.

Change 4, Dec. \_\_\_\_\_, 2007

**UM 918  
REVISED STIPULATIONS FOR PACIFICORP SERVICE  
QUALITY MEASURES**

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10	X Measures Reporting
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12	X2 Specifications
13	X3 Specifications

**SERVICE QUALITY MEASURE STIPULATION**

A. DEFINITIONS:

1. "Annual Report" means the annual report submitted by the Company prior to May 1 of each year that covers the service quality performance of the Company in the previous calendar year.
2. "Company" means PacifiCorp.
3. "Commission" or "PUC" means the Public Utility Commission of Oregon.
4. "Location" for the Vegetation Management Program is defined as a span of conductor(s) between any two poles, including one of the immediately adjacent spans when interference is contiguous, but in no case shall it exceed two spans.
5. "Major Event" has the meaning provided in OAR 860-023-0080(9).
6. "Performance Measures" mean the eight measures for evaluating service quality of the Company on an annual basis set forth as follows:
  1. C1....At Fault Customer Complaint Frequency
  2. R1....Average Customer Interruption Duration
  3. R2....Average Customer Interruption Frequency
  4. R3....Average Momentary Interruption Frequency
  5. R4....Annual Service Restoration Index
  6. X1....Vegetation Management Program
  7. X2....Pole and Overhead Facilities Inspection, Testing and Maintenance Program
  8. X3...Substation Maintenance Programs
7. "Threshold Recommendation" means the report submitted to the Commission annually by the Company or Staff that contains recommended preferred threshold levels for the performance measures for the next year.

8. "Service Quality" or "SQ" means those aspects of energy delivery and customer service including, but not limited to, safety, reliability, operations, tariff compliance and customer relations.

9. "Staff" means PUC staff.

10. "Violation" means noncompliance with any rule contained in OAR 860, Division 024.

B. GENERAL:

1. The purpose of the Performance Measures is to provide a mechanism to ensure service quality is maintained at current or improved levels.

2. The Commission may impose revenue requirement reductions associated with Performance Measures C1, R1, R2, R3 and R4 based upon the level of noncompliance by the Company. However, the Company should not incur revenue requirement reductions with proper system operation and maintenance.

3. For Performance Measures C1, R1, R2, R3, and R4, Company performance below Threshold Level 1 is the maximum measure value that is considered acceptable and not subject to revenue requirement reductions.

4. For Performance Measures C1, R1, R2, R3, and R4, for performance above Threshold Level 1 and below Threshold Level 2, the PUC may impose a revenue requirement reduction amount of up to \$100,000 per year.

5. For Performance Measures C1, R1, R2, R3, and R4, for performance at or above Threshold Level 2, the PUC may impose a revenue requirement reduction of up to \$1,000,000 per year.

6. PacifiCorp and Staff intend for this Agreement, after it is approved by the Commission, to supersede all prior Agreements related to PacifiCorp's Service Quality Measures arising out of Commission Docket No. UM 918.

### C. COMPLIANCE:

These Performance Measures and associated agreements do not relieve the Company of its legal responsibilities to comply with PUC statutes, rules, or orders. Revenue requirement reduction actions associated with any Performance Measure discussed in this Stipulation do not preclude the Commission from pursuing any penalty, sanction or other remedy against the Company as allowed by law for the Company's failure to comply with PUC statutes, rules or orders.

### D. RECORDS AND REPORTS:

1. For measures C1, R1, R2, R3, and R4, the Company and Staff shall meet prior to November 15 of each year to determine reasonable levels for setting Threshold Level 1 and Threshold Level 2 for the next year. If an agreement is reached, a joint Threshold Recommendation shall go to the Commission recommending appropriate threshold levels. If the Company and Staff do not reach agreement, the Company and Staff may submit separate Recommendation Reports to the Commission for their determination of appropriate levels. The Threshold Recommendation(s) shall be submitted to the Commission prior to December 1.
2. The Company shall submit an Annual Report which documents each Performance Measure value and the revenue requirement reduction, if any, for the previous calendar year. The Annual Report shall be completed on forms and computerized spreadsheets prepared by the Company and approved by Staff. This report, along with supporting data and calculations on computer disks, shall be submitted to Staff annually prior to May 1 of each year for the preceding calendar year. The Annual Report shall explain historical and anticipated trends and events that have affected or will affect performance in the future.
3. The Annual Report shall address any Company procedural changes that affected the results of the Performance Measures or revenue requirement reductions during the preceding year.

4. The Company must audit the data and calculations used in determining the R1, R2, R3, and R4 Performance Measures to assure accuracy and compliance with OAR 860-023-0080 through 0160.

E. REVENUE REQUIREMENT REDUCTIONS:

1. Unless otherwise specified herein, the Company may incur a revenue requirement reduction for substandard performance associated with each Performance Measure. The revenue requirement reduction shall be determined using the criteria specified for each Performance Measure. The Company shall pay such revenue requirement reduction through rate reductions or other methods as deemed appropriate by the Commission.

2. Where there are extenuating circumstances that are clearly beyond the Company's control, the revenue requirement reductions may be capped or adjusted at the Commission's discretion, provided the Company is not found to be in violation of relevant PUC statutes or acceptable utility practice.

F. SPECIAL PROVISIONS:

1. The Commission may direct Staff, the Company or a qualified consultant to conduct special investigations including inspections, testing, audits, and other checks that the Commission deems necessary to assure that the Performance Measures and supporting data accurately reflect customer experiences and trends. The cost for such investigations and audits will be borne by the Company. In the event that such investigations reveal noncompliance with the provisions of this document, the Company shall make payment for the revenue requirement reduction variances found by the investigations plus interest at the company's authorized rate of return.

2. The Commission, after an opportunity for Company, Staff and public comment, may modify any service quality Performance Measure included in this Stipulation. Possible modifications include, but are not limited to, threshold levels, revenue requirement reductions, calculation methods, or reporting requirements.

G. TERM: This agreement expires at 5 p.m. on December 31, 2014.

## H. SPECIFIC PERFORMANCE MEASURE AGREEMENTS

### (i) Performance Measure C1 -- Customer "At Fault" Complaint Frequency

**1. Description:** The C1 Performance Measure represents the annual total number of "at fault" complaints per 1,000 customers received by the PUC related to Company tariffs, policies, standards, and practices involving customer service issues.

**2. Definition:** An "at fault" complaint is a complaint designated a "COMPLAINT, COMPANY AT FAULT" consistent with current PUC Consumer Service Division practices. "At fault" complaints are identified as follows:

<u>Code</u>	<u>Customer Service Violation Description</u>
"R"	A "R" violation involves a violation of an Oregon statute or a Commission rule.
"T"	A "T" violation involves a violation of the Company's approved tariffs and operating rules as filed with and approved by the PUC.
"C"	A "C" violation involves inappropriate and unacceptable customer treatment including, but not limited to, the following: <ul style="list-style-type: none"><li>• Missed service/repair commitments without prior customer notification;</li><li>• Unreasonable service or repair delays;</li><li>• Unreasonable facility installation delays;</li><li>• Incorrect, incomplete or misinformation provided to consumers, which is not rectified in a timely manner, resulting in customer inconvenience or material loss;</li><li>• Unreasonable inaccessibility of the Company to customers; and</li><li>• Unreasonable delay in response to consumer inquiry.</li></ul>



If the Company and Staff disagree about an “at fault” designation for a complaint, Staff will submit the matter to its supervisors for review. If the Company still disagrees after Staff supervisory review, the Company may bring the matter to the Commission at a public meeting.

**3. Data Source:** PUC Consumer Services Division records and reports.

**4. Performance Measure Calculation:** The C1 Performance Measure is equal to the total number of Company “at fault” complaints handled by the PUC during the year, divided by the total average number of the Company’s customers, divided by 1,000; i.e.,  $X/Y/1000$ . The number of customers shall be based on a year-end total of the Company’s Oregon customers.

**5. Threshold Levels for Performance Measure C1:** The Commission will set the threshold levels annually based on recommendations presented by Staff and the Company at a public meeting.

**6. Revenue Requirement Reductions:** Revenue requirement reductions shall be assessed for any year that the Performance Measure is at or above the set number of “at fault” complaints per 1,000 customers. The revenue requirement reductions shall be determined by the Commission as shown below.

- a. Threshold Level 1 –\$100,000.00
- b. Threshold Level 2 –\$1,000,000.00

**7. PUC Staff Responsibilities:** Staff shall make the annual measure value mentioned in the data source (item 3 above) available to the Company by May 1 of the following year.

**(ii) Performance Measure R1 -- Average Customer Interruption Duration**

**1. Description:** The R1 Performance Measure represents the weighted average of the last three years’ system average interruption duration indices (SAIDI), exclusive of Major Events. The SAIDI is the sustained interruption time, in hours, that an average customer experiences during the year.

**2. Data Source:** Company's Annual Report (including reliability records, data, and certified reports).

**3. Performance Measure Calculation:** The R1 measure is a three-year weighted average of the SAIDI reliability indices experienced by the Company's customers. The weighted average is calculated by adding together the target calendar year at a 50 percent weighting factor, the preceding year at a 30 percent factor and the second preceding year at a 20 percent factor. This measure is subject to the requirements of OAR 860-023-0080 through 0160.

**4. Threshold Levels for Performance Measure R1:** The Commission will set the threshold levels annually based on recommendations presented by Staff and the Company at a public meeting. Threshold Levels 1 and 2 are specific number of hours for Performance Measure R1.

**5. Revenue Requirement Reductions:** Revenue Requirement Reductions shall be assessed for any year that the measure is at or above the Commission-assigned threshold levels. The Revenue Requirement Reductions shall be determined by the Commission based as shown below.

- a. Threshold Level 1 –\$100,000.00 per year
- b. Threshold Level 2 – \$1,000,000.00 per year

**6. Company Responsibilities:** The Company shall furnish the actual R1 Performance Measure value mentioned in data source (item 2 above) by May 1 of the following year.

**(iii) Performance Measure R2 -- Average Customer Interruption Frequency**

**1. Description:** The R2 Performance Measure represents the weighted average of the last three years' system average interruption frequency indices (SAIFI), exclusive of Major Events. The SAIFI index is the number of sustained interruptions that an average customer experiences during the year.

**2. Data Source:** Company's Annual Report (including Company records, data, and certified reports).

**3. Performance Measure Calculation:** The R2 Performance Measure is a three-year weighted average of the SAIFI reliability indices experienced by the Company's customers. The weighted average is calculated by adding together the target calendar year at a 50 percent weighting factor, the preceding year at a 30 percent factor and the second preceding year at a 20 percent factor. This Performance Measure is subject to the requirements of OAR 860-023-0080 through 0160.

**4. Threshold Levels for Performance Measure R2:** The Commission will set the threshold levels annually based on recommendations presented by Staff and the Company at a public meeting. Threshold Levels 1 and 2 are specific number of sustained interruptions for Performance Measure R2.

**5. Revenue Requirement Reductions:** Revenue requirement reductions shall be assessed for any year that the Performance Measure is at or above the threshold levels. The revenue requirement reductions shall be determined by the Commission as shown below.

- a. Threshold Level 1 –\$100,000.00 per year
- b. Threshold Level 2 –\$1,000,000.00 per year

**6. Company Responsibilities:** The Company shall furnish the annual R2 Performance Measure mentioned in data source (item 2 above) by May 1 of the following year.

**(iv) Performance Measure R3 -- Average Customer Momentary Interruption Frequency**

**1. Description:** The R3 Performance Measure represents the weighted average of the last three years' momentary event interruption frequency indices (MAIFIE), exclusive of Major Events. The MAIFIE index is the number of momentary interruption events that an average customer experiences during the year.

**2. Data Source:** Company's Annual Report (including Company records, data, and certified reports).

**3. Performance Measure Calculation:** The R3 Performance Measure is a three-year weighted average of the MAIFIE reliability indices experienced by the Company's customers. This average is calculated by adding together the target year at a 50 percent weighting factor, the preceding year at a 30 percent factor, and the second preceding year at a 20 percent factor. This Performance Measure is subject to the requirements of OAR 860-023-0080 through 0160.

**4. Threshold Levels for Performance Measure R3:** The Commission will set the threshold levels annually based on recommendations presented by Staff and the Company at a public meeting. The threshold levels 1 and 2 are specific number of momentary interruption events for Performance Measure R3.

**5. Revenue Requirement Reductions:** Revenue requirement reductions shall be assessed for any year that the measure is at or above the threshold levels. The revenue requirement reductions shall be determined by the Commission as shown below:

- a. Threshold Level 1 –\$100,000.00 per year
- b. Threshold Level 2 –\$1,000,000.00 per year.

**6. Company Responsibilities:** The Company shall furnish annual R3 Performance Measure value, as detailed in 2 and 3 above, by May 1 of the following year.

**(v) Performance Measure R4—Annual Service Restoration Index**

**1. Description:** The R4 Performance Measure represents the average time (hours) required to restore service to an average customer per sustained interruption, exclusive of Major Events. This is known as the Customer Average Interruption Duration Index (CAIDI).

**2. Data Source:** Company's Annual Report (including reliability records, data, and certified reports).

**3. Performance Measure Calculation:** The R4 Performance Measure is calculated each calendar year. R4 equals the annual SAIDI index divided by the annual SAIFI index. Major Events may be excluded by the Company. This measure is subject to the requirements of OAR 860-023-0080 through 0160.

**4. Threshold Levels Performance Measure R4:** The Commission will set the threshold levels annually based on recommendations presented by Staff and the Company at a public meeting. The threshold levels 1 and 2 are specific durations in hours for all customer sustained interruptions, on average, on an annual basis for Performance Measure R4.

**5. Revenue Requirement Reductions:** Revenue requirement reductions shall be assessed for any year that the Performance Measure is at or above the threshold levels. The revenue requirement reductions shall be determined by the Commission as shown below.

- a. Threshold Level 1 –\$100,000.00 per year
- b. Threshold Level 2 – \$1,000,000.00 per year

**6. Company Responsibilities:** The Company shall furnish an annual R4 Performance Measure value mentioned in data source (item 2 above) by May 1 of the following year.

**(vi) Reporting of X1, X2, and X3, Programs**

The Company and Staff will hold a yearly Maintenance Program Review Meeting by May 1. The Company will present to Staff, and include in the Annual Report, applicable information on each program's accomplishments for the year and plans for the next year. The Company shall provide quarterly updates on the X1 Performance Measure to Staff.

**(vii) Performance Measure X1 - Vegetation Management Program**

**1. Description:** The Vegetation Management Program is a Basic Maintenance Program that is set apart from the other inspection and maintenance programs due to the crucial effect trees can have on system safety and reliability. Trees and other vegetation are

trimmed or removed to provide line clearance and prevent system damage. The Vegetation Management personnel count is a valuable early warning indicator to alert Staff of the Company's ability to adequately maintain its system.

## **2. Understanding:**

- a) The Company acknowledges that "tickling," "brushing" contacts, brown leaves, desiccation, or any other descriptions, or results of, direct or arcing contact with primary conductors is interpreted by Staff as interference.
  
- b) The Company will achieve and maintain full compliance with OAR 860-024-0016 as interpreted by Staff.

## **3 Program Expenditures:**

The Annual Report will contain information showing the Company's actual annual expenditures compared with its previously planned expenditures. Information will include total budget with actual versus budgeted for each of the following elements: Maintenance Cycle Trimming, Customer Assistance Trimming, Line Construction Trimming, and PacifiCorp supervision and administration.

## **4 Vegetation Management Personnel Information:**

The Company's Annual Report shall include the number of full time employees assigned to the following positions for each of the last three years:

- a) Company foresters;
- b) Company tree trimmers and arborists; and
- c) Contractor tree trimmers and arborists.

**2. Data Source:** Company's records, data and reports.

### **(viii) Performance Measure X2 - Pole and Overhead Facilities Inspection, Testing and Maintenance Program**

**1. Description:** This Performance Measure includes the inspection, testing and maintenance of all Company-owned distribution and transmission poles and overhead distribution facilities. All Company-owned poles must be tested for residual fiber strength. Equipment attached to any pole must be inspected, repaired, or replaced to ensure the electrical system remains in good working order and meets the National Electric Safety Code (NESC).

**2. Required Interval:**

10-year cycle, 10% annually with no individual year falling below 8.5%.

**3. PacifiCorp Quality Control:**

PacifiCorp is to conduct monthly inspection by appropriate random sample to ensure accuracy of the inspection. Minimum 5% of repair or replacement work is inspected as needed to ensure NESC compliance.

**4. Program Expenditures:**

PacifiCorp is to submit an annual actual versus budgeted expenditures report for the following:

- Pole and Overhead Facilities Inspection, Testing and Pole Treatment
- Repair and Replacement of Facilities

**(ix) Performance Measure X3 – Substation Maintenance Programs**

**1. Description:** Substations are critical utility network facilities requiring more frequent inspections and testing of all its equipment. The Company will provide, at the annual meetings, information of its substations maintenance programs.

**2. Program Interval**

The program interval will be dictated by the substation equipment operational requirements.

**3. Program Expenditures**

PacifiCorp is to submit an annual actual versus budgeted expenditures report for all substations equipment maintenance programs.



1 **CERTIFICATE OF SERVICE**

2 I certify that on March 23, 2010, I served the foregoing Staff Motion upon the parties in  
3 this proceeding by electronic mail and by sending a true, exact and full copy by regular mail,  
4 postage prepaid, or by hand-delivery/shuttle, to the parties accepting paper service.

5  
6 **Community Action Partnership of Oregon**

7 Jess Kincaid  
8 Energy Partnership Coordinator  
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10 945 Columbia Street NE  
11 Salem OR 97301  
12 [jess@caporegon.org](mailto:jess@caporegon.org)

13 **Citizens' Utility Board of Oregon**

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15 Executive Director  
16 610 SW Broadway Suite 400  
17 Portland OR 97205  
18 [bob@oregoncub.org](mailto:bob@oregoncub.org)

19 **Idaho Power Company**

20 Gregory Said  
21 Director – Revenue Requirement  
22 1221 West Idaho Street  
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25 **Industrial Customers of Northwest Utilities**

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**Pacific Power & Light**

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Neoma Lane  
Legal Secretary  
Department of Justice  
Business Activities Section

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2 **OF OREGON**

3 UM 918

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11 **CONCLUSION**

12 For the reasons stated, staff asks the Commission approve the attached revised SQM  
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14  
15 DATED this 23<sup>rd</sup> of March 2011.

16 Respectfully submitted,

17 JOHN R. KROGER  
18 Attorney General

19 s/Michael T. Weirich  
20 Michael T. Weirich, #82425  
21 Assistant Attorney General  
22 Of Attorneys for Staff of the Public Utility  
23 Commission of Oregon  
24  
25  
26