

DECISION MEMORANDUM

**TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
LEGAL**

FROM: TJ GOLO

DATE: JULY 25, 2008

**RE: PROPOSED MODIFICATION TO PERFORMANCE STANDARDS AND
CUSTOMER GUARANTEES; CASE NO. PAC-E-05-8.**

BACKGROUND

On June 4, 2008, PacifiCorp dba Rocky Mountain Power submitted a proposal to revise three Network Performance Standards. The Company proposes a retroactive effective date of April 1, 2008, to provide a seamless transition between the original and new standards for purposes of filing reports with the Commission. The Company implemented a Service Standards Program comprised of Network Performance Standards and Customer Service Performance Standards and Guarantees in 1999 and committed to a five-year term that expired on March 31, 2005. The program was initially extended voluntarily but was later affirmed and extended through December 31, 2011, as part of MidAmerican's acquisition of PacifiCorp in Case No. PAC-E-05-08.

Commitment No. 45 in that case states:

MEHC and PacifiCorp commit to continue customer service guarantees and performance standards as established in each jurisdiction, provided that MEHC and PacifiCorp reserve the right to request modifications of the guarantees and standards after March 31, 2008, and the right to request termination (as well as modification) of one or more guarantees or standards after 2011. The guarantees and standards will not be eliminated or modified without Commission approval.

According to the Company, the guarantees and standards have been successful in improving service to the customers and system reliability. The Company is not proposing any changes to the Customer Performance Standards and Customer Guarantee Program and will continue that program until December 31, 2011. Similarly, it will not change its Network Performance Standard regarding restoration of service. However, PacifiCorp requests that three Network Performance Standards be slightly modified.

The Company is proposing to change the targets for the Network Performance Standards 1, 2, and 3. The modified targets will be developed around the “Controllable Distribution” outages which are “outage events that are of a controllable nature on the distribution system.” The Company will focus the most cost-effective projects to improve system reliability and maintain responsiveness during outages.

STAFF ANALYSIS

Staff has reviewed the proposed modifications for the Network Performance Standards 1, 2 and 3, which are shown below. The proposed targets are focused towards the controllable outage events at the distribution level. These types of events include power lines coming into contact with each other, vegetation contact with power lines, animal interference or equipment failure. The Company can prevent these events from occurring through their engineering programs. Outages caused by a car hitting a pole, severe weather and transmission outages are not avoidable through engineering programs and are not considered controllable outage events. The targets presented by the Company were fairly aggressive but reasonable based on the types of outage events included in the metric. The modified targets will be accomplished within the proposed time period without affecting the allocated budget for the program and will have no effect on rates.

Service Standard	Commitment	Proposed Modification
Network Performance Standard 1: Improve System Average Interruption Duration Index (SAIDI)	The Company will improve SAIDI by 6% from March 31, 2005 to March 31, 2008.	Improve controllable distribution outage duration by 46% over the three-year nine-month performance period, resulting in a SAIDI target of no more than 30.5 minutes.
Network Performance Standard 2: Improve System Average Interruption Frequency Index (SAIFI)	The Company will improve SAIFI by 6% from March 31, 2005 to March 31, 2008.	Improve controllable distribution outage frequency by 37% over the three-year nine-month performance period, resulting in a SAIFI target of no more than 0.297 events.
Network Performance Standard 3: Improve Under Performing Circuits	The Company will select a maximum of five under-performing circuits in Idaho on an annual basis and will undertake corrective measure to reduce the average CPI by 20% within 5 years.	The Company will select a maximum of two under-performing circuits in Idaho on an annual basis and will undertake corrective measure to reduce the average CPI by 20% within 5 years.

STAFF RECOMMENDATION

Staff recommends Commission approval of the proposed modification to Network Performance Standards 1, 2, and 3 with an effective date of April 1, 2008.

COMMISSION DECISION

Does the Commission accept the three proposed modifications to Rocky Mountain's Network Performance Standards?



TJ Golo

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