



December 2, 2004

Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250

Attention: Carole Washburn  
Executive Secretary

RE: Advice No. 04-13 – Docket No. UE-981627  
Rule 25 – Customer Guarantees  
Schedule 300 – Charges as Defined by the Rules and Regulations

Pursuant to Washington Law, including Sections 80.28.050 and 80.28.060 of the revised Code of Washington and the Commission's Rules and Regulations, PacifiCorp (dba Pacific Power & Light Company) submits for electronic filing proposed tariffs applicable to Pacific Power & Light Company's electric service in the state of Washington. The Company respectfully requests an effective date of April 1, 2005.

First Revision of Sheet No. W.1	Rule 25	Customer Guarantees
Second Revision of Sheet No. W.2	Rule 25	Customer Guarantees
Second Revision of Sheet No. W.3	Rule 25	Customer Guarantees
First Revision of Sheet No. W.4	Rule 25	Customer Guarantees
Second Revision of Sheet No. 300.2	Schedule 300	Charges as Defined by the Rules and Regulations

The Company is requesting approval of the proposed changes to Rule 25 and Schedule 300 by January 31, 2005 to allow sufficient time to train employees and make necessary system changes to reflect the revisions to the Customer Guarantee Program which would take effect April 1, 2005.

The Company is also proposing changes to both the Network Performance Standards and the Customer Service Performance Standards described in the Direct Testimony of Bob Moir in the above docket. A description of both the Customer Guarantee Program and the Performance Standards Program which will be in effect after April 1, 2005 is attached.



## Background

At the time of the merger between PacifiCorp and ScottishPower, the Company agreed to implement seven Performance Standards and eight Customer Guarantees. The Performance Standards are described in detail on Pages 5 through 10 of Bob Moir's Direct Testimony in Docket No.UE-981627. The Customer Guarantees are described in detail on Pages 11 through 15 of this same testimony. The Company committed to a five-year term for the program duration and began offering the Customer Guarantees to customers as of February 29, 2000. Improvements to network and customer service performance got underway at approximately the same time. The expiration of the five-year commitment for the Service Standards Program is March 31, 2005.

The purpose behind the Service Standards Program was to improve service to customers and to emphasize to employees that customer service is a top priority. The Company has been very successful with the Customer Guarantees as demonstrated by Fiscal Year 2004 performance with more than 166,000 events, or "opportunities" to serve customers under the guarantees, and only 45 failures in Washington. In other words, the Company's success rate in meeting the guarantee commitments in Washington was 99.9% in Fiscal Year 2004. The same success rate was realized in Fiscal Year 2003.

The Company has also been successful in making progress in meeting the performance standard commitments, as demonstrated by Fiscal Year 2003 and 2004 reports provided to the Commission and as demonstrated in the Company's annual Reliability Report. The Company is on track for meeting all of the performance standard targets by the end of the five-year commitment on March 31, 2005. The Company's annual report on performance will be submitted by May 31, 2005.

In considering how to proceed after the five-year merger commitment expires, the Company made the determination that both the Customer Guarantee Program and the Performance Standards should be continued. This determination was based on the positive customer, employee and regulatory feedback regarding the service standards, the process improvements that have resulted from the service standards, and to maintain the Company's focus on providing excellent customer service to our Washington customers.

In deciding whether to continue the Customer Guarantee Program, the Company also researched what other utilities were offering in terms of guarantees. In May 2004 the Company completed a survey of US utilities offering customer guarantees by reviewing Edison Electric Institute's catalog of investor-owned electric utilities and obtaining customer guarantee information through each company's web site. Including PacifiCorp, 13 utilities offering customer guarantees were identified. The average guarantee payment is \$23 and the average number of guarantees offered is 4.8. Attached is a list of the utilities included in the survey.

## Description of Modified Customer Guarantee Program Proposal

The Company is proposing several changes to the current Customer Guarantee Program which

include improvements to the guarantees as well as the elimination of one guarantee. The intent is to simplify the program and enhance the program in some key areas, based on customer and employee feedback. The Company is proposing a three-year duration for the modified program, with an expiration date of March 31, 2008. At that time the program will be reviewed to determine what modifications to the program should be made in the future.

Under the modified program the Company will guarantee the following services:

- Restoring Supply After an Outage
- Meeting Appointments
- Connecting New Service
- Providing an Estimate
- Responding to Billing Inquiries
- Resolving Meter Problems
- Providing Notice on Planned Interruptions

The modified guarantee program will apply to residential and small commercial customers only. Large commercial and industrial customers are actively managed by the Company's Corporate Account Managers and the Customer Guarantee payments are not meaningful for this group of customers. The Company will report performance in meeting these guarantees on an annual basis to both customers and the Commission.

Shown below is a detailed description of the modified Customer Guarantee Program.

### **Restoring Supply After an Outage – Proposed Customer Guarantee 1**

The Company will continue the existing guarantee for restoring supply after an outage and commits to restoring a customer's electric supply within 24 hours of being notified, with certain exceptions as shown in Rule 25.

The Company is proposing to retain the guarantee for restoring supply after an outage and proposing to change the major event exemption to base it upon the most current Institute of Electrical and Electronics Engineers, Inc. (IEEE) major event exemption as developed by the IEEE P1366 industry working group. Currently, the major event exemption is specified in Rule 25 and is largely based on IEEE's 1999 major event exemption.

Of the utilities surveyed with a guarantee program, only two in addition to PacifiCorp guaranteed restoration of supply after an outage. Both utilities include in their guarantee an exemption for major events "...during storms, natural disasters, or other major events outside the company's control..." or during "...serious emergencies and/or storm conditions or when access is not available."

### **Meeting Appointments – Proposed Customer Guarantee 2**

In 2001 this customer guarantee was enhanced by offering the customer a morning appointment

between the hours of 8 AM and 1 PM, or an afternoon appointment between the hours of Noon and 5 PM. To further enhance this guarantee, the Company is proposing to offer customers an appointment within a two-hour time window. Appointments were rated highest in level of importance of all guarantees by customers and the proposed improvement to this guarantee will provide customers a higher level of service in the future.

Among the utilities surveyed, guaranteeing appointments is the most frequently offered guarantee. Twelve of the 13 utilities in addition to PacifiCorp offer a guarantee for appointments.

### **Switching on Power – Proposed Customer Guarantee 3**

The Company is proposing that this guarantee be retained in a modified form. When this guarantee was implemented, the Company expanded the guarantee voluntarily to apply to disconnection for nonpayment. As described in the testimony of Bob Moir and as outlined in the Company's Rule 25 on file with the Commission, this guarantee applies to "switching on power" and not to reconnection for nonpayment. In the future, the modified Customer Guarantee Program will include a specific exclusion for service that has been disconnected for nonpayment, subterfuge or theft/diversion of service.

It should be noted that as part of our internal procedures, the Company will strive to reconnect customers who have been disconnected for nonpayment within 24 hours after payment is received or payment arrangements are made, but no guarantee payment will apply for the service that has been disconnected for nonpayment. The customer who was disconnected for credit reasons did not meet their obligation with regard to making payment to the Company and the Company will not be voluntarily offering guarantee credits in the future to the customers who are disconnected for nonpayment.

In addition, the Company will be providing a flat payment of \$50 in the event of a guarantee failure for switching on power, rather than the current compounding of \$25 every 12 hours beyond 24 hours, up to a maximum of \$200. It has been our experience in administering this guarantee that generally customers who received the compounded payment were customers who needed the power at some future date and were not inconvenienced by any failure to turn the power on. In a typical situation a customer may call to have service turned on the first of the month but the customer does not go to the site until a week later. At that time they find the service is not on and re-contact the Company, at which time service is connected. Prior to this, the Company had no opportunity to correct the oversight for the customer.

Of the utilities surveyed, five in addition to PacifiCorp offer a guarantee on service activation for existing service. The guarantee payments for this specific guarantee range from \$10 to \$100, averaging \$42. As stated above, the Company is proposing a \$50 failure payment for this guarantee. None of the utilities surveyed include compounding in their guarantee program. In addition, none of the utilities surveyed offer a guarantee for disconnection for nonpayment.

#### **Estimates for New Supply – Proposed Customer Guarantee 4**

The Company proposes to continue the guarantee for estimates but in a simplified form. The guarantee currently is made up of three components: (a) Contacting the customer within two working days to set an appointment; (b) providing a ballpark estimate within 5 days of the appointment for jobs where no network changes are required; and (c) providing a written estimate within 15 working days of the appointment for jobs where network changes are required. In order to simplify this guarantee and address the concerns of employees surrounding the complexity of this guarantee, the Company will limit the guarantee to providing a written estimate to customers within 15 working days of the appointment.

The Company will retain as an internal target contacting the customer within two working days to establish an appointment, but the guarantee payment will focus on providing the customer a written estimate within 15 working days. For customers who only require a “ballpark” estimate, the Company typically gives this information to the customer during early discussions with the customer and a specific guarantee for this service is not required.

We have not found any other utility offering a guarantee for providing an estimate for new supply. In addition, in the customer focus groups that were conducted to obtain feedback on the Customer Guarantee Program, this guarantee was not given a high priority. This is likely due to the fact that the customers who were part of the focus group did not see a need to use this guarantee with any frequency since it is only applicable to line extension requests. Nevertheless, we propose to continue to offer this guarantee in a simplified form due to the business improvements that have resulted in providing customers with an estimate within 15 working days.

#### **Responding to Bill Inquiries – Proposed Customer Guarantee 5**

The Company will continue the existing guarantee for billing inquiries as it is currently written.

Among the utilities surveyed, two in addition to PacifiCorp offer a guarantee on responding to billing inquiries.

#### **Resolving Meter Problems – Proposed Customer Guarantee 6**

The Company is proposing a reduction in the amount of time to meet this guarantee from 15 working days to 10 working days. This will improve service to customers and is more closely aligned with the service that customers would like to receive from the Company in addressing meter problems.

Among utilities surveyed, two in addition to PacifiCorp offer a guarantee on resolving meter problems.

## **Notifying of Planned Interruptions – Proposed Customer Guarantee 7**

This is an important guarantee for our customers although it is a labor intensive activity for our employees. To maintain a high level of service to customers but also provide the Company with more flexibility surrounding this guarantee, in the future the Company will provide a minimum of two calendar days notification to customers of planned interruptions instead of two working days notification as shown in Rule 25.

The testimony of Bob Moir in Docket No. UE-981627 did not indicate that working days notice would be required. It was the Company's decision to provide two working days notice, however, the two working days notice is less flexible than desired and we are now proposing two calendar days notice.

Among the utilities surveyed, three in addition to PacifiCorp offer a guarantee on notice of planned interruptions.

### Description of Guarantee That Has Been Eliminated

The Company will be eliminating one guarantee after the five-year merger commitment expires. This will simplify the Customer Guarantee Program while still maintaining a robust program.

## **Eliminate Responding to Power Quality Complaints – Existing Customer Guarantee 8**

There were no failures for this guarantee in fiscal year 2004 or fiscal year 2003 in Washington and only 54 and 55 events or "opportunities" for failure in each respective year. Not only is this guarantee used infrequently, it is also confusing and somewhat redundant since the Company has committed to respond to all complaints in a shorter time frame than the parameters given in this guarantee under existing Customer Performance Standard 7.

This guarantee was ranked low in importance by PacifiCorp customers and only one other utility offers a guarantee on power quality complaint response. In addition, the Company already provides a response to Commission complaints that are non-disconnect related within two business days and a response to Commission complaints that are disconnect or safety-related within four business hours.

### Description of Modified Network Performance Standard Proposal

The Company is proposing that key Network Performance Standards be retained after the five-year merger commitment expires in order to continue improvements in system wide reliability and to maintain responsiveness in the event of outages. The modified Network Performance Standards for Washington are described below.

## **Network Performance Standard 1**

During the three-year period of the Modified Network Performance Standards Program, the

Company will continue to achieve SAIDI results (System Average Sustained Interruption Duration Index) equal to that committed to as a result of the Company's merger commitment with regard to SAIDI, which is 138 minutes<sup>1</sup>. The performance baseline established in the merger for SAIDI in Washington is very high and ranks among second quartile performance nationally. The Company has met the improvement target for SAIDI with performance of 126 minutes as of March 31, 2004. The Company commits to continue to meet a level of performance in Washington for SAIDI of 138 minutes during the period April 1, 2005 through March 31, 2008.

### **Network Performance Standard 2**

During the three-year period of the Modified Network Performance Standards Program, the Company will continue to achieve SAIFI<sup>2</sup> results (System Average Sustained Interruption Frequency Index) equal to that committed to as a result of the Company's merger commitment with regard to SAIFI, which is 0.975 events. The performance baseline established in the merger in Washington for SAIFI is very high and ranks among second quartile performance nationally. The Company expects to meet the improvement target for SAIFI as of March 31, 2005. The Company commits to continue to meet a level of performance in Washington for SAIFI of 0.975 events during the period April 1, 2005 through March 31, 2008.

### **Network Performance Standard 3**

The Company will continue to select a maximum of five under-performing circuits in Washington on an annual basis and will undertake corrective measures to reduce the circuit performance indicator (CPI) by 20% within two years. The Company will expand the event inclusions to consider transmission and local transmission outage events, as well as events that meet the criteria of the IEEE major event definition discussed above. The Company believes this measure provides an important way to target circuit improvements for the benefit of customers.

### **Network Performance Standard 4**

The Company is proposing to continue to restore power outages due to a loss of supply or damage to the Company's distribution system on average to 80 % of customers within three

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<sup>1</sup> The target was developed by improving underlying performance by 10% (or 2% annually for 5 years). Underlying performance is day-to-day performance. Normalizing performance estimates were prepared previously in the development of merger commitment targets and include performance which exceeded performance thresholds from IEEE P1366-2003, but did not affect 10% of the customers within an operating area, and as such, were not filed for Major Event exclusion. In Washington 138 minutes is the sum of 111 underlying minutes and 27 normalizing minutes.

<sup>2</sup> The target was developed by improving underlying performance by 10% (or 2% annually for 5 years). Underlying performance is day-to-day performance. Normalizing performance estimates were prepared previously in the development of merger commitment targets and include performance which exceeded performance thresholds from IEEE P1366-2003, but did not affect 10% of the customers within an operating area, and as such, were not filed for Major Event exclusion. In Washington 0.975 events is the sum of 0.778 underlying events and 0.197 normalizing events.

hours. This is an important way to target both reliability performance as well as the responsiveness of the Company to restore service for customers.

#### Description of Network Performance Standard That Has Been Eliminated

The Company will be eliminating the network performance standard relating to Momentary Average Interruption Frequency Index (MAIFI). The Company has been measuring this index by breaker counts but we have found that this does not result in the adequate measurement of MAIFI. Adding momentary detection to each circuit is cost prohibitive and data intensive to try and investigate using current technology. In the future the Company will manage momentary events within the delivery system and will rely on customer feedback to identify high momentary outage activity.

#### Description of Modified Customer Service Performance Standards

The Company is also proposing that the Customer Service Performance Standards, which expire at the end of the five-year merger commitment period, be modified and retained by the Company for a three-year period. The Company is proposing changes to both Customer Service Performance Standards. A change the Company will be making to the performance standard surrounding telephone performance will be to adjust the service level for telephone response from 80% of calls answered in 20 seconds to 80% of calls answered in 30 seconds and to focus on the quality of service that customers receive by monitoring customer satisfaction with the Company's Customer Service Associates and the quality of response customers receive. The Company is also proposing changes to the complaint performance standard to indicate that the Company will respond to at least 95% of Commission complaints within the specified time frame given in the standard. This provision is consistent with the third component of existing Customer Service Performance Standard 7 where at least 95% of complaints are resolved within 30 days. The Company will report performance on an annual basis for both measures.

#### **Customer Service Performance Standard 5**

The Company is proposing to retain a target for telephone service level performance to answer at least 80 percent of calls within 30 seconds. In addition, the Company will ensure that customers receive a high quality of response by monitoring customer satisfaction with the Company's Customer Service Associates and the Company will monitor the quality of response customers receive through our eQuality monitoring system.

The Company has significantly improved telephone service levels since the merger. At the time of the merger about 80 percent of calls were answered in 45 seconds. Currently, about 80 percent of calls are answered in 20 seconds (80/20). Given today's environment with more complex issues within the electric utility industry and increasing call volumes, meeting this target is not without cost in terms of mandatory overtime and requiring non-customer service representatives to answer calls during high call volumes. At the same time, the perceived value that customers place on having their call answered 10 seconds sooner is negligible. According to focus group research conducted in 2000 when the Company's service level commitment was 80



percent of calls answered in 30 seconds (80/30), hold times were perceived as satisfactory and reasonable, especially when compared with customers' experience with other companies' call centers. In response to the 20 second wait time, some customers felt concerned that quality of service might suffer in the haste to answer calls. In other customer research, PacifiCorp's customer satisfaction with hold times actually decreased from 70.4% to 69.9% following the move from 80/30 to 80/20.

A service level goal of 80 percent of calls answered within 30 seconds complements the Company's focus on quality and provides customers with service in line with service levels for other electric utilities. A survey of 61 other utilities in 2003 indicated that 80/30 was the most common service level with the mean average service level being approximately 70 percent of calls answered within 30 seconds.

To complement the 80/30 service level, the Company will be monitoring customer satisfaction with Customer Service Associates to ensure that high levels of satisfaction continue. Currently about 90% percent of customers report overall satisfaction with the Company's Customer Service Associates. The Company will also be the monitoring the quality of response received by customers through the Company's eQuality monitoring system.

#### **Customer Service Performance Standard 6**

The Company is also proposing changes to the Customer Service Performance Standard on complaint response and resolution to indicate that the Company will respond to at least 95% of non-disconnect complaints within three working days (two working days in Washington) and will respond to at least 95% of disconnect complaints within four working hours. This provision is consistent with the third component of the existing performance standard where at least 95% of complaints are resolved within 30 days.

The current performance standard includes three components: Responding to non-disconnect complaints within three business days (two days in Washington); responding to disconnect complaints within four business hours; and resolving 95 percent of complaints within 30 days. The first two components should also include a 95 percent completion target which will allow for an occasional missed response within the time frame but still provide excellent service to customers. The omission of the 95 percent target was an oversight at the time this performance standard was implemented and the Company will be revising the target in the future to allow for a 95 percent completion target for complaint responses.

It is respectfully requested that all formal correspondence and Staff requests regarding this filing be addressed to the following:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com).

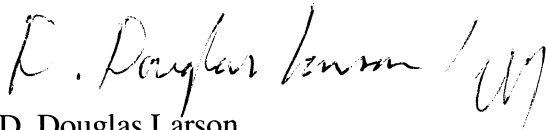
By Fax: (503) 813-6060

Advice No. 04-13  
PacifiCorp  
December 2, 2004  
Page 10

By regular mail:                      Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 800  
Portland, OR 97232

Informal inquiries may be directed to Carole Rockney at (503) 813-7408.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Douglas Larson" followed by a stylized flourish or initials.

D. Douglas Larson  
Vice President, Regulation

Enclosures

## Proposed Customer Guarantees Effective April 1, 2005

Customer Guarantee 1: Restoring Supply After an Outage	The Company will restore supply after an outage within 24 hours of notification with certain exceptions as described in Rule 25.
Customer Guarantee 2: Appointments	The Company will keep mutually agreed upon appointments which will be scheduled within a two-hour time window.
Customer Guarantee 3: Switching on Power	The Company will switch on power within 24 hours of the customer or applicant's request, provided no construction is required, all government inspections are met and communicated to the Company and required payments are made. Disconnection for nonpayment, subterfuge or theft/diversion of service are excluded.
Customer Guarantee 4: Estimates For New Supply	The Company will provide an estimate for new supply to the applicant or customer within 15 working days after the initial meeting and all necessary information is provided to the Company.
Customer Guarantee 5: Respond To Billing Inquiries	The Company will respond to most billing inquiries at the time of the initial contact. For those that require further investigation, the Company will investigate and respond to the Customer within 10 working days.
Customer Guarantee 6: Resolving Meter Problems	The Company will investigate and respond to reported problems with a meter or conduct a meter test and report results to the customer within 10 working days.
Customer Guarantee 7: Notification of Planned Interruptions	The Company will provide the customer with at least two days notice prior to turning off power for planned interruptions.

*Note: See Rule 25 for a complete description of terms and conditions for the Customer Guarantee Program.*

**Proposed Performance Standards  
Washington  
Effective April 1, 2005**

Network Performance Standard 1: Improve System Average Interruption Duration Index (SAIDI)	The Company will continue to achieve SAIDI of at least 138 minutes through March 31, 2008.
Network Performance Standard 2: Improve System Average Interruption Frequency Index (SAIFI)	The Company will continue to achieve SAIFI of at least 0.975 through March 31, 2008.
Network Performance Standard 3: Improve Under Performing Circuits	The Company will reduce by 20% the circuit performance indicator (CPI) for a maximum of five under performing circuits on an annual basis within two years.
Network Performance Standard 4: Supply Restoration	The Company will restore power outages due to loss of supply or damage to the distribution system on average to 80% of customers within three hours.
Customer Service Performance Standard 5: Telephone Service Level	The Company will answer 80% of telephone calls within 30 seconds. The Company will monitor customer satisfaction with Company Customer Service Associates and quality of response received by customers through the Company's eQuality monitoring system.
Customer Service Performance Standard 6: Commission Complaint Response/Resolution	The Company will respond to at least 95% of non disconnect Commission complaints within three working days and will respond to at least 95% of disconnect Commission complaints within four working hours. The Company will resolve at least 95% of Commission complaints within 30 days.

**US Electric Utilities  
with Customer Guarantee Programs**

**May 2004 Survey  
Of EEI's Catalog of Investor Owned Utilities**

<b>Utility</b>	<b>Service Territory</b>
Central Maine Power	Maine
Central Vermont	Vermont
Conectiv Power Delivery	New Jersey, Maryland, Delaware, and Virginia
Duquesne	Pittsburgh, Pennsylvania
New York State Gas & Electric	Upstate New York
Nstar	Eastern Massachusetts
Orange & Rockland	NE Suburb of New York City
Otter tail	North Dakota, South Dakota, and Minnesota
Pacific Gas & Electric	Northern and Central California
Pennsylvania Power & Light	Pennsylvania
Puget Sound Energy	Northern and Central Washington
Rochester Gas & Electric	Rochester, New York