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July 7, 2008

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Mail Stop: FY-11/7250
Olympia, WA 98504-7250

Attn: Carole Washburn
Executive Secretary

**Re: Proposed Modifications to Service Standards Program
Docket No. UE-051090**

PacifiCorp (d.b.a. Pacific Power) hereby submits to modify PacifiCorp's Service Standards Program to revise baselines for three of its Performance Standards (PS-1, PS-2 and PS-3). The requested effective date of the modifications is retroactive to April 1, 2008.

Background

In 1999, PacifiCorp agreed to implement a program titled the Service Standards Program, comprised of Performance Standards and Customer Guarantees. 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. Performance Standards for improvements to network and customer service performance were initiated at approximately the same time. The Service Standards Program expired on March 31, 2005, but was extended voluntarily and then later affirmed and further extended through December 31, 2011, as part of the MidAmerican Energy Holding Company's acquisition of PacifiCorp in Docket No. UE-051090. The commitment extending the program through 2011 recognized that certain program modifications may be appropriate, and this is incorporated into the language of the commitment:

General Commitment 45: 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.

This acquisition commitment was discussed in numbered paragraph 15 of the Washington Utilities and Transportation Commission's (the "Commission") Order No. 07 dated February 21, 2006, in Docket No. UE-051090, and approved in that same Order, and approved by the Commission in its Order No. 08 dated March 9, 2006.

The purpose behind the Service Standards Program was to improve service to customers and to emphasize to employees that customer service, including system reliability, is a top priority. This focus on system-level reliability performance and individual transactions with customers has honed the Company's operations and been effective in setting priorities for employees as they conduct their daily work. The Company has been very successful with these programs as demonstrated by its semiannual Service Standards Program filings.

In considering how to proceed upon completion of the second phase of the Service Standards Program, the Company made the determination that both the Customer Guarantees and the Performance Standards (the Performance Standards consists of network-related performance standards and customer service-related performance standards) should be continued, however, several of the network performance standards should be slightly modified. Further, it was determined no changes to the Customer Guarantees program as reflected in Rule 25 will be proposed.¹ This determination was based on the positive customer, employee and regulatory feedback regarding the Service Standards, process improvements that have resulted from the Service Standards, and the Company's desire to maintain its focus on providing excellent customer service to our Washington customers.

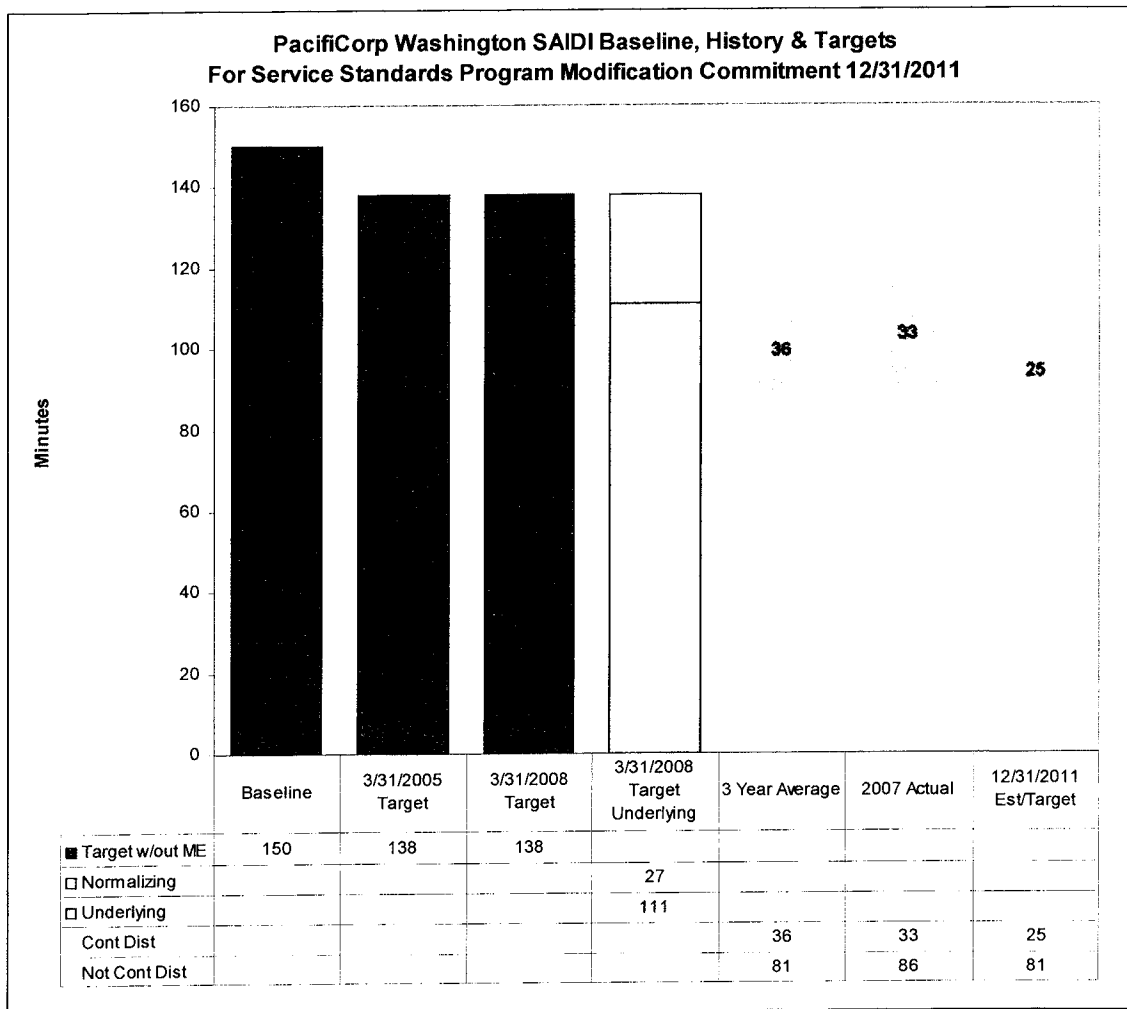
Description of the Proposed Modifications to Network Performance Standards

The Company is proposing to modify the basis for developing targets of three of the network-related performance standards (PS-1, PS-2, PS-3) in order to continue cost-effective improvements in system wide reliability and to maintain responsiveness in the event of outages. First, for PS-1 and PS-2, the Company proposes that improvement targets should be developed around outage events that are of a controllable nature on the distribution system, and therefore develops the category of "Controllable Distribution" outages. Controllable outage events are attributed to causes against which the Company is able to implement system improvements that have a high probability of avoiding future recurrence at a local level. For example, outages that are related to equipment failure or animal interference are controllable distribution outages since the Company can take measures to avoid them in the future and have fairly high certainty these events will not recur; on the other hand, transmission outage events and car-hit-pole interference outage events do not conform to the distinction of controllable distribution, and while important to avoid, are generally not avoidable via engineered programs within the distribution system. For PS-3, the Company proposes that given the relatively small number of circuits in its Washington service area (123) and the number of years it has been identifying under-performing circuits, that it is appropriate to reduce the identified number of circuits to two annually.

¹ No modifications are being proposed to the credits associated with the Customer Guarantees and Performance Standards as set forth in Schedule 300.

Network Performance Standard 1

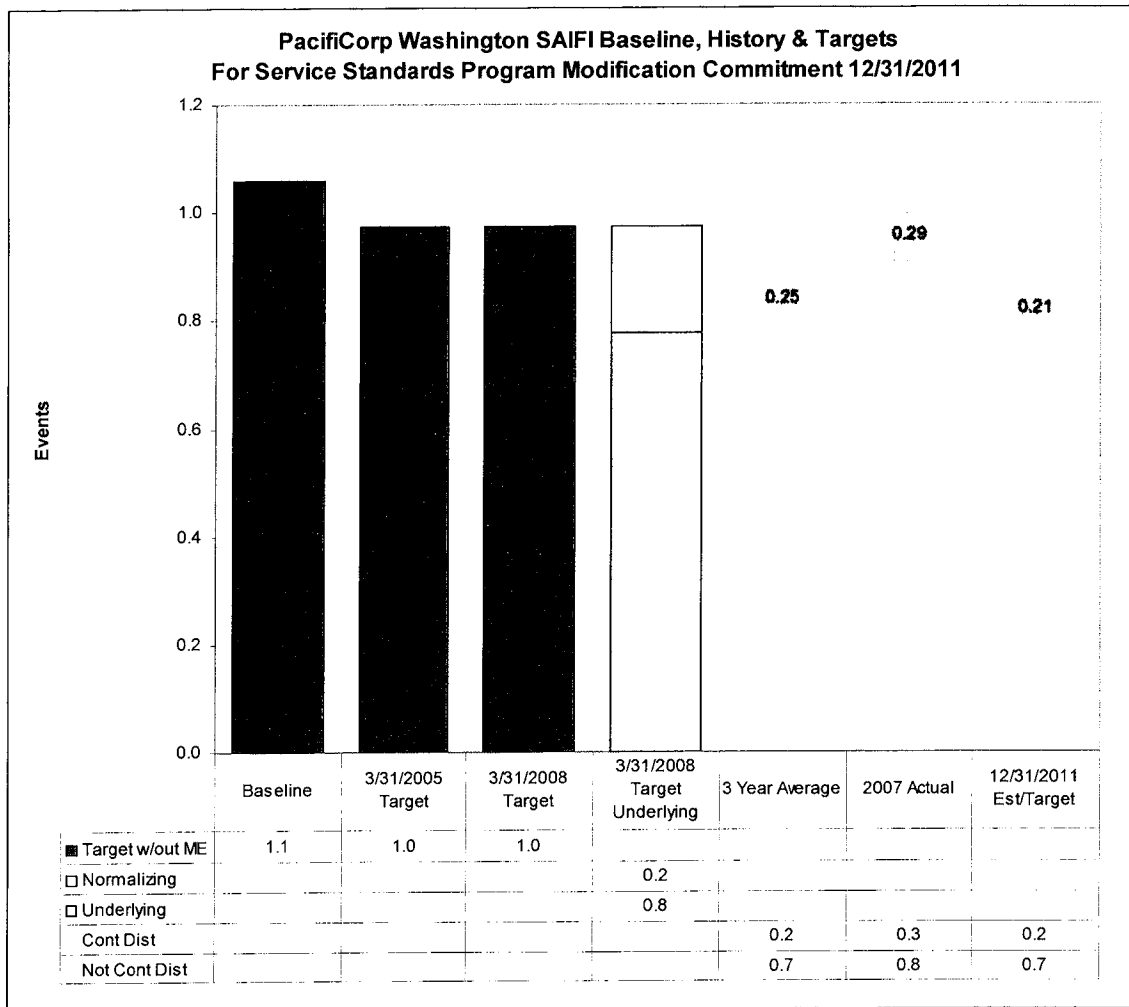
During the period April 1, 2008 through December 31, 2011, the Company will report total and underlying system average sustained interruption duration index (“SAIDI”) for each year. Further, within the three-year nine-month period, it will improve controllable distribution outage duration by 30% over the average prior period performance, resulting in a controllable distribution SAIDI reduction of 10.9 minutes, to a target² of no more than 25.0 minutes. This target continues the improvement trend delivered previously on controllable distribution outages only; this historical improvement trend and associated targets is depicted below.



²The target is developed by categorizing outages into controllable distribution causes and evaluating prior average performance; the targets are based on the more aggressive of, 2007 or 3 year average performance; the total estimate is based on the lower of the 3 year average or 2007 performance.

Network Performance Standard 2

During the period April 1, 2008 through December 31, 2011, the Company will report total and underlying system average sustained interruption frequency index (“SAIFI”) for each year. Further, within the three-year nine-month period, it will improve controllable distribution outage frequency by 14% over the average prior period performance, resulting in a controllable distribution SAIFI reduction of 0.034 events, to a target of no more than 0.214 events. This target continues the improvement trend delivered previously on controllable distribution outages only; the historical improvement trend and the associated targets are depicted below.



Network Performance Standard 3

Beginning April 1, 2008, the Company will select on an annual basis a maximum of two under-performing circuits in Washington and will undertake corrective measures to reduce the average circuit performance indicator³ ("CPI") by 20% within five years. CPI includes all outage events experienced by customers, including transmission and local transmission outage events, as well as events that meet the criteria of the Institute of Electrical and Electronics Engineers ("IEEE") major event definition. The Company believes this measure provides an important way to target circuit improvements for the benefit of customers.

For your convenience and review, enclosed is a copy of the Service Standards Program Comparison which reflects the existing program and proposed modifications.


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

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Please direct any informal questions to Heidemarie Caswell at 503-813-6216.

Sincerely,



Andrea Kelly
Vice President - Regulation

Enclosures

cc: Deborah Reynolds
Roger Kouchi

³In the case of transmission circuit selection, transmission circuit performance indicators ("TCPI") will be used to evaluate performance improvements.

Washington

1.1 Pacific Power Customer Guarantees

	Existing	Proposed Modifications
<u>Customer Guarantee 1:</u> 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.	No change
<u>Customer Guarantee 2:</u> Appointments	The Company will keep mutually agreed upon appointments which will be scheduled within a two-hour time window.	No change
<u>Customer Guarantee 3:</u> 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. Disconnections for nonpayment, subterfuge or theft/diversion of service are excluded.	No change
<u>Customer Guarantee 4:</u> 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.	No change
<u>Customer Guarantee 5:</u> 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.	No change
<u>Customer Guarantee 6:</u> 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.	No change
<u>Customer Guarantee 7:</u> Notification of Planned Interruptions	The Company will provide the customer with at least two days notice prior to turning off power for planned interruptions.	No change

1.2 PacifiCorp Performance Standards

	Existing	Proposed Modifications
<u>Network Performance Standard 1:</u> Improve System Average Interruption Duration Index (SAIDI)	The Company will improve SAIDI by 6% by March 31, 2008.	The Company will improve Controllable Distribution SAIDI by 30% by December 31, 2011.
<u>Network Performance Standard 2:</u> Improve System Average Interruption Frequency Index (SAIFI)	The Company will improve SAIFI by 6% by March 31, 2008.	The Company will improve Controllable Distribution SAIFI by 14% by December 31, 2011.
<u>Network Performance Standard 3:</u> 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 five years after selection.	The Company will reduce by 20% the circuit performance indicator (CPI) for a maximum of two under performing circuits on an annual basis within five years after selection.
<u>Network Performance Standard 4:</u> 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.	No change
<u>Customer Service Performance Standard 5:</u> Telephone Service Level	The Company will answer 80% of telephone calls within 30 seconds. The Company will monitor customer satisfaction with the Company's Customer Service Associates and quality of response received by customers through the Company's eQuality monitoring system.	No change
<u>Customer Service Performance Standard 6:</u> Commission Complaint Response/Resolution	The Company will a) respond to at least 95% of non-disconnect Commission complaints within three working days and will b) respond to at least 95% of disconnect Commission complaints within four working hours. The Company will c) resolve 95% of informal Commission complaints within 30 days.	No change

Note:

Performance Standards 1, 2 & 4 are for underlying performance days and exclude those classified as Major Events.