

December 2, 2004

Utah Public Service Commission  
Heber M. Wells Building, 4<sup>th</sup> Floor  
160 East 300 South  
Salt Lake City UT 84114

Attention: Julie P. Orchard  
Commission Secretary

RE: Advice Filing 04-13 - Docket No. 98-2035-04  
Rule 25 – Customer Guarantees  
Schedule 300 – Regulation Charges

PacifiCorp (d.b.a. Utah Power & Light Company) hereby submits for filing an original and two copies of proposed changes to Electric Service Regulation 25 and Schedule 300 of Tariff P.S.C.U. No. 45 of Utah Power & Light Company applicable to electric service in the State of Utah. An electronic copy of this filing is provided on the enclosed CD. Pursuant to the requirement of Rule R746-405D, PacifiCorp states that the proposed tariff sheets do not constitute a violation of state law or Commission rule.

First Revision of Sheet No. 25R.1	Rule 25	Customer Guarantees
First Revision of Sheet No. 25R.2	Rule 25	Customer Guarantees
First Revision of Sheet No. 25R.3	Rule 25	Customer Guarantees
First Revision of Sheet No. 25R.4	Rule 25	Customer Guarantees
First Revision of Sheet No. 25R.5	Rule 25	Customer Guarantees
First Revision of Sheet No. 300.4	Schedule 300	Regulation Charges

The purpose of this filing is to revise the Company's Customer Guarantee Rule 25 and Schedule 300 upon the expiration of the Company's five-year merger commitment on March 31, 2005. The Customer Guarantees, along with the terms and conditions surrounding the guarantees, were described in the above docket and detailed in the Company's Rule 25 and changes to Schedule 300 which were approved by the Commission.

The Company respectfully requests an effective date of April 1, 2005. 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. The effective date of these changes is April 1, 2005. A description of both the Customer Guarantee Program and the Performance Standard 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. 98-2035-04. 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 1.5 million events, or "opportunities" to serve customers under the guarantees, and only 350 failures in Utah. In other words, the Company's success rate in meeting the guarantee commitments in Utah 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 a desire to maintain the Company's focus on providing excellent customer service to our Utah 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, including improvements to the guarantees and the elimination of one guarantee. The intent is to simplify 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 to 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 spelled out in Rule 25 and is largely based on IEEE's 1999 major event exemption.

Of the utilities surveyed, 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 now proposing to offer customers an appointment within a two-hour time window. Customers rated appointments highest in level of importance of all guarantees, 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 including 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 restoring power that had been disconnected 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. The Company is proposing that the modified Customer Guarantee Program 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. Since the customer who was disconnected for credit reasons did not meet their obligation with regard to making payment to the Company, the Company will not be voluntarily offering guarantee credits in the future to the customers who are disconnected for nonpayment.

In addition, the Company is proposing to provide 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. 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 provides this information 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.

Of 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 provided 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.

Of the 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, the Company is proposing to provide a minimum of two calendar days notification to customers of planned interruptions, instead of two working days notification as currently shown in Rule 25.

The testimony of Bob Moir in Docket No. 98-2035-04 did not indicate that working days notice would be required. The Company decided to provide two working days notice, however, this is less flexible than desired and we are now proposing two calendar days notice.

Of 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 is proposing to eliminate 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 Utah and only 204 and 46 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 under existing Customer Service 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 three 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 Utah are described below.

### **Network Performance Standard 1**

During the three-year period of the Modified Network Performance Standards Program, the Company will improve SAIDI results (system average sustained interruption duration index) by 6% within the three years to achieve a target<sup>1</sup> of SAIDI of no more than 207 minutes. This target continues the improvement trend delivered previously.

### **Network Performance Standard 2**

During the three-year period of the Modified Network Performance Standards Program, the Company will improve SAIFI results (system average sustained interruption frequency index) by 6% within the three years to achieve a target<sup>2</sup> of SAIFI of no more than 2.08 events. This target continues the improvement trend delivered previously.

### **Network Performance Standard 3**

The Company will continue to select a maximum of five under-performing circuits in Utah 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 percent of customers within three 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

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<sup>1</sup> The target is developed by improving underlying performance by 6% (or 2% annually for 3 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 Utah 207 minutes is the sum of 189 underlying minutes and 18 normalizing minutes.

<sup>2</sup> The target is developed by improving underlying performance by 6% (or 2% annually for 3 years). Underlying performance is day-to-day performance. Normalizing performance estimates were prepared previously in the development of merger commitment targets and included 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 Utah 2.08 events is the sum of 1.94 underlying events and 0.14 normalizing events.

to 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. The Company is proposing the standard surrounding telephone performance be changed 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 time frame specified in the standard. This provision is consistent with the third component of existing Customer Service Performance Standard 7 which requires that at least 95% of complaints are resolved within 5 business days in Utah. The Company will report performance on an annual basis for both measures.

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

The Company is proposing as 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 by monitoring 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 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, 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 which requires that at least 95% of complaints are resolved within five business days in Utah.

The current performance standard includes three components: responding to non-disconnect complaints within three business days; responding to disconnect complaints within four business hours; and resolving 95 percent of complaints within five business days in Utah. 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 is proposing that the target be revised to allow for a 95 percent completion target for complaint responses.

It is respectfully requested that all formal correspondence and staff requests regarding this matter be addressed to:

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

By Fax: (503) 813-6060

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Sincerely,

D. Douglas Larson  
Vice President, Regulation

Enclosures