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Decision 00-05-022 May 4, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking for Electric Distribution Facility Standard Setting. (U 39 E)	Rulemaking 96-11-004 (Filed November 6, 1996)

(See Attachment 2 for List of Appearances.)

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I. Summary

In this decision we close this proceeding with the adoption of restoration criteria and call center standards proposed jointly by The Utility Reform Network (TURN), the Office of Ratepayer Advocates (ORA), San Diego Gas and Electric Company (SDG&E), and Southern California Edison Company (SCE). The adopted criteria and standards, included as Attachment 1, establish rebuttable presumptions of reasonableness applicable to utility responses to major weather-related outages. The standards do not exclude transmission as proposed by Pacific Gas and Electric Company (PG&E). Utilities with less than 150,000 electric customers are excluded.

II. Background

Decision (D.) 98-07-097 adopted final rules to govern utility planning for, and responses to, emergencies and major power outages. It also stated the Commission's intent to hold hearings on three related issues; standards for call center performance, standards and incentives for restoration times, and the use of communications facilities, referred to as Response Information Management System (RIMS) technologies.

By an Administrative Law Judge's (ALJ's) ruling dated September 16, 1998, PG&E, SCE, and SDG&E were ordered to meet with other parties to attempt to reach agreement on issues or to narrow the scope of inquiry.

At a prehearing conference on October 22, 1998, the parties agreed that RIMS would not be an issue. The utilities and the California Office of Emergency Services will continue to work together to potentially expand the use of RIMS in utility emergency operations in the future.

The utilities' direct testimony was filed on July 16, 1999.

ORA and TURN filed joint direct testimony on August 19, 1999.

The utilities' rebuttal testimony was filed on September 22, 1999.

Evidentiary hearings were held on October 5 and 6, 1999.

Opening briefs were filed on November 10, 1999.

Reply briefs were filed on November 24, 1999.

At the beginning of the evidentiary hearings, TURN, ORA, SDG&E, and SCE offered a joint proposal that represented a compromise they had reached. The only active party opposing the joint proposal was PG&E. PG&E maintained its opposition to any standards. However, it offered a proposal that it would support if the Commission were to adopt standards. PG&E's proposal is identical to the joint proposal except that it excludes transmission-related outages. PG&E also conditions its proposal on Commission approval of certain of its funding requests in its 1999 general rate case (GRC).

In order to fully understand the parties' positions and our decision in this proceeding, we describe their initial positions, as well as their subsequent positions regarding the joint proposal.

III. Comments on the Draft Decision of Administrative Law Judge (ALJ) O'Donnell

The draft decision of ALJ O'Donnell in this matter was mailed to the parties in accordance with Public Utilities Code Section 311(g), and Rule 7.1 of the Rules of Practice and Procedure. Comments were filed on April 3, 2000 and reply comments were filed on April 10, 2000. No material changes were made to the intent of the decision. However, language was added where necessary, including Ordering Paragraph 4, to clarify the intent of the decision.

IV. Standards Proposed in D.98-03-036

The proposed standards are as follows:

A. Standard 12. Restoration Criteria

The utility shall maintain sufficient resources to restore power within 24 hours to 90% of customers who lost service; within 48 hours to 95% of customers who lost power; and within 72 hours the remaining 5% of customers who lost power. Within 30 days of an emergency or major outage, the utility shall provide to CPUC designated staff data which permits an analysis of whether the utility met these restoration requirements.

Penalties

The Commission may penalize the utility for non-compliance with any of the standards set forth in this general order and consistent with the Public Utilities Code. Failure to comply with the restoration requirements set forth in Standard 12 creates a prima facie case of a violation of this general order. In such cases, the Commission will impose penalties unless the utility is able to demonstrate affirmatively that (1) it could not have fulfilled the requirements of Standard 12 with additional personnel or improved system maintenance and; (2) that it has complied with all orders, rules and law setting forth standards for maintenance and repair of relevant facilities. The minimum penalty for failure to comply with Standard 12 shall be equal to the number of customer–hours, which exceeds the standards set forth in Standard 12 multiplied by $10.

B. Standard 4.D. Call Center Standards

The utility shall adhere to the following standards applicable to its call center during or in anticipation of emergency situations:

a. Achieve an average queue wait of less than 40 seconds, and busy signal occurrence of less than 3% during outages.

b. Explore mutual assistance opportunities with other utilities and assure backup assistance from vendors.

c. Provide backup call center employees with adequate orientation to utility's service area and customers. All call center employees, including regular, backup and emergency must be familiar with city names and locations, local landmarks, and streets in affected areas.

d. Develop a phone system that would either (1) allow the customer to choose an alternative from a menu that would provide their service areas restoration schedule, or (2) allow the customer to leave a message with their specific concerns and outage information, that would call them back with either a personal (live) or recorded estimate of restoration time for their service area.

   i. The return call would be made within one hour of leaving message.

   ii. If a restoration estimate is not available within one hour, (1) a call to the customer letting them know the message was received and information will be provided as available will be made and (2) when restoration information is available; another call will be made to the customer informing them of the estimate.

e. Train customer service representatives to enable them to understand and identify potential service and safety problems.

V. Restoration Time Standard

A. Need for a Standard

1. Initial Positions of Parties

a) PG&E

PG&E believes an emergency restoration time standard for major outages is neither useful nor necessary for the following reasons:

- There are aspects of major outages that are inherently unpredictable and appropriately accounting for all the variables is not feasible.

- The Commission has taken proactive and appropriate steps to ensure that adequate requirements exist to prevent, and mitigate the effects of major outages.
- The Commission has conducted two separate proceedings that specifically investigated PG&E's emergency restoration response to very severe weather events. The Commission concluded that PG&E's emergency restoration was either reasonable or not unreasonable.
- An emergency restoration time standard may potentially have negative effects with respect to safety, restoration priority and media/customer misperception.

PG&E represents that major outages are unique due to the following variables:

- Causes of outages – earthquake, heat storm, ice storm, fire, rainfall, flood, windstorm, combinations of the above types of storms, multiple storms.
- Extent of damage – widespread, localized.
- Severity of damage.
- Damage to other than the electric utility infrastructure – roads, telephone systems, gas systems (leaks).
- Duration of the outage – single storm, multiple storms.

PG&E believes that for a standard to be fair, it would have to allow for the above variables. PG&E believes that it would be impossible to develop such a standard.

PG&E also points out that recovery from an outage may be dependent upon the actions of others. For example, the California Independent System Operator (CAISO) is responsible for transmission system recovery. Additionally, power plant owners are responsible for recovery of their facilities.

PG&E believes that the proper standard is preparedness. It asserts that the Commission has already addressed preparedness through the following standards:

- General Order (G.O.) 166 – This general order sets standards for operation, reliability and safety during emergencies and disasters.
- G.O. 165 – This general order sets standards for inspection, condition rating, scheduling, performance of corrective action, record keeping and reporting for electric distribution facilities.
- G.O. 95 and G.O. 128 – These general orders set standards for construction, operation and maintenance of overhead and underground electric distribution facilities.
- D.96-09-045 – This decision set the standard for a minimum acceptable level of reliability as "that level that has historically been found reasonable." (p. 36.) It also required utilities to file an annual reliability report.
- Public Resources Code Section 4293 mandates additional clearance (greater than required by G.O. 95) between vegetation and high voltage power lines, during certain time periods, in State Responsibility Areas.

PG&E also asserts that its proposed performance-based ratemaking (PBR) performance measures Application (A.) 98-11-023 provide a gauge of overall system performance. The three measures are:

- System Average Interruption Duration Index (SAIDI).
- System Average Interruption Frequency Index (SAIFI).
- Maintenance Repair and Replacement Outage (MR&RO).

PG&E acknowledges that the indices do not measure major outage restoration time. However, PG&E claims that they do provide an

incentive to construct, maintain and operate the electric distribution system in a reasonable manner. The resulting maintenance or improvement of system performance reduces the likelihood of a major outage.

b) SCE

SCE's position mirrored that of PG&E. In addition, it made the following points.

SCE believes that additional standards are not required but, if adopted, they should reflect the following principles:

- They must respond to specific needs.
- They must be feasible and achievable.
- They must be demonstrated to be cost-effective.
- They must be fair.

SCE believes that the purpose of a prescriptive standard such as that proposed in D.98-03-036 should be to describe, for a given set of circumstances, a minimum acceptable end result, all other things being equal. Since major outages are by nature, unpredictable, such a standard cannot be developed.

SCE argues that Pub. Util. Code § 364(d) requires an after-the-fact review and the exercise of discretion. Self-executing penalties relieve the Commission of the obligation to review and determine fault. This would be contrary to the spirit and language of the statute.

SCE also believes that the Commission must provide for recovery of any resulting costs.

SCE estimates that it currently spends $1.8 million per year on emergency preparedness efforts.

To provide an example of the cost of the proposed restoration standard, SCE chose to use the January 4-7, 1997 windstorm as an example. This

storm was not large enough to qualify as a major outage. SCE estimates that it would have cost $51 million per year to have the additional 48 repair crews necessary to meet the proposed standard, less $0.45 million per year for contract and mutual assistance costs that would be avoided. This does not include avoided penalties which SCE could not estimate. SCE believes that for a major outage, the costs would be much higher.

SCE points out that it has received a number of awards and commendations for its emergency preparedness and response.

c) SDG&E

SDG&E is not in favor of a restoration standard. It believes that due to the uniqueness of each major outage and the lack of information on actual outages, a comprehensive standard can not be developed. It believes that if a standard is to be imposed, it should satisfy the following criteria:

- Clear.
- Measurable.
- Avoid redundancy with existing regulatory mechanisms.
- Encourage effective restoration efforts by utilities.
- Provide a benchmark for the Commission to evaluate utilities' performance following a major outage.
- Accommodate variation in the degree of damage to utility infrastructure.
- Encourage utilities to optimize use of mutual assistance.
- Allow the utility flexibility when priorities are dictated by public agencies.
- Cost-effective and requires minimal rate increase.
    - Does not jeopardize public or employee safety.
    - Based on experience/data to the extent possible.

SDG&E believes that there is not a great deal of additional value to be gained from a restoration standard. It did, however, propose a standard for consideration. It believes that resulting costs should be recovered in rates.

SDG&E is not recommending that its proposed standard be imposed on other utilities. However, it also believes that imposing a standard only on one utility would be unfair.

d) Sierra Pacific Power Company (Sierra)

Sierra believes that restoration standards are unnecessary and would impose significant costs on customers.

Sierra states that it has not implemented any cost reduction that would diminish its ability to respond to an emergency. It further states that all of its management employees in operations have the opportunity to receive incentive compensation tied directly to system reliability indicators.

Sierra opposes restoration standards for three reasons. First, restoration of service should consider employee and customer safety first rather than restoring service as fast as possible to avoid a penalty. Secondly, Sierra is concerned with passing on resulting costs to its customers, especially since over 95% of its customers are in Nevada. Third, the biggest factor affecting Sierra's reliability is weather. There are conditions, such as high snowfall where it is physically impossible to get to some locations, during major storms, for many hours.

The Public Service Commission of Nevada has not addressed this issue. However, when it does, Sierra believes that a single set of standards for the whole company would be best.

Sierra believes that if a standard is to be applied, the Customer Average Interruption Duration Index (CAIDI) should be used. It should be

limited to weather-related outages because Sierra has no experience with outages caused by earthquakes, for example. Geography and weather should be considered in setting the standard.

e) Southern California Water Company (SoCal Water)

SoCal Water operates its Bear Valley Electric Service (BVES) around Big Bear Lake in Southern California. It serves approximately 20,600 customers of whom about one-third are full-time residents.

SoCal Water believes that due to its size and the seasonal nature of two-thirds of its customers, standards applicable to the larger utilities would not make sense for it, and would be too costly. Additionally, since it has no generation, major outages are primarily outages outside its system.

f) PacifiCorp

PacifiCorp believes that imposition of numerical restoration standards would impose a hardship on PacifiCorp. PacifiCorp's service territory is rural, mountainous and somewhat hard to reach. As a result, it would be expensive to maintain a workforce sufficient to guarantee restoration of power in a short period of time. PacifiCorp, therefore, supports the TURN and ORA recommendation that small utilities be exempt from numerical standards.

g) TURN and ORA

TURN and ORA believe that the Commission should adopt reasonable restoration emergency standards because such standards are both necessary and useful. TURN and ORA point out that the Commission expressed interest in such standards in D.98-07-097. TURN and ORA cite the following language from D.98-03-036, p. 4.

> "The need for standards governing the utilities' responses to emergencies and major outages has

> become increasingly more obvious in recent years. Our review of PG&E's response to storm damage in 1995 and 1996 underscored the problems associated with a lack of benchmarks by which to judge utility performance and the reliability of electric service."

TURN and ORA conclude from this quotation that the Commission has characterized such standards as both necessary and useful. TURN and ORA believe that the lack of standards constitutes an unfair risk to ratepayers and may provide utilities with a financial incentive to allow restoration service to deteriorate.

TURN and ORA recognize that restoration standards should not jeopardize worker or public safety, produce perverse incentives or hold utilities responsible for events beyond their control. TURN and ORA also do not dispute that the utilities have no control over the underlying causes of emergency events such as storms, floods, etc.

B. Design of a Standard

1. Initial Positions of Parties

a) TURN and ORA

TURN and ORA jointly recommend as follows:

- The Commission should adopt reasonable restoration emergency standards because such standards are both necessary and useful.
- A restoration time standard should be applicable to large (over 10% of customers without power) weather-related non-earthquake events with the following characteristics:
  - CAIDI would be the measurement indicator for the standard.
  - During the Commission investigation which follows a major event, the utility's response would be

presumed reasonable if CAIDI was less than (e.g., faster than) level-1, would be presumed unreasonable if CAIDI was more than (e.g., slower than) level-2; no presumption as to reasonableness would result for CAIDI values equal to or between level-1 and level-2, but the commission would conduct a critical review of the utility's performance. These presumptions would be rebuttable.

- The standard would be applicable only to weather-related non-earthquake events, affecting between 10% and 42% of distribution customers. The customers do not have to be out simultaneously.
- An event begins when 0.5% of the system, or 3% of the customers out due to the weather-related event experience sustained outages, whichever happens first. An event ends when 97% of the customers out due to the event have been restored. In its report to the Commission, the utility will report on restoration of the "tail" of customers who experience long restoration times and are the last restored.
- Outages or portions of outages due to failure of transmission equipment would be included in the measurement of the number of customers affected by the outage, and included in the time of restoration.
- The outage duration of customers who are inaccessible (consistent with the discussion of accessibility in G.O. 166) will not count toward the standard while those customers are inaccessible.
- Automatic penalties would not apply. However, the Commission, at its discretion, could assign penalties for poor performance, where appropriate.
- Level-1 is defined as a CAIDI of 406. This is calculated as the historical average of large weather-related events (over 10% of customers out, non-simultaneously), plus one standard deviation.

- Level-2 is defined as a CAIDI of 546. This is calculated as the historical average of large weather-related events, plus two standard deviations.
- Small utilities (less than 150,000 California customers) would be exempt from the restoration standards, but should file yearly reports describing the damage experienced and restoration times for events affecting 10% or more of their customers.

TURN and ORA believe that their proposed standard should not be applied to small utilities because they have fewer resources, and are often impacted by unique geographical and climatic conditions. It would not be cost-effective to apply the proposed standard to the small utilities. However, TURN and ORA propose the following:

- A small utility is defined as a California utility with less than 150,000 customers in the state of California.
- Small utilities should be exempt from numerical restoration standards.
- The Commission should critically review the performance of small utilities after any event in which over 50% of a small utility's customers experienced an outage.
- The Commission should require small utilities to file yearly reports giving all outages in which 10% or more of their customers were without power, the cause of each outage, and the number of poles and lines damaged during each outage.

TURN and ORA believe that restoration standards are necessary and useful because they would provide an incentive to the utilities to not reduce their emergency response capabilities. Such standards would also provide the Commission with a benchmark for judging reasonableness.

TURN and ORA believe that their proposed standard is reasonable because it is based on historical performance during events that

would be covered by the standard. Of the 12 historical events for which the utility response was studied by ORA and TURN, 11 would have been presumed reasonable and none would have been presumed unreasonable.

TURN and ORA believe that since their proposed standard is based on historical data, historical restoration priorities would not be changed. Additionally, since such historical data reflects existing levels of emergency preparedness, no significant additional costs would result. Given the adoption of G.O. 165 and G.O. 166, the tree trimming standards adopted in D.97-01-044, and funding for enhancing transmission and distribution system safety and reliability for 1997 and 1998, for PG&E, future performance should be better.

TURN and ORA believe that transmission outages should be included because the transmission system is essential to distribution service, it is within utility control and the Commission has authority over transmission facilities. They point out that the PBRs for SCE and SDG&E include service interruptions regardless of service (transmission and distribution). Additionally, TURN's and ORA's proposed standard was calculated based on both transmission and distribution outages.

TURN and ORA object to the Chebyshev Theorem used by SDG&E in its proposal because it is loose, inaccurate, and so conservative that it has no value in setting a standard.

TURN and ORA recommend that major events should be those events that cause at least 10% of the customers to be out over the course of the event rather than simultaneously. They recommend this for several reasons:

- In the last 10 years, only one large weather-related event caused at least 10% of the utility's customers to be out simultaneously.
- G.O. 166 applies only to events where at least 10% of the utility's customers are out simultaneously and such

events are excluded from SDG&E's and PG&E's (proposed) PBR.

- Determining the number of customers out simultaneously is difficult and has not been consistently done.

TURN and ORA point out that there is little data available on outages. Therefore, they recommend that the following data be gathered by the utilities for outages where at least 10% of customers are out.

- System damage (poles, transformers, trees down near wires, lines down, underground lines affected).
- Number of customers restored in 12, 15, 18, 21, 24, 36, 48, 72 and more than 72 hours.
- Weather conditions (wind speed, inches of rain, etc.).

b) SDG&E

SDG&E's proposed standard is summarized as follows:

- CAIDI will be used as the measure for restoration following a major outage event (i.e., more than 10% of a utility's customers having simultaneous, sustained outages).
- The benchmark value of CAIDI is 875 minutes. The CAIDI measure will only apply to events ranging from 10% to 40% of customers simultaneously out of service, as there is no data to support a measure greater than 40%.
- The standard applies only to wind and rain storms. That is, it does not apply to earthquakes, tidal waves, or other relatively rare events which are otherwise included in the definition of "emergency" or "disaster."
- The calculation of CAIDI will begin when 3% of the utility's customers have sustained outage and will stop when 97% of the utility's customers are in service.
- Transmission outages are not included in the calculation.

- Actual restoration below (i.e., faster than) the CAIDI standard should result in a rebuttable presumption that the utility's restoration efforts were reasonable. Actual restoration times above (i.e., slower) than the CAIDI standard should result in a rebuttable presumption that further explanation is required to avoid a finding of unreasonableness.

SDG&E based its standard on CAIDI because it measures the average length of an outage from the point of view of the customers actually experiencing the outage. The standard is based on a statistical analysis of data supplied by PG&E, SCE, SDG&E and the Sacramento Municipal Utilities District.

c) PG&E

PG&E opposes the standard proposed by TURN and ORA. TURN and ORA claim that, since their proposed standard is based on historical data, it represents levels of emergency preparedness that ratepayers have already paid for. Therefore, no additional costs are necessary to meet the standard. From this TURN and ORA conclude that their proposed standard is cost-effective. PG&E points out that in its 1999 GRC A.97-12-022, ORA is recommending a substantially lower level of expenditures for distribution operations and maintenance, and distribution capital. PG&E alleges that its GRC proposal is necessary to maintain the current level of service. PG&E concludes that the TURN and ORA proposal has not been shown to be cost effective and is inconsistent with ORA's recommendations in PG&E's 1999 GRC proceeding.

PG&E opposes inclusion of transmission outages or portions of transmission outages in the standard. PG&E states that the CAISO has operational jurisdiction over the transmission system. Therefore, CAISO actions during an outage could delay restoration to distribution customers. Inclusion of all or part of transmission outages in the standard could create a conflict between

the utilities' need to meet the standard, and CAISO's requirements and instructions during an outage.

G.O. 166, adopted by D.98-07-097, defines major events as those events where at least 10% of the customers are out simultaneously. TURN and ORA propose that the definition of a major event be where at least 10% of the customers are out over the course of the event, rather than simultaneously. PG&E opposes this proposed definition because TURN and ORA have presented no evidence that a change is needed, and the proposal is beyond the scope of this proceeding at this time.

PG&E also objects to the TURN and ORA proposal because it would apply uniformly to all utilities. PG&E points out that PBR reliability measures for each utility were created using utility specific data. Such data reflects the utilities' different systems, operating characteristics, geography and weather. PG&E claims that TURN and ORA have not justified their one-size-fits-all proposal.

C. Joint Proposal of TURN, ORA, SDG&E, and SCE

TURN, ORA, SDG&E and SCE sponsored a joint proposal for an emergency response standard. It is included in Attachment 1.

The joint proposal can be summarized as follows:

- It applies to a Measured Event (major outage) affecting between 10% (simultaneous) and 40% (cumulative) of a utility's electric customer base.
- The benchmark is a CAIDI of 570.
- A utility's restoration performance is presumed reasonable if the CAIDI is 570 or below. It is presumed unreasonable if the CAIDI is above 570.

- The CAIDI is defined as the total number of customer minutes of interruption divided by the total number of customer interruptions.
- Transmission outages are included.
- Utilities with fewer than 150,000 electric customers are exempted.
- The presumptions are rebuttable.
- Customer minutes of interruption attributable to compliance with ISO directives are excluded.

1. Positions of Parties

a) TURN and ORA

TURN and ORA believe the standard is needed. TURN and ORA maintain that utility mergers, competitive and regulatory cost-cutting pressures and a trend toward labor outsourcing could adversely affect the restoration performance of utilities during major outages. They believe that, since it is based on historical preparedness and response data, the joint proposal will mitigate against a decline in future restoration times. TURN and ORA point out that while G.O. 166 may impact preparedness, there is nothing in it that addresses actual restoration time performance.

TURN and ORA believe that the joint proposal is reasonable because of the following factors.

- The joint proposal focuses on facilities that are under the utility's control, both transmission and distribution, in the utility's effort to restore service for customers.
- The benchmark was calculated based on historical performance, with the intent to maintain restoration performance at least at historical levels.
- The definition of Major Outage covered by the restoration performance standard is the same as the set of outages under G.O. 166.

- Rather than prescribing fixed levels of resources that must be made available to the restoration effort, the standard focuses on the end result (prompt restoration), and thereby maintains the utility's flexibility in achieving that response.
- Given that the benchmark was set based on historical performance, the standard is not expected to require substantial extra cost.
- The standard puts management focus on actual restoration response time, rather than solely on preparedness, as in the current G.O. 166.
- The existence of the standard will cause the utility to consider the impacts on its emergency response potential from any drastic cost cutting measures.
- This approach was considered reasonable by the utilities, and specifically by utility employees familiar with operations management in the field.
- The standard serves to trigger a rebuttable presumption, rather than an automatic penalty. Performance at or better than the benchmark level is presumed to be reasonable. Performance worse than the benchmark is presumed to be unreasonable. Thus the worse a utility's restoration performance, the greater the level of justification required in its report to the Commission.
- This standard has the full agreement of two utilities to whom it would be applied, and has the partial agreement of a third utility. PG&E does not object to the form of the standard, consisting of a rebuttable presumption based on CAIDI, but only that the measurement includes transmission outages.
- The standard does not provide for automatic penalties if extenuating circumstances affected the utilities' restoration performance.

TURN and ORA represent that no formal cost-benefit analysis was done. They state that none is needed because SDG&E and SCE have stated

that they see no immediate significant cost impact. TURN and ORA believe that the implementation of many improvements to utility systems as a result of actions of the Commission and the Legislature should make these utilities more able to meet the standard than before 1995.

TURN and ORA note that PG&E represents that it could not meet the standard unless it gets everything it asked for in its 1999 Test Year GRC. TURN and ORA point out that since PG&E's 1999 GRC request was so much higher than prior GRC levels, a rejection of PG&E's 1999 GRC request is unlikely to affect its restoration performance.

TURN and ORA oppose PG&E's recommendation that no standard be adopted, or that if one is adopted, it should exclude transmission outages. They point out that it is PG&E's poor response to major storms in 1995 that led to this proceeding. They believe that since PG&E has experienced the worst weather and has the worst historical performance, it needs the standard the most.

TURN and ORA state that PG&E's arguments that the Commission does not have jurisdiction over transmission related matters were addressed in D.99-09-028. They believe that the Commission does have the necessary jurisdiction.

TURN and ORA reject PG&E's contention that the Federal Energy Regulatory Commission (FERC) has preempted the Commission from imposing restoration standards on transmission. They contend that PG&E has not shown that FERC has issued any order expressly preempting state regulation of transmission reliability. Additionally, if PG&E were to bring such a preemption claim to federal court, it would be unable to demonstrate that the standard proposed in the joint recommendation will have any effect on its

transmission operations and maintenance expenses because it is based on existing performance levels. The court would likely defer to the state in this case.

TURN and ORA believe that the filed rate doctrine does not bar the imposition of a restoration standard by the Commission as PG&E contends. They agree that while the filed rate doctrine focuses primarily on rates, it has been extended to include terms and conditions of service. However, TURN and ORA say that it has not been extended to govern emergency restoration standards for transmission facilities subject to FERC jurisdiction. The doctrine has been applied to rate discrimination and violations of terms of service by a regulated carrier, not to something as broad-sweeping as emergency restoration standards for transmission systems. TURN and ORA believe that the doctrine does not apply to this case because PG&E has not established a connection between the Commission's promulgation of an emergency response standard and FERC-approved rates, agreements or terms of service.

TURN and ORA believe that PG&E's proposal could result in inappropriate classification of outages as distribution when the root cause is clearly transmission. For example, if a customer loses service during a weather-related major event because of problems with the distribution line serving that customer, the resulting outage starts as a distribution outage. However, if the distribution system is fully repaired and ready to return to service, but a transmission problem arises that prevents electricity from reaching the distribution system, the outage would continue to be treated as a distribution outage under PG&E's proposal.

TURN and ORA state that in a major outage, transmission and distribution problems will be occurring simultaneously, and the utility will be responding to them simultaneously. PG&E's proposal would draw false

distinctions that would, in application, potentially cause inappropriate results, even as applied to its own system.

TURN and ORA state that PG&E's proposal is based only on PG&E events and should not be used here, especially for other utilities. TURN and ORA represent that SCE and SDG&E are not sure that they can distinguish between transmission and distribution in their measurements. They do not know what it would cost to enable them to do so. SCE and SDG&E are also not sure what effect such a distinction would have on past CAIDI measurements. There is no basis for assuming that such distinctions would be meaningful or cost-effective for SDG&E and SCE.

TURN and ORA believe that transmission outages should be included for the following reasons:

- Consumers cannot distinguish between transmission and distribution outages; their lights are out either way. The joint proposal properly focuses on facilities within the utility's control, both transmission and distribution, as the utility undertakes the effort to restore service to its customers.
- The Commission correctly recognized in D.99-09-028 that it has a responsibility to assure that the public is afforded due process in its proceedings reviewing outages. A standard which covers only part of the outages that customers experience makes public participation more difficult and less meaningful.
- The two utilities that have distribution PBR reliability indicators (SDG&E and SCE), both cover interruptions of service during non-emergency events, regardless of source (transmission or distribution). Thus for purposes of insuring reliability to consumers under non-emergency conditions, the Commission has included the performance of transmission under the utility's control.

- Reporting of outage statistics under D.96-09-045 also includes both transmission and distribution.
- The data set upon which the joint proposal benchmark was calculated includes transmission.
- Transmission is an input to the end result, electricity for distribution customers. The Commission regulates customer service levels on the end result, distribution. It registers complaints on outages, regardless of the source of the outage. It authorizes expenditures for call centers to handle outages, regardless of source. It is the sole place where customers can be heard about outages (transmission and distribution).

TURN and ORA believe that there is no problem with potential duplication of CAISO efforts for the following reasons:

- The average contribution of transmission to CAIDI measurements of weather-related events is five minutes. The CAISO is unlikely to hold a separate investigation of such outages.
- The CAISO has no restoration time standard.
- The CAISO is not a public agency and does not afford the same opportunities for public participation, as does the Commission.

b) SDG&E

SDG&E's position as a sponsor of the joint proposal is substantially similar to TURN's and ORA's position. SDG&E believes that the joint proposal is reasonable because of the following:

- It reflects a compromise among the parties derived after examining many options and sources of information.
- It sets an objectively derived benchmark and focuses on how soon power is restored to the customer.
- It utilizes event definitions that reflect utility experience and operations.

- It ensures that speed of restoration is not accomplished at the expense of public and employee safety.

SDG&E believes that there are no cost issues that need to be addressed in this proceeding. If in the future there are found to be any associated costs, they can be raised in subsequent proceedings. SDG&E represents that the restoration standard is practical to implement. It would not be administratively burdensome to collect and report the data from SDG&E's current data collection systems.

SDG&E believes that PG&E's proposal should not be adopted as a statewide standard. It has not been shown to be cost effective, it is not broadly supported, it does not represent a compromise, and there is no evidence that it can be readily implemented by other utilities.

SDG&E points out that PG&E's proposal requires the Commission to draw distinctions between transmission and distribution outages. This may be possible, but would be very difficult in practice. The joint proposal does not require such distinctions. SDG&E further points out that the CAIDI benchmark of 570 was derived from a common database that included transmission. No party, including PG&E, has done the necessary analysis to determine if it would be appropriate for distribution only.

SDG&E believes that jurisdiction over transmission is not an issue in this proceeding for the following reasons:

- The standard excludes from the calculation of the CAIDI standard those outages related to and subject to the CAISO's jurisdiction.
- The CAISO has set no restoration time standard.
- Minutes of outage time spent responding directly to a CAISO directive are excluded.

- The standard sets a rebuttable presumption for use in the Commission's investigation. It does not trigger jurisdictional issues or determine future actions.
- The development of protocols for investigations of major outages by the Commission and the CAISO should address any remaining issues.

c) SCE

SCE is a sponsor of the joint proposal. SCE emphasizes that the standard is a compromise among the parties. It supports the standard for the following reasons:

- It does not include an automatic penalty and is, therefore, consistent with the mandate of Pub. Util. Code § 364.
- It provides an objective benchmark against which performance is measured.
- It is reasonably feasible, achievable, and practical to implement.
- It balances operational realities, public and employee safety, and service reliability.
- The CAIDI standard lies between the initial proposals by ORA and TURN, and SDG&E.
- The definition for outages to which the standard would apply recognizes how real-life weather-related outages occur.
- It mitigates against potential perverse incentives which an automatic penalty mechanism could create.
- It is fair because it limits application of the standard to matters within the utility's control.
- It does not apply to extraordinarily catastrophic events.

SCE believes that PG&E's jurisdictional objections are premature. SCE believes that the restoration standard in the joint proposal is consistent with

Pub. Util. Code Sections 364 and 349. Furthermore, it does not require the Commission to take any action in excess of its subject matter jurisdiction. PG&E will be free to raise its objections should the Commission actually attempt to exercise any regulatory control over assets in excess of its jurisdiction. SCE believes that since adoption of the joint proposal does not, in itself, constitute an exercise of regulatory authority over transmission assets, PG&E's jurisdictional objection is premature.

d) Sierra

Sierra does not object to the joint proposal or to PG&E's proposal because utilities with fewer than 150,000 electric customers would be exempted.

e) SoCal Water

SoCal Water believes it should be exempted from the standard for the reason set out in its initial recommendation.

f) PG&E

PG&E believes that standards are not necessary for the reasons set out in its initial recommendation. However, it takes the position that it would support the joint proposal with two caveats.

First, since the standards are based on historical performance, the Commission should maintain the utility's current level of resources in the area of maintenance, tree trimming and the call center function within customer services. PG&E states that it has been spending considerably more in these areas that it was authorized in its last GRC. PG&E takes the position that it should be granted its requested amounts in these areas in its 1999 GRC if the Commission adopts the joint proposal.

Second, PG&E believes that transmission restoration activities should not be included in the standards. PG&E states that the Commission does

not have the authority to establish restoration standards applicable to transmission because of preemption by the FERC, and in particular by the filed rate doctrine.

The filed rate doctrine as applied here by PG&E means that the Commission cannot issue orders regarding matters covered by FERC-approved tariffs. PG&E contends that while the doctrine was initially applied by the courts to rates, it has since been expanded to cover any activity within the agency's (in this case the FERC's) regulatory authority, including agreements and conditions of service.

PG&E contends that the Commission is forbidden from issuing orders with respect to the subject matter of the ISO's FERC-approved tariffs. PG&E says this includes emergency response standards directed at the ISO-controlled portions of the utilities' transmission systems. PG&E says that the CPUC does not have authority over a utility's operating practices, procedures, facilities, maintenance and safety standards on ISO-controlled transmission facilities. PG&E contends that adoption of the emergency response standard would implicitly involve the Commission in evaluating the utility's performance in restoring outages. PG&E argues that the Commission is prohibited from doing such an evaluation because the ISO has that responsibility under its FERC-approved tariffs.

PG&E also recommends that even if the Commission had jurisdiction, it should not exercise it for the following reasons:

- It is premature to adopt a standard applicable to transmission until protocols have been developed with the CAISO for outage investigations.
- The Commission should not duplicate the CAISO's work.

- The Commission cannot assure adequate rate recovery of expenditures related to application of the standards to CAISO-controlled transmission facilities because the Commission does not set the rates.

If the Commission chooses to adopt a standard, PG&E recommends that its proposal be adopted. Its proposal is identical to the joint proposal except that transmission restoration activities are excluded.

PG&E states that the CAIDI benchmark of 570 is appropriate under its proposal. Eliminating customer minutes of transmission interruption would have only a minor effect on the CAIDI measurements used to develop the 570-minute benchmark. In its exhibit, PG&E-6, it showed that transmission interruptions contributed five minutes to the average restoration time.

2. Discussion

We have frequently expressed our desire to have a benchmark against which utility response to emergencies can be judged.

> In D.98-03-036, at page 4, we stated:
>
> "The need for standards governing the utilities' responses to emergencies and major outages has become increasingly more obvious in recent years. Our review of PG&E's response to storm damage in 1995 and 1996 underscored the problems associated with a lack of benchmarks by which to judge utility performance and the reliability of electric service."
>
> In D.98-07-097, at page 8, we stated:
>
> "Restoration time standards may provide a reasonable incentive for the utility to maintain its distribution system in a way that preserves the system's integrity during emergency conditions."

We continue to believe that a standard is needed to facilitate our investigations of utility performance during major outages. We require it to be reasonable, cost-effective, and likely to have its intended effect.

a) Reasonableness

The sponsors of the joint proposal state that it is reasonable, feasible, achievable and practical to implement. PG&E states that its proposal, which is identical except for its exclusion of transmission, is reasonable. No party has stated that the joint proposal, except for the inclusion of transmission is unreasonable.

The sponsors of the joint proposal say that PG&E has not established that the 570 CAIDI benchmark is reasonable when transmission is excluded. PG&E says, based on a study of data related only to PG&E, that excluding transmission makes no significant difference. No party has said that the 570 CAIDI standard in the joint proposal is unreasonable when transmission is included.

Having considered the above, we conclude that the joint proposal is reasonable. Since PG&E's proposal was analyzed based only on PG&E data, it is not reasonable for use on other utilities. Additionally, no party has explained why we should treat PG&E differently from the other utilities.

b) Cost-Effectiveness

The sponsors of the joint proposal state that it is cost-effective because it has benefits but little or no significant cost. They oppose PG&E's proposal because PG&E has not shown that it can be implemented by the other utilities at little or no cost. PG&E's primary financial concern appears to be that it get all of the funding it requested in its 1999 GRC.

No party has demonstrated that the joint proposal is not cost-effective. Indeed, SDG&E and SCE, who would have to implement it, are convinced that it is. We find this persuasive.

We do not expect that the joint proposal will result in significant future costs to the utilities. However, in the future if the utilities find that there are significant costs, they will not be precluded from filing for recovery prospectively. Likewise, other parties will be free to oppose such requests.

PG&E's concerns about funding requests in the 1999 GRC will properly be addressed in that proceeding. Since PG&E has not shown that its proposal is cost-effective for SDG&E and SCE, we cannot conclude that it is cost-effective for application to them.

c) Likelihood of Having the Intended Effect

The sponsors of the joint proposal represent that it is likely to have the intended effect. They say that its intended effect is that it will focus management's attention on achieving reasonable restoration times without providing perverse incentives. It will also provide an objective benchmark against which utility performance can be judged. Neither PG&E, except as noted above, nor any other party has stated that it will not have the intended effect. We conclude that the joint proposal is likely to have its intended effect.

PG&E's proposal is, except as noted above, identical to the joint recommendation. Therefore, excluding considerations of reasonableness and cost effectiveness, it would also likely have a similar effect.

d) Jurisdiction

The restoration standard proposed in the joint proposal sets up a rebuttable presumption of reasonableness to be used in the Commission's investigation of an outage. It provides a benchmark for the Commission to use in determining the need for and extent of an investigation of a covered outage. It

also indicates which parties will have the burden of overcoming the presumption if they disagree with it.

The proposed standard does not require the utility to take any action regarding the construction, operation or maintenance of any of its facilities. Simply put, it tells the utilities that if their future performance is significantly worse than their past performance, they will be presumed to have acted unreasonably and will be required to justify their actions, and vice versa. Any action the Commission may take will be based on its investigation of the covered outage after full due process. No action, such as sanctions or requirements involving facilities, operations or maintenance, result from the proposed standard itself.

PG&E states that transmission should be excluded from the standards because the Commission lacks jurisdiction.

PG&E has not demonstrated that FERC intended to preempt the Commissions' authority over transmission reliability. In addition, it has not shown any FERC-approved tariff, rate, term or condition of service that the joint proposal contradicts.

In D.99-09-028, in Investigation (I.) 98-12-013, we addressed PG&E's arguments that we did not have the authority to investigate the transmission aspects of the power outage that occurred on December 8, 1998 on PG&E's system. We determined that we had the necessary jurisdiction and that there are sound legal and policy reasons to exercise that jurisdiction to fulfill our responsibility to the public. (D.99-09-028, mimeo., at pp. 14-16.)

The above discussion addresses PG&E's claim of federal preemption. For the reasons discussed above and addressed in D.99-09-028, we conclude that we have the necessary jurisdiction to adopt the standards included

in the joint proposal, and that the joint proposal does not conflict with any statute or Commission decision.

PG&E also states that, if we do have jurisdiction, we should choose not to exercise it. This is because protocols have not been developed, the CAISO's efforts should not be duplicated, and the Commission can not assure rate recovery of transmission related expenditures.

PG&E's three concerns do not arise until an actual investigation is undertaken. Such an investigation would take place after the standard is applied, utilizing the rebuttable presumption. We have initiated a process for developing protocols for investigating outages. The CAISO's efforts will be addressed pursuant to the protocols in an effort to avoid unnecessary duplication. Rate recovery may be addressed on a case-by-case basis if transmission related expenditures are needed.

3. Conclusion

Based on the above, we conclude that the joint proposal is reasonable, cost-effective, and likely to have its intended effect. We do not conclude that PG&E's proposal is reasonable or cost-effective. We also conclude that we have the necessary jurisdiction to include both distribution and transmission in the standards. Therefore, we will adopt the response standard included in the joint proposal.

VI. Call Center Performance Standard

A. Need for a Standard

1. Initial Positions of Parties

a) PG&E

PG&E represents that it has extended significant efforts and made substantial investments during the past five years to improve access,

capacity, service and quality for normal operations and emergency operations. PG&E does not feel that further investment is warranted or economical. PG&E believes that its current capacity and capability are more than satisfactory and that additional call center standards are not necessary. PG&E believes that existing regulation and requirements promote quality customer service and emergency preparedness.

PG&E also believes that performance standards are unworkable. In actual events, it cannot control such things as the unavailability of the telephone network, the inability to reach off-duty employees, the inability of off duty employees to reach call center locations, etc. To judge a utility's performance and effectiveness without a comprehensive assessment, considering all applicable factors and variables, can result in arbitrary and unreasonable conclusions regarding the adequacy of its response. PG&E recommends a post-event review approach.

PG&E represents that it has exceeded Commission-mandated performance standards for its call centers. It has met or exceeded the standard for monthly average speed of answer (20 seconds) for 40 consecutive months. It has achieved the standard for monthly busy percent performance (less that 1 percent busies) for 33 consecutive months.

PG&E believes that its call centers are state-of-the-art. PG&E states that in the last five years it has reorganized the customer telephone service function, improved functionality and capacity, added features and technology and developed a comprehensive emergency plan.

PG&E points out that G.O. 166 requires it to file a plan describing how the call centers will be used to communicate with the public during a major outage. G.O. 166 also specifies information to be made available to the public by the call centers.

PG&E claims that the existing standards, average speed of answer and busies percent, will not work to evaluate performance during a major outage due to the uniqueness of emergencies and disasters. Call center performance can be affected by the following regardless of the call center design and planning:

- Time of day (staffing levels are less at night).
- Call volume (volume is likely to be higher when the public is not aware of the cause of the outage).
- Ability of off-duty staff to get to the call center (road conditions, etc.).
- Condition of the telephone network.
- Vendor problems regarding call center equipment.

b) SCE

SCE's position mirrored that of PG&E. SCE believes that additional standards are not required but, if adopted, they should reflect the following principles:

- They must respond to specific needs.
- They must be feasible and achievable.
- They must be demonstrated to be cost-effective.
- They must be fair.

SCE also believes that the Commission must provide for recovery of any resulting costs.

SCE estimates that the proposed standards would cost $17 million in incremental expenditures and $10 million in facilities costs.

SCE believes that the purpose of a prescriptive standard such as that proposed in D.98-03-036 should be to describe, for a given set of circumstances, a minimum acceptable end result, all other things being equal.

Since major outages are by nature, unpredictable, such a standard cannot be developed.

SCE argues that Pub. Util. Code § 364(d) requires an after-the-fact review and the exercise of discretion. Self-executing penalties relieves the Commission of the obligation to review and determine fault. This would be contrary to the spirit and language of the statute.

SCE's current service level goal for its customer call center is 75% of weekly calls answered within 50 seconds for 90% of the weeks of the year. This goal was explicitly recognized by the Commission in D.98-07-077 and includes the impact of any major outages. SCE has exceeded the goal in 1997, 1998 and 1999 (year-to-date).

SCE states that its current call center procedures and processes already allow customers to report hazardous conditions with the highest priority. Most customers experiencing hazardous or life threatening conditions not related to electric service or equipment do not call SCE.

c) SDG&E

SDG&E believes that call center standards during emergency events are not necessary. It believes that such standards will not increase responsiveness to customer inquiries. It further believes that standards would not be cost effective, particularly given the improvements SDG&E has made to its call center.

SDG&E's current call center standard is 80% of all calls answered within 60 seconds. Additionally, SDG&E annually reports call center performance on the following criteria:

- Convenience of the timeframe arranged for an appointment.
- Average response time to electric emergencies.

- Average response time to gas emergencies.
- Level of busies in the call center.
- Number of abandoned calls in the call center.
- Average number of minutes (for a new caller) between the call connection to the first menu and the menu choice for a customer service representative.
- Time for completion of gas service.
- Time waiting for electric service.

SDG&E believes that the utilities call center should not be intended to be the primary source of restoration information during an unplanned catastrophic event. The customers should be able to receive such information through public forums such as public service announcements.

SDG&E believes that a standard based on the number of calls receiving a busy signal during a major outage would not be appropriate. This is because, during such an event, telecommunications providers may restrict use of the phone system to insure adequate infrastructure for emergency services. Also a busy signal may be received from some portion of the telephone system, a central office for example, rather than the electric utility. Additionally, due to the redial feature on most phones, individual callers may generate many busy signals thus inflating the number of busy signals received.

SDG&E states that a standard based on a percentage of calls answered within a specified time would not be reasonable. Since there is no way to predict the number of calls that would be received, it would be expensive to plan for such events. Also, satisfying such a standard would not mean that service would be restored any faster. SDG&E also believes that a standard based on hang ups would not be appropriate, because the hang ups may not be due to the utility's actions or failures to act.

SDG&E estimates that to respond to 10% of its customers calling simultaneously would cost $1 million annually for a recorded message only. The cost would be over $4 million annually to allow a customer to opt out to a live agent.

SDG&E believes that a readiness evaluation check list, that establishes up-front expectations for call center management actions during a major outage, would insure that reasonable actions are taken in response to a major outage. Such a list would be a post-event review tool and would include such factors as:

- Was the mutual aid for call centers agreement invoked?
- Is there an on-going training program in place for responding to emergency situations?
- Were all trained utility employees contacted and asked to respond within a specified time frame?
- Were public service announcements provided in a timely manner?

d) Sierra

Sierra believes that call center standards are unnecessary and would impose significant costs on customers. Sierra states that it is currently in the process of upgrading its company-wide telephone response systems. It estimates that it would cost $330,000 to provide a call center that would meet the standards proposed in D.98-03-036.

Sierra indicates that it is impossible for it to track calls by state of origin. At the same time, its electric distribution system is constructed in such a way that it is possible to have outages that interrupt both California and Nevada customers.

Sierra believes that if the Public Service Commission of Nevada (PUCN) were to adopt standards, it would be cost-effective to adopt such standards system wide. PUCN has not addressed this issue to date.

To meet the call center standard previously proposed by TURN and ORA, that the utilities be able to answer at least 50% of incoming calls during emergencies, the costs would be:

Startup	$532,000
Annual Expense	$124,000

e) SoCal Water

SoCal Water has spent $62,000 since March of 1997 upgrading its BVES telephone system. Its existing systems can not be upgraded to measure how long customers must wait to talk to a customer service representative. Such an upgrade would not be a reasonable investment. SoCal Water believes it should be exempted from any standards that may be adopted due to its small service territory and limited number of permanent residents. The risk of major outages is primarily outside the BVES system.

SoCal Water explains that BVES was solely an electric distribution utility prior to electric restructuring and remains so today. Electric restructuring has had no effect on BVES except the source of its purchase power.

f) PacifiCorp

PacifiCorp believes that imposition of call center standards would impose a hardship on PacifiCorp. PacifiCorp already operates two call centers in Portland, Oregon and Salt Lake City, Utah. PacifiCorp has already invested in facilities to allow communications 24 hours a day at both locations.

g) TURN and ORA

TURN and ORA believe that call center standards are needed for substantially the same reasons that restoration standards are needed.

B. Design of a Standard

1. Initial Positions of Parties

a) TURN and ORA

TURN and ORA jointly recommend as follows:

- The commission should adopt reasonable call center standards because such standards are both necessary and useful.
- A call center standard should be applicable in large (over 10%) events with the following characteristics:
  - "Percent busies," registered at the utility's phone switch and that of its contractors, would be the measurement indicator for the standard. The indicator would be measured on a 24-hour basis from the day the event begins, and separately for each 24-hour period until the end of the event. During the Commission investigation which follows the event, the utility's response would be presumed reasonable if the percent of busies was less than level-1; would be presumed unreasonable if the percent of busies was more than level-2; no presumption would apply for values of percent busies equal to or between level-1 or level-2, but the Commission would undertake a critical investigation. These presumptions would be rebuttable in the same way as for the restoration standard.
  - The standard would be applicable to all events affecting 10% or more of customers, regardless of the cause.
  - The beginning and end of an event would be measured the same as for the restoration standard.

- Automatic penalties would not be applicable. However, the Commission, at its discretion, could assign penalties for poor performance, where appropriate.
- Level-1 would be defined as 30% busies over the day of the outage (midnight to midnight).
- Level-2 would be defined as 50% busies over the day of the outage, and more than 50% busies in each of 6 hours.
- Small utilities (under 150,000 California customers) should be exempt from the call center emergency standards.
- The Commission should require utilities to gather additional data, for each event where over 10% of the customers are out, on system damage, number of customers restored during designated time periods, and weather conditions.

Level-1 is defined as 30% busies over the day of the outage. This level was chosen because it could be met on a daily basis, by PG&E, SCE and SDG&E during a major outage.

Level-2 is defined as 50% busies over the day of the outage and more than 50% busies for any six one-hour periods (need not be consecutive). This level was chosen because at this level, customers would have a reasonable chance of getting through to the call center over the course of several hours.

TURN and ORA believe that their proposed standard could be met with the utilities' existing capacity. Therefore, no additional costs would be incurred. In addition, the utilities should not have to unduly minimize the time spent on each call.

b) PG&E

PG&E opposes the standard proposed by TURN and ORA. TURN and ORA claim that, since their proposed standard is based on historical

data, it represents levels of emergency preparedness that ratepayers have already paid for. Therefore, no additional costs are necessary to meet the standard. From this, TURN and ORA conclude that their proposed standard is cost effective. PG&E points out that in its 1999 GRC, ORA is recommending a substantially lower level of call center funding than proposed by PG&E. PG&E alleges that its GRC proposal is necessary to maintain the current level of service. PG&E concludes that the TURN and ORA proposal has not been shown to be cost effective and is inconsistent with ORA's recommendation in PG&E's 1999 GRC proceeding.

c) PacifiCorp

PacifiCorp agrees with the TURN and ORA proposal for small utilities.

C. Joint Proposal

TURN, ORA, SDG&E, and SCE sponsored a joint proposal for a call center performance standard. It is included in Attachment 1.

The joint proposal can be summarized as follows:

- The two benchmarks, are:
  - Level-1 is defined is 30% busies over the day of the outage.
  - Level-2 is defined as 50% busies over the day of the outage plus at least 50% busies in each of six one-hour increments.
- The utility's call center performance is presumed reasonable if the percent busies is below level-1.
- The utility's call center performance is presumed unreasonable if the percent busies is above level-2.
- The presumptions are rebuttable.
- Only busies encountered by customers at the utility's switch and that of its contractors are included.

- Utilities with fewer than 150,000 electric customers are exempted.

1. Positions of Parties

a) TURN and ORA

TURN and ORA believe that the standard is needed because the call centers are an important part of a utility's response to a major outage. A call center standard would counter cost-cutting pressures that could adversely affect performance. Existing regulatory and PBR mechanisms do not cover the number of busies that occur during major outages.

TURN and ORA believe that the standard included in the joint proposal will help ensure that customers have a reasonable opportunity to get through to the utility to give and receive information during a major outage.

TURN and ORA point out that the design of the standard has been found reasonable by all parties, assuming in PG&E's case that there would be a standard at all.

TURN and ORA allege that the standard is cost effective because it will provide benefits at little or no cost relative to current spending levels. They further represent that the 30% benchmark level has been shown by modeling to be achievable by most utilities under the assumed circumstances.

TURN points out that in PG&E's 1999 GRC, TURN opposed recovery of costs associated with its Outage Information System (OIS). The OIS is used to facilitate reporting and restoration of outages. TURN maintained that the OIS was needed, but TURN opposed cost recovery as a penalty for PG&E's failure to replace its previous outdated system in a timely manner. TURN believes that its position in this proceeding is entirely consistent.

b) SDG&E

SDG&E believes that the joint proposal for call center standards represents a compromise acceptable to all of the major parties to the proceeding. The standard focuses on busies at the utility's telephone switch. It is a useful indicator because it does the following things at once:

- It measures how easily customers can get through to inform the utility about the hazards that they are facing.
- It measures how easy it is for the customers to get information that they need in order to plan their response to the emergency.
- It is a surrogate for the performance of the utility on how well it's able to get the information out through other media to inform people about the status of the emergency and how the restoration is going.
- It captures how accurate the information is that the customer receives on the first call because if they don't get accurate information, they will call again and keep overwhelming the switch.
- To a certain extent, it captures how the utility's outage information system is working.

SDG&E represents that the call center standard is reasonable because it sets an objective benchmark for measuring performance. It also provides reasonable assurance that customers can get through to the utility to receive information or report trouble.

SDG&E states that the standard was designed to be low cost (or no cost) and is, therefore, cost-effective. It believes that there are no cost recovery issues for this proceeding.

c) SCE

SCE is a sponsor of the joint proposal. SCE emphasizes that the standard is a compromise among the parties. It supports the standard for the following additional reasons:

- It provides an objective benchmark against which performance is measured.
- It is reasonably feasible, achievable and practical to implement.
- It is fair because it limits application of the standard to matters within the utility's control.

d) Sierra

Sierra does not object to the joint proposal or to PG&E's proposal because utilities with fewer than 150,000 electric customers would be exempted.

e) SoCal Water

SoCal Water believes that it should be exempted from the standards for the reasons set out in its initial recommendation.

f) PG&E

PG&E believes that standards are not necessary for the reasons set out in its initial recommendation. However, it takes the position that it could support the joint proposal with two caveats.

First, since the standards are based on historical performance, the Commission should maintain the utility's current level of resources for the call center function within customer services. PG&E states that it has been spending considerably more than it was authorized in its last GRC. PG&E takes the position that it should be granted its requested amount in its 1999 GRC if the Commission adopts the joint proposal.

Second, PG&E states that the standard should not be applied to transmission outages.

2. Discussion

A call center standard is needed for the same reasons as the restoration time standard. This is an important benchmark to have in place in order to judge utilities' responses to emergencies and major outages. Additionally, no party, including PG&E, has objected to the call center standard language in the joint recommendation. PG&E's proposal is identical.

The sponsors of the joint recommendation state that the proposed call center standard is feasible, achievable and practical to implement. No party except PG&E has said otherwise. PG&E's primary concern is related to funding in the 1999 GRC, which will be addressed in that proceeding. PG&E's arguments concerning inclusion of transmission outages were addressed in the discussion of the restoration time standard.

The sponsors of the joint recommendation state that it is cost effective and is likely to achieve its intended effect. No party has stated that it is not. The intended effect is that it will motivate the utilities to maintain or improve call center performance, and provide a benchmark against which performance can be measured.

We do not expect that the joint proposal will result in significant future costs to the utilities. However, in the future if the utilities find that there are significant costs, they will not be precluded from filing for recovery prospectively. Likewise, other parties will be free to oppose such requests.

For the above reasons, we conclude that the call center standard in the joint proposal is reasonable, cost-effective, and likely to have its intended effect.

3. Conclusion

For all of the above reasons we will adopt the call center standard included in the joint proposal.

Findings of Fact

1. The joint proposal regarding restoration performance benchmark and a call center benchmark is sponsored by TURN, ORA, SDG&E, and SCE.

2. PG&E's proposal is identical to the joint proposal except that it excludes transmission.

3. The restoration standard benchmark in the joint proposal is based on the available historical data.

4. The restoration standard benchmark in PG&E's proposal is based only on PG&E's historical data.

5. The cost of PG&E's proposed restoration standard is unknown for SDG&E and SCE.

6. Funding considerations raised in PG&E's 1999 GRC are properly addressed in that proceeding.

7. The restoration time standard in the joint proposal will focus management's attention on achieving reasonable restoration time without providing perverse incentives and will provide a benchmark against which performance can be measured.

8. The call center standard in the joint proposal will motivate the utilities to maintain or improve call center performance, and provide a benchmark against which performance can be measured.

9. The joint proposal focuses on facilities within the utility's control.

10. The joint proposal will have no significant immediate implementation costs.

11. The joint proposal will facilitate the Commission's investigation of utility performance during major outages.

12. Imposition of the restoration standard included in the joint proposal does not contradict any FERC-approved tariff, rate, term or condition of service.

Conclusions of Law

1. The joint recommendation is reasonable, cost-effective, and likely to have its intended effect.

2. PG&E's proposal is not reasonable or cost-effective.

3. The issue of the Commission's jurisdiction over transmission was decided in D.99-08-028. In that decision, we determined that we share concurrent jurisdiction with CAISO over elements of the transmission system and transmission reliability and we retain extensive jurisdiction over transmission and reliability including undisputed jurisdiction over safety.

4. In the future, if the utilities believe that the joint proposal will create significant implementation costs, they are not prohibited from seeking prospective cost recovery in future proceedings. Other parties may challenge the recovery requests.

5. The Commission has the jurisdiction necessary to adopt the joint proposal.

6. The joint proposal should be adopted.

O R D E R

IT IS ORDERED that:

1. The joint proposal, included as Attachment 1, is adopted.
2. This proceeding is closed.

This order is effective today.

Dated May 4, 2000, at San Francisco, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
CARL W. WOOD
Commissioners

ATTACHMENT 1

ADDITIONAL PROVISIONS TO G.O. 166

Addition to "Definitions"

Measured Event: A Measured Event is a Major Outage (as defined herein), resulting from non-earthquake, weather-related causes, affecting between 10% (simultaneous) and 40% (cumulative) of a utility's electric customer base. A Measured Event is deemed to begin at 12:00 a.m. on the day when more than one percent (simultaneous) of the utility's electric customers experience sustained interruptions. A Measured Event is deemed to end when fewer than one percent (simultaneous)of the utility's customers experience sustained interruptions in two consecutive 24-hour periods (12:00 a.m. to 11:59 p.m.); and the end of the Measured Event in 11:59 p.m. of that 48-hour period.

Transmission Facilities: Transmission facilities are those facilities subject to control by the Independent System Operator pursuant to Federal Energy Regulatory Commission orders.

Standard 12: Restoration Performance Benchmark For A Measured Event

The Commission shall perform a review of utility performance following every Major Outage. This standard sets a benchmark for the Commission to use in reviewing utility restoration performance only during Measured Events.

A. Benchmark

A utility's restoration performance during a Measure Event shall be presumed reasonable if the CAIDI is 570 or below, and presumed unreasonable if the CAIDI is above 570. These presumptions are rebuttable.

B. CAIDI Calculation

CAIDI stands for Customer Average Interruption Duration Index and is computed using the following equation:

$$\frac{\text{total customer minutes of interruption}}{\text{total number of customer interruptions}}$$

If a single customer experiences more than one sustained interruption during a Measured Event, each interruption shall count as a separate customer interruption. CAIDI shall be measured from the beginning of the Measured Event and shall continue until all customers experiencing interruptions during the Measured Event have been restored.

C. Transmission Outages

Customer minutes of interruption caused by outages of Transmission Facilities owned by the utility during a Measured Event are included in the calculation of CAIDI for purposes of this standard.

Customer minutes of interruption attributable to utility compliance with ISO directives, including its protocols, tariffs, transmission agreements or other written or verbal instructions specific to the event, which prevent the utility from restoring service it is otherwise able to provide shall be excluded in the calculation of CAIDI for purposes of this standard.

D. Exemption

Utilities with fewer than 150,000 electric customers are exempted from application of this standard.

Standard 13 – Call Center Benchmark For A Measured Event

The Commission shall perform a review of utility performance following every Major Outage. This standard sets a benchmark for the Commission to use in reviewing utility call center performance only during Measured Events.

A. Benchmark

A utility's call center performance during a Measured Event shall be presumed reasonable if the percent busies calculation is lower than Level-1, and presumed unreasonable if the percent busies calculation is greater than Level-2. These presumptions are rebuttable. Performance equal to or between Level-1 and Level-2 is subject to no presumption.

Level-1 is defined as 30% busies over the day of the outage (12:00 a.m. to 11:59 p.m.).

Level-2 is defined as 50% busies over the day of the outage (12:00 a.m. to 11:59 p.m.) *plus* at least 50% busies in each of six one-hour increments (these increments need not be consecutive).

B. Percent Busies Calculation

Percent busies calculation measures the levels of busy signals encountered by customers at the utility's switch and that of its contractors. Mutual aid partners are not considered "contractors" for purposes of this standard, and busies encountered as a result of mutual aid assistance are not included in measurements to which this standard applies.

Percent busies indicator is measured on a 24-hour basis for outage-related calls (on energy outage and general call lines) from the time the Measured Event begins (12:00 a.m. to 11:59 p.m.), and separately for each 24-hour period until the Measured Event ends.

Either of the following methods for calculating percent busies is acceptable:

- Percent of call attempts reaching the utility which receive a busy signal
- Percent of time that trunk line capacity is exhausted.

C. Exemption

Utilities with fewer than 150,000 electric customers are exempted from application of this standard.

(END OF ATTACHMENT 1)

ATTACHMENT 2

LIST OF APPERANCES