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Year 2000

Status of Electric, Natural Gas, and Telecommunications Companies Preparations

June 1999

This is the second report of the Washington Utilities and Transportation Commission (UTC) summarizing the status of Year 2000 (Y2K) preparations of investor-owned electric, natural gas, and facilities-based telecommunications companies operating in Washington. This report covers the work and efforts completed by March 30, 1999.

The UTC regulates investor-owned providers of electric, natural gas, and telephone services and has ordered these companies to provide quarterly reports on their progress towards Year 2000 readiness. The UTC is encouraging regulated companies to take the steps necessary to ensure services will not be interrupted by Y2K problems.

Several of the companies reporting Y2K status to the UTC have facilities and operations in multiple states. These companies include: US WEST, GTE, TDS telecom, Century Telecom, Avista, PacifiCorp and Northwest Natural Gas. The information submitted to the UTC and contained in this report for those companies reflects the company's entire operation, and is not specific to Washington.

Report Structure

The report is divided into three sections: Natural Gas, Electric and Telecommunications. The appendix includes company specific information.

The electric companies submitted their information using the North American Electric Reliability Council (NERC) format. Telecommunications companies used a Federal Communications Commission (FCC) format which will ensure uniform reporting starting this period.

The information contained in this document is self-reported. The UTC has not performed any independent assessments or audits of these companies to determine if the information provided accurately depicts the companies' Y2K status and readiness.

CASE Associates, Inc., under contract to the UTC, compiled and summarized the data included in the individual company reports on Y2K status.

This report monitors industry and company progress in three Y2K phases: inventory, assessment, and remediation/testing as of March 30, 1999. Industry standard definitions for these terms are below.

Inventory is the process of determining all of the Year 2000 components within a company. The inventory should include, by product and type, all applications, databases, files, hardware and other related system components that will require inspection to locate date and date processing.

Assessment is the process of determining where dates, within the inventory are used and whether they are affected by the Year 2000 change.

Remediation/testing is fixing the dates affected by the Year 2000 change. Testing is the process of executing the programs or systems changed to verify that the functional capability of that system still meets the requirements originally specified.

Natural Gas Companies

NW Natural Gas, Puget Sound Energy, Cascade Natural Gas and Avista Corporation submitted quarterly Year 2000 reports using a consistent format derived from the American Gas Association Y2K survey. In this report, the natural gas information was submitted and summarized separately. There is no comparison data from the previous UTC report because the information had been combined with electric service Y2K data.

The state's four investor-owned companies provide the majority of natural gas services to Washington customers. Two of the companies,

Company	Total Customers	Customer Share
Cascade	127,853	16
NW Natural	31,379	4
PSE	510,270	66
Avista Corp.	109,482	14
Total	778,984	100
Percentages are of total investor-owned natural gas companies in Washington does not include customer-owned distribution connections and three small city utilities.		

Northwest Natural Gas and Cascade Natural Gas, provide only gas service, while Puget Sound Energy (PSE) and Avista Corporation provide both gas and electric services. All four companies are natural gas distribution companies and receive gas from the two major pipeline suppliers that operate in Washington: Williams Gas Pipeline and Pacific Gas Transmission.

Summary Findings

Overall, natural gas companies have completed the inventory phase and have nearly completed their assessments. Remediation/testing is under way at 65 percent.

Each company report indicates their systems, including internal applications and vendor compliance, will be Year 2000 ready by December 31, 1999. Puget Sound Energy estimated completion date is June 30, 1999 and NW Natural estimated completion date for critical systems is December 31, 1999.

Y2K Phase	Percent Complete
Inventory	100
Assessment	92
Remediation-testing	65

Issues

Over 98 percent of the gas delivered to NW Natural customers comes from the Williams Company's pipeline. Fortunately, although the pipeline relies heavily on electronics, the movement of gas is still inherently mechanical. In the short term, gas will flow, or can be made to flow, notwithstanding the failure of essential electronic systems. Williams has studied its Year 2000 problem, made assessments, and is taking action to mitigate its Y2K risk.

All companies are dependent upon commercial electrical power and telecommunications suppliers as they affect the operations of interstate gas pipelines and local gas distribution companies. Recent meetings sponsored by the Northwest Gas Association have helped to assess readiness status. Each company should continue to monitor this progress.

All organizations (except NW Natural) only identify preparations for critical applications. Critical applications are those that directly affect the customer. There are many "non-critical" applications that if not Year 2000 ready could indirectly affect response to customer calls, inquiries and support.

Electric Companies

PacifiCorp, PSE, and Avista Corporation submitted quarterly Year 2000 reports using the National Electric Reliability Council (NERC) format. In this report, the electric information was submitted and summarized separately. For comparison, this report uses data collected by NERC from companies across the United States for the 1st quarter of 1999.

Company	Total Customers	Customer Share
PSE	864,463	33.2
Avista Corp.	198,845	7.6
PacifiCorp	114,615	4.4
Total	1,177,923	45.2

The state’s three investor-owned companies provide 45 percent of the electric services to Washington customers. Both PSE and Avista Corp. provide both electric and natural gas services and PacifiCorp provides only electric services. All three companies are among the top ten electric service providers in this state.

Summary Findings

Washington’s investor-owned electric companies have completed inventory and have nearly finished their assessments. While 77 percent of the systems had undergone testing and remediation as of March 31, 1999, each company report indicates their systems, including internal applications and vendor compliance, will be Year 2000 ready by December 31, 1999.

Overall, the companies appear to be on track to being Year 2000 ready by December 31, 1999. Washington’s electric companies are

Y2K Phase	National Average	State Average
Inventory	99	100
Assessment	95	97
Remediation-testing	75	77

making substantially similar Y2K progress when compared to other companies across the country. During the last quarter, PacifiCorp improved their remediation/testing percentage to 65 percent complete from 21 percent last quarter.

Telecommunications- Long Distance

AT&T, MCI, and Sprint are the major long-distance carriers operating in Washington. Their quarterly Year 2000 reports use the Federal Communications Commission (FCC) format.

Summary Findings

The table below shows the average percent complete of **critical systems** across the Telecommunications – Long Distance industry for the three Year 2000 phases: inventory, assessment, and remediation/testing. A critical system is any system whose failure will impact the ability to deliver any core service or be “customer impacting.”

The long-distance companies have completed 89 percent of the inventory and

assessment phases and 62 percent of the remediation and testing. Each company indicates their systems, including internal applications, network and business systems, will be Year 2000 ready by June 30, 1999.

Y2K Phase	12/31/98	3/31/99
Inventory	89	89
Assessment	89	89
Remediation-testing	62	62

The companies appear to be on track to being Year 2000 ready by December 31, 1999. Still, MCI is not as far along in their remediation/testing as AT&T and Sprint. MCI’s report has not changed since the last quarter and only provides ranges of completion, not specifics.

Comparison information is available from the FCC for the 4th quarter of 1998 (1st quarter, 1999 data is currently unavailable) for long distance carriers in the United States. Nationally, companies have remediated 74 to 84 percent of their system components and plan to complete all remediation by June 30, 1999.

Telecommunications - Local

US West, GTE, and Sprint submitted quarterly Year 2000 reports using the FCC format. The Washington Independent Telephone Association (WITA) provided quarterly descriptive summary reports for the 13 small telephone companies operating in Washington in 1998. No summary report was received from WITA for the 1st quarter of 1999.

CenturyTel, Wahkiakum West, TDS Telecom, Inland Telephone Co., and Toledo Telephone Co., members of WITA, provided individual company information on Year 2000 progress. Mashell Phone Company as part of the Rainier Group submitted a report that arrived late and could not be included in this document.

WITA companies not included in this report are: Ellensburg Telephone Co., Hood Canal Telephone Co., Mashell Telephone Co., Pend Oreille Telephone Co., Pioneer Telephone Co., St. John Telephone Co., Tenino Telephone Co. (Kalama Telephone Co.), Whidbey Telephone Co. (Hat Island Telephone Co.), and Yelm Telephone Co.

Summary Findings

US West and GTE represent 92 percent of the state's local telephone lines. The other companies, Wahkiakum West, TDS Telecom, Toledo Telephone Co., Inland Telephone Co., Sprint, CenturyTel, and the 13 other WITA companies represent the remaining 8 percent.

The tables that follow show the average percent complete of **critical systems** across the local telephone industry for the three Year 2000 phases: inventory, assessment, and remediation/testing. A critical system is any system whose failure will impact the ability to deliver any core service or be "customer impacting."

Summary for U S West & GTE (92 percent of lines)

Inventory and assessment phases are 100 percent complete for 92 percent of the state's telephone lines. Remediation/testing is close to completion at 87 percent. This is an improvement of 5 percent over the prior quarter.

The Network Reliability and Interoperability Council (NRIC), a national telecommunications company collaborative, conducted surveys of the large local carriers nationwide on Y2K readiness.

Local Phone Company	Inventory	Assessment	Remediation Testing	Estimated Completion
U S West	100	100	87	9/30/99
GTE	100	100	86	6/30/99
Current Average (3/31/99)	100	100	87	
Previous Average (12/31/98)	100	100	82	

By the end of last year, 86 percent of their systems had been remediated.

Summary of participating WITA companies

For the remaining 8 percent of the state’s telephone lines which are owned by the WITA companies, the inventory phase is 96 percent complete and assessment phase are nearly complete at 89 percent. Remediation/testing is 56 percent complete.

Local Phone Company	Inventory	Assessment	Remediation Testing	Estimated Completion
Western Wahkiakum	100	67	66	11/30/99
TDS Telecom	100	100	74	10/30/99
Toledo Telephone Co.	100	100	17	9/30/99
Sprint	100	100	63	6/30/99
CenturyTel	100	100	68	9/30/99
Inland	73	67	50	12/31/99
Overall	96	89	56	

The data collected by the NRIC nationally on medium/small telephone companies and Y2K preparedness confirms that Washington’s medium and small telephone companies lag behind the larger local telephone companies. Nationally, smaller systems are behind by more than 24 percent in the remediation of critical system while in Washington, the difference between larger and smaller companies is approximately 31 percent difference. There is assumed an incremental risk for the medium/small companies due

to the lag in remediation efforts and because of the lack of information from several of these companies. (See page 6)

The next table shows the **weighted average** for all carriers. The percentages were calculated by multiplying the overall percentage for each group (92 percent carriers and 8 percent carriers) by the percent of the industry they represent (92 percent or 8 percent). Example: Inventory is 100 percent complete for the local carriers from the 92 percent group. 100 percent times 92 percent equals 92 percent complete overall for the Inventory phase.

Overall Weighted Summary	Inventory	Assessment	Remediation Testing
U S West, GTE	92	92	80
Other local telcos	8	7	4
Current completion	100	99	84
12/31/98 completion	100	100	81

Inventory phase is complete and the assessment phase is nearly complete at 99 percent complete while remediation/testing is close to completion at 84 percent. Again, please note these overall percentages are different from the prior quarter because different companies provided information.

All the reporting companies appear to be on track to being Year 2000 ready by December 31, 1999. Each company report indicates their critical systems, including internal applications, network and business systems will be Year 2000 ready by December 31, 1999.

Issues

All network providers have the potential for problems created by other interconnected networks or systems outside their company. Year 2000 testing with other carrier networks is accomplished using industry-wide test environments. Sprint and MCI indicate they are participating in interoperability testing with other carriers.

All organizations (except AT&T) only discuss critical applications. Critical applications are those that directly affect the customer. There are many “non critical” applications that may or may not be

Year 2000 ready that could affect internal operations which may indirectly affect response to customer calls, inquiries and support.

Resources

An important aspect of learning more about Y2K and its potential impact on customers and businesses is to understand what resources are available to residents of Washington. There are a number of helpful websites that provide information about the different sectors in our state and communities.

In addition, there is the Washington State Year 2000 Readiness Report, Volume 1 and another volume being prepared for release in early August, 1999. The following is a list of websites that can be accessed for additional information on the progress of various sectors toward Year 2000 readiness.

www.wa.gov/dis/200/ - where you can read and/or copy the state report.

www.wutc.wa.gov - the UTC website with this report and links to utility companies.

www.y2k.gov - federal government website with national information.

www.senate.gov/y2k - website for the senate special committee on Y2K.

www.redcross.org - Red Cross website with information on personal Y2K preparedness.