

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

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|--------------------------------------|---|---------------------------|
| In the Matter of the Application of |) | |
| |) | DOCKET NO. UE-981627 |
| PACIFICORP AND |) | |
| SCOTTISH POWER PLC |) | |
| |) | |
| For an Order (1) Disclaiming |) | EIGHTH SUPPLEMENTAL ORDER |
| Jurisdiction or, in the Alternative, |) | ACCEPTING COMPLIANCE |
| Authorizing the Acquisition of |) | FILING TO ESTABLISH |
| Control of PacifiCorp by |) | NETWORK PERFORMANCE |
| ScottishPower and (2) Affirming |) | BASELINES |
| with RCW 80.08.040 for |) | |
| PacifiCorp's Issuance of Stock in |) | |
| Connection with the Transaction. |) | |
| |) | |

I. MEMORANDUM

1 The Commission approved the merger between PacifiCorp and ScottishPower in its Fifth Supplemental Order Accepting Stipulations, Approving Transaction, and Granting Securities Issuance Exemption, Docket No. UE-981627 (October 14, 1999). The Commission's Order required PacifiCorp to make certain compliance filings, including filings to establish network performance baselines.

2 Paragraph 10 of the Stipulation states:

PacifiCorp/ScottishPower, Staff and Public Counsel will work together to establish the baselines related to the network performance standards, and will file any agreed baselines with the Commission as a compliance filing in this proceeding. If the parties fail to agree on the appropriate baselines within thirty (30) days after the Commission's final order in this proceeding, PacifiCorp/ScottishPower shall no later than forty-five (45) days

after such order submit a filing to the Commission setting forth their proposed baselines. Staff, Public Counsel and other interested parties will be given an opportunity to comment on such filings. PacifiCorp/ScottishPower agree to abide by the Commission's decision regarding the appropriate baselines.

- 3 Since the merger, PacifiCorp has undertaken efforts to improve the accuracy of its outage reporting process, to better track the customer reported outages compared to PacifiCorp's outage reporting system, and to automate the outage management process. Throughout these efforts, PacifiCorp has interacted with Staff to determine the method and the appropriate baseline adjustment to better reflect the historical baseline data with the current measurement capabilities.
- 4 The network performance standards for which baselines are to be established are listed in Appendix A to the Stipulation. These are (1) System Availability, measured by the System Average Interruption Duration Index (SAIDI); (2) System Reliability, measured by the System Average Interruption Frequency Index (SAIFI); and (3) Momentary Interruptions, measured by the Momentary Average Interruption Frequency Index (MAIFI). PacifiCorp committed to reduce SAIDI and SAIFI by 10 percent and MAIFI by 5 percent by the fifth anniversary of the merger's completion.
- 5 On June 3, 2003, PacifiCorp filed its proposed network performance baselines for Standards 1 and 2, SAIDI and SAIFI, respectively. The Company, Staff, and Public Counsel have now agreed to (1) align the measurement period with the Company's fiscal year, (2) a normalization methodology for identifying abnormal events, and (3) network performance baselines and targets. The proposed SAIDI baseline is 150 minutes and the proposed SAIFI baseline is 1.061 events. The parties agree that a 10 percent reduction to the baselines produces SAIDI and SAIFI targets of 138 minutes and 0.975 events, respectively, to be achieved by March 31, 2005. The Company has stated that it will file its proposed baseline and target for MAIFI by September 17, 2003.

II. FINDINGS AND CONCLUSIONS

- 6 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, securities, and transfers of public service companies, including electric companies. *RCW 80.01.040; Chapter 80.04 RCW; and Chapter 80.28 RCW.*
- 7 (2) PacifiCorp is an electric company and a public service company subject to the Commission's jurisdiction.
- 8 (3) On June 3, 2003, PacifiCorp filed proposed network performance baselines for System Availability and System Reliability to comply with paragraph 10 of the Stipulation approved and adopted by the Commission in its Fifth Supplemental Order in this docket, entered on October 14, 1999. Commission Staff and Public Counsel have agreed to the network performance baselines proposed by PacifiCorp.
- 9 (4) The Commission should accept the baselines for SAIDI and SAIFI proposed in the Company's filing.

III. ORDER

THE COMMISSION ORDERS That:

- 10 (1) The network performance baselines for System Availability and System Reliability filed by PacifiCorp on June 3, 2003, are accepted.
- 11 (2) The Commission retains jurisdiction over the subject matter and the parties to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this 10th day of July 2003.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner