



September 17, 2003

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive, SW
Olympia, WA 98504-7250

Attention: Carol Washburn
Executive Secretary

Re: Advice No. 03-009 – Compliance Filing in Docket No. UE-981627
ScottishPower/PacifiCorp Merger Commitments

Pursuant to WAC 480-09-340 and RCW 80.28.050 and 80.28.060, PacifiCorp (d.b.a., Pacific Power & Light Company) submits for filing an original and three (3) copies of the compliance filing made as required in the above docket.

The purpose of this filing is to submit to the Commission for approval the network performance baseline relating to the number of momentary outages, or Momentary Average Interruption Duration Index (MAIFI), as discussed in Stipulation Condition #10 which was part of the Stipulation reached in the above docket. As noted in the Eighth Supplemental Order in Docket No. UE-981627, the Company agreed to file the proposed baseline and target for MAIFI by September 17, 2003.

The network performance baselines proposed by the Company have been agreed to by the Company, the Commission Staff and Public Counsel.

Background

Stipulation Condition #10 indicated that the Company, Staff and Public Counsel would work together to establish the baselines related to specific network performance standards. The network performance baselines relating to duration and frequency of outages, or System Average Interruption Duration Index and System Average Interruption Frequency Index, were approved by the Commission on July 10, 2003. The Company agreed to file the proposed baseline and target for MAIFI by September 17, 2003.



36 USC 220506

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Key to establishing the baseline was the need to better document outages and the need to implement a new outage management system. Within the Stipulation in Docket No. UE-981627, it was recognized that the planned system changes would capture outage minutes that had not been previously captured. Therefore, a “baseline adjustment” process was introduced into witness testimony. Since the approval of the merger, substantial effort has been undertaken to improve the accuracy of the Company’s outage reporting process, better track the customer reported outages compared to the outages reported in the Company’s outage reporting system, and automate substantially the outage management process. Additionally, it has led to changes in how momentary interruptions are captured. As a result, the Company has worked with Staff to establish a method whereby historic information, without any need for a baseline adjustment process could be prepared and provided. Throughout this process the Company has been communicating with Staff to determine the method that will ensure meeting the merger commitment target reflective of the planned 5% improvement over the five-year measurement period as described in Performance Standard 3.

Baseline Agreement

The process of establishing the network performance baselines began with an initial Performance Report submitted to Commission Staff in December 1999. In that report, and during subsequent discussions between the parties, concerns were expressed about attempting to establish a baseline without actual history developed from Washington customer data. Thus, the parties developed a plan to establish baselines beginning after the third quarter of fiscal 2003 (January 31, 2003), with updates as the fiscal year was completed, and resolution by March 31, 2003. Thereafter the Company committed to work with Staff and Public Counsel to establish a MAIFI target reflective of a 5% improvement in performance over the Baseline Period. As with the SAIDI and SAIFI agreement, the resolution that the Company, Staff and Public Counsel have reached will:

1. Align the measurement period with the Company’s fiscal year;
2. Establish a normalization approach; and
3. Develop merger commitment targets.

Alignment of Measurement Period with Company’s Fiscal Year

The Company will measure Performance Standard 3 on a fiscal year basis using the Company’s April 1 through March 31 fiscal year. The five-year merger commitment period ends March 31, 2005.

Establishment of Normalization Approach

Within the industry, there has been substantial effort to clearly define triggers that indicate an abnormal system event. This work has been guided through development by the Institute of Electrical and Electronic Engineers (IEEE) Working Group on System

Design and is documented in Draft Standard P1366. This approach is embodied within the current draft standard and states:

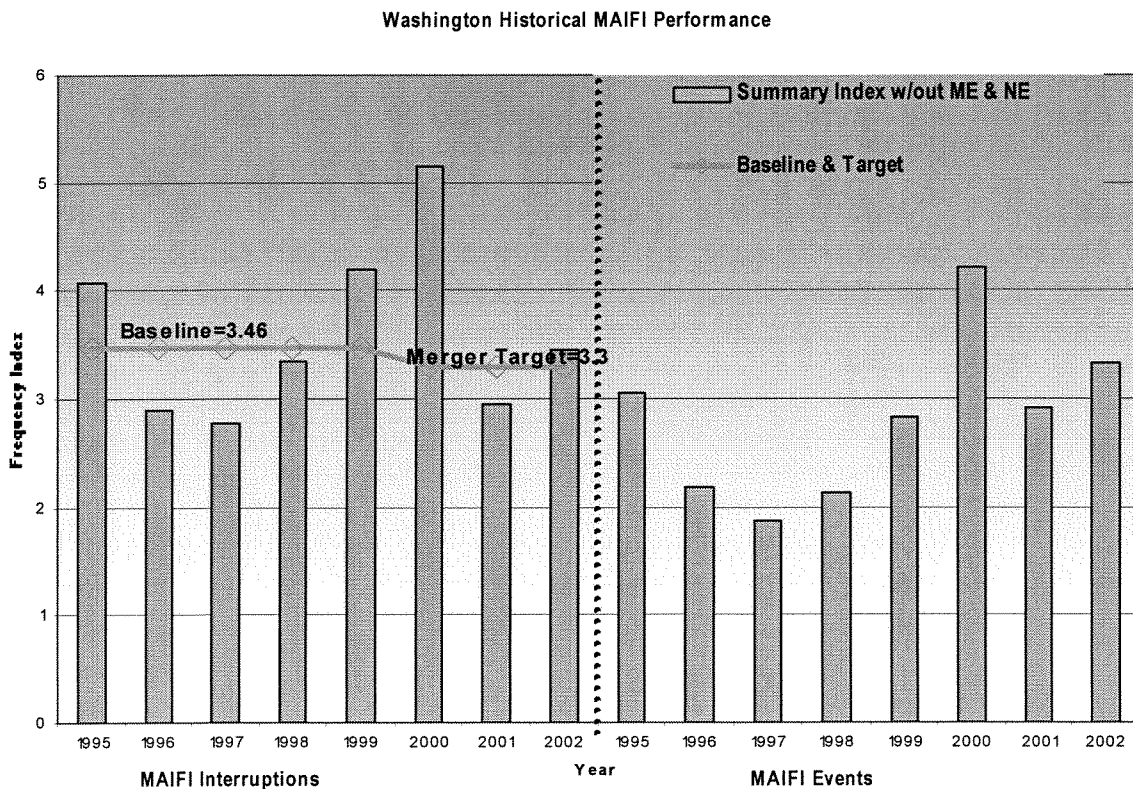
3.1.16 Major Event. Designates a catastrophic event that exceeds reasonable design and or operational limits of the electric power system. (See section 4.4 of IEEE Draft Standard P1366 for more information.)

3.1.17 Major Event Day. A day in which the daily system SAIDI exceeds a threshold value, T_{MED} . For the purposes of calculating daily system SAIDI, any interruption that spans multiple calendar days is accrued to the day on which the interruption began. Statistically, days having a daily system SAIDI greater than T_{MED} are days on which the distribution system experienced stresses beyond that normally expected (such as severe weather). Activities that occur on major event days should be separately analyzed and reported. (See section 4.4 of IEEE Draft Standard P1366 for more information.)

Identifying abnormal events allows the parties to evaluate and examine those events. On an annual basis, the Company will submit to Staff and Public Counsel Rolling Five-Year Threshold Levels for Daily SAIDI and Daily Customer Minutes Lost for Washington from which the parties will be able to segment unusual events. The remaining underlying performance will then be tested for adherence to the improvement agreed to in Docket No. UE-981627. Then, for days that exceed that threshold level, the day's momentary outages will be excluded from calculation for testing adherence to its MAIFI commitment.

Merger Commitment Targets

The baseline with normalization discussed above result in a proposed MAIFI target of 3.3 events, to be achieved by March 31, 2005. Parties believe that achievement of these targets will provide reliability improvements to customers that meet the merger commitment goal of 5% improvement over a five-year period.



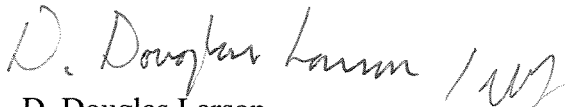
Also, it is respectfully requested that all formal correspondence and Staff requests regarding this filing be addressed to the following:

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

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 800
Portland, OR 97232

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

Sincerely,


D. Douglas Larson
Vice President, Regulation

Cc: Service List for Docket No. UE-981627

CERTIFICATE OF SERVICE
Docket No. UE-981627

I hereby certify that I have this day provided the ScottishPower/PacifiCorp Merger Commitments Compliance Filing to the following parties via US Mail.

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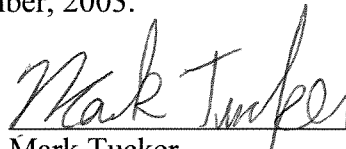
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Dated this 16th day of September, 2003.



Mark Tucker
Regulatory Filing Coordinator