



October 4, 2004

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

Attention: Carol Washburn  
Executive Secretary

Re: Advice No. 04-08 – Compliance Filing in Docket No. UE-981627  
ScottishPower/PacifiCorp Merger Commitments

Pursuant to WAC 480-09-340 and RCW 80.28.050 and -060, PacifiCorp (d.b.a., Pacific Power & Light Company) submits for filing an original and sixteen (16) copies of the compliance filing made pursuant to the above docket.

The purpose of this filing is to submit to the Commission for approval PacifiCorp's delivery of network performance standards as discussed in Stipulation Condition #10 which were part of the Stipulation reached in the above docket whereby all parties recommended that the Commission approve the Application in this docket (subject to the conditions listed in the Stipulation). The network performance baselines, against which improvement percentages were applied, were approved by the Commission in the Eighth and Ninth Supplemental Orders Accepting Compliance Filing to Establish Network Performance Baseline dated July 10, 2003 and October 16, 2003, respectively. In addition, PacifiCorp is requesting approval for improvements delivered in Program Years 1 and 2 for its Performance Standard 4, pursuant to Stipulation #20.

**Performance Standards 1 (SAIDI) and 3 (MAIFI) Background**

Stipulation Condition #10 indicated that the Company, Commission Staff and Public Counsel would work together to establish the baselines related to network performance standards. The specific network standards requiring agreed baselines are Performance Standard 1, which pertains to duration of outages, or System Average Interruption Duration Index (SAIDI); Performance Standard 2, which pertains to frequency of outages, or System Average Interruption Frequency Index (SAIFI); and Performance Standard 3, which pertains to the frequency of momentary outages, or Momentary Average Interruption Frequency Index (MAIFI).

The Company initiated the Performance Standards Program by implementing more rigorous processes for data collection and management of outage events, including an improved



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automated outage management system (CADOPS and Prosper/US Systems). The Company initiated network improvement measures simultaneous to evaluating and establishing its pre-merger performance baseline. These efforts led to setting merger commitment targets in July, 2003, for SAIDI and SAIFI (or PS1 and PS2), followed by MAIFI (PS3) in October, 2003, all of which were to be delivered by March 31, 2005.

Upon this agreement, the Company developed targets for each of its operating areas, continued to construct and reengineer facilities as appropriate and communicated ongoing progress toward achieving the delivery of its Performance Standards.

**Performance Standards 1 (SAIDI) and 3 (MAIFI) Fiscal Year 2004 Performance**

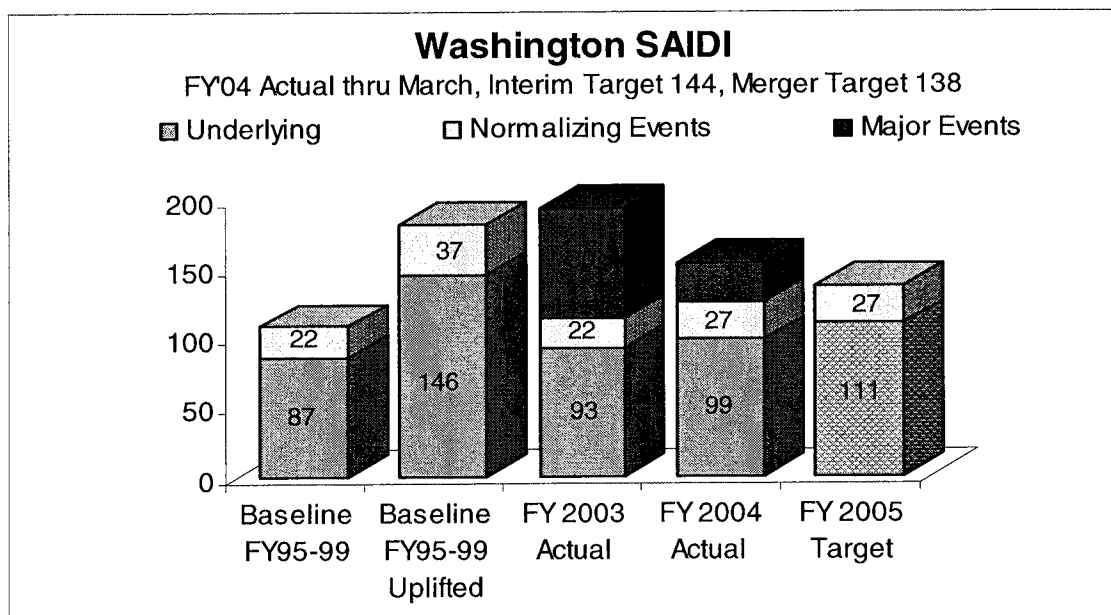
By its calculations, during Fiscal Year 2004, the Company met the following Merger Commitment Targets, as shown in tabular form in Figure 1.

**Figure 1: PS1 and PS3 Merger Commitment FY2004 Performance**

Performance Standard (required improvement)	Target	Current	Achieved	Note
PS1- SAIDI (10%) (see Figure 2)	138	126	✓	Delivered 17% improvement in SAIDI over baseline period.
PS3 – MAIFI (5%) (see Figure 3)	3.29	2.95	✓	Replicated historical method of breaker count calculations; results depicted below. Delivered 13.6% improvement over baseline period.

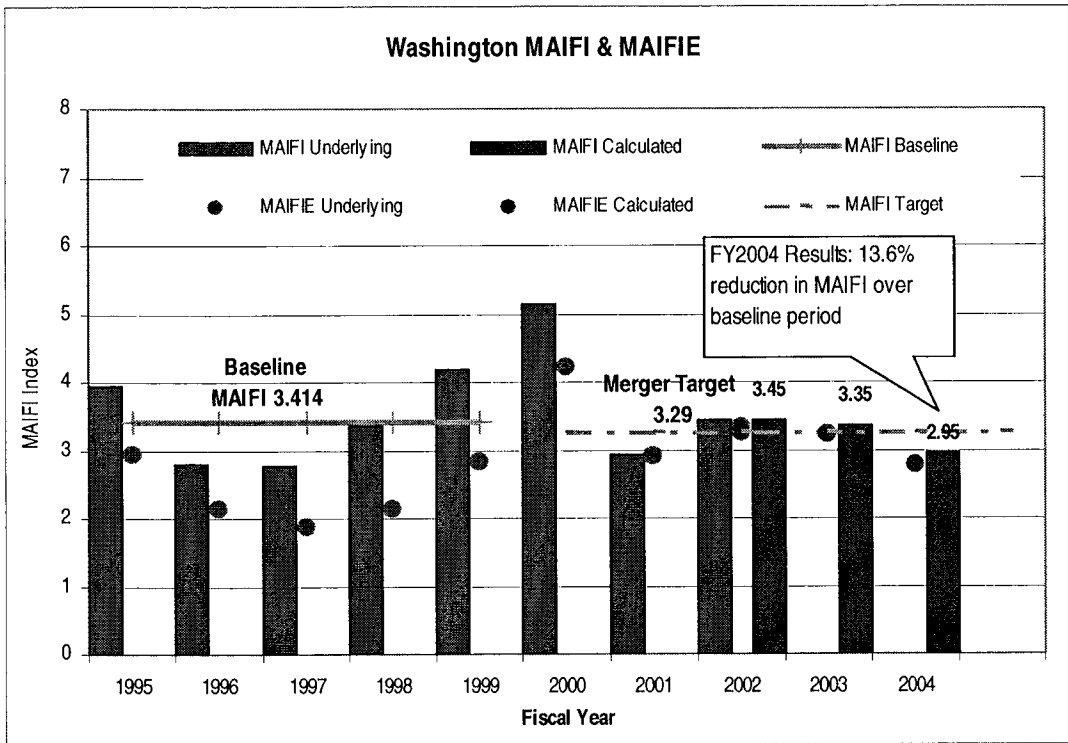
- PS1: Reduce average sustained outage duration during underlying performance by 10%.
  - Merger Commitment Target: 138 minutes.
  - Actual FY2004 Performance: 126 minutes.

**Figure 2: PS1 FY2004 Performance**



- PS3: Reduce average momentary outage frequency during underlying performance by 5%.
  - Merger Commitment Target: 3.29 events.
  - Actual FY2001 Performance: 2.95 events.

**Figure 3: PS3 FY2004 Performance**



**Performance Standards 4 (Worst Performing Circuits) Background**

Stipulation Condition #20 established a method for annually selecting, improving and measuring the five worst performing circuits in the state. As a result of developing baseline uplifts, as agreed upon by Staff and Public Counsel, the Company calculated baseline circuit performance. With these baselines and subsequent measurements, it has delivered substantially more than the 20% improvement in circuit performance indicators (CPI) for Program Years 1 and 2.

**Performance Standards 4 (Worst Performing Circuits) Fiscal Year 2004 Performance**

By its calculations, during Fiscal Year 2004, the Company met the following PS4 Program Year Targets, as shown in tabular form in Figure 4.

- PS4: Improve performance on state’s 5 worst-performing feeders by 20%.
  - Program Year 1 Merger Commitment Target: 361 CPI Score
  - Program Year 1 Actual FY2004 Performance: 140 CPI Score
  - Program Year 2 Merger Commitment Target: 203 CPI Score
  - Program Year 2 Actual FY2004 Performance: 79 CPI Score

Listed below is the performance of the Worst Performing Circuits selected for the first two years of the program. (Worst Performing Circuits can begin to be measured for improvement as soon as modifications are made to the system, but since the metric incorporates three years of history, may require as many as 5 years from the time they are selected to ensure they have improved appropriately.)

**Figure 4: PS4 Program Years 1 & 2 Worst-Performing Feeders FY2004 Performance**

ID Yr	Circuit ID	Circuit Name	Baseline CPI	Uplifted CPI	Current CPI	Improved %
1	4Y1	NILE	397	732	271	
1	5Y245	ZILLAH	172	473	78	
1	5Y330	DONALD	135	211	98	
1	5Y380	TAMPICO	284	578	147	
1	5Y690	PAHTOE	187	263	107	
		Year 1 Circuit Average		451	140	69%
2	5Y203	PARKER	197	331	62	
2	5Y437	10TH STREET	122	225	85	
2	5Y600	SOUTH	122	210	86	
2	5Y93	HIGHLAND	158	262	53	
2	5Y94	FORNEY	142	238	106	
		Year 2 Circuit Average		253	79	69%

**Summary**

During Fiscal Year 2004 (4/1/2003-3/31/2004) the Company met three of its five Performance Standard merger commitments. The Company is requesting Commission approval of achievement of PS1 (SAIDI) and PS3 (MAIFI). Additionally, the Company is requesting approval that improvement commitments for Program Years 1 and 2 for PS4, pursuant to Stipulation #20, have been met.

Finally, the Company continues to make network improvements to ensure the remainder of its Performance Standards Program will be achieved by March 31, 2005.

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 fax:                                    (503) 813-6060

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

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

Sincerely,

A handwritten signature in black ink that reads "D. Douglas Larson" followed by a stylized flourish or initials.

D. Douglas Larson  
Vice President, Regulation

cc: Public Counsel