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IDAHO PUBLIC
UTILITIES COMMISSION



December 27, 2004

Idaho Public Utilities Commission
472 W Washington
Boise, ID 83270

Attention: Jean Jewell
Commission Secretary

Re: Compliance Filing
ScottishPower/PacifiCorp Conditions of Merger Approval

PacifiCorp (d.b.a. Utah Power & Light Company) hereby submits for filing an original and seven copies of the Company's filing in compliance with Conditions of Merger Approval #6 in Case No. PAC-E-99-1, Order No. 28213, which stated:

"Within a reasonable time after closing, ScottishPower/PacifiCorp shall implement the Performance Review Committee procedures described in Exhibit 226. This process shall be in addition to, and not in derogation of, any other remedy or power of the Commission."

In accordance with this merger condition, the Company and the Commission Staff have been meeting on a periodic basis to review system performance in Idaho. These discussions have tracked the performance improvements the Company committed to in Case No. PAC-E-99-1, Order No. 28213. These reliability commitments were titled the Performance Standards Program, and included a 10% reduction in sustained outage frequency and duration, a 5% reduction in momentary outage frequency, a 20% circuit performance improvement for the state's 5 worst-performing feeders and an 80% restoration target within 3 hours of an outage. In its fiscal year 2004, (April 1, 2003-March 31, 2004) the Company delivered 4 of these 5 commitments within the State of Idaho. These results are described below.

Background

The Company's Network Performance Reports have evaluated performance against the Company's previously established baselines and merger commitment targets for its Performance Standards Program. These standards were Performance Standard 1, which



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pertains to duration of sustained outages, or System Average Interruption Duration Index (SAIDI); Performance Standard 2, which pertains to frequency of sustained outages, or System Average Interruption Frequency Index (SAIFI); Performance Standard 3, which pertains to the frequency of momentary outages, or Momentary Average Interruption Frequency Index (MAIFI); Performance Standard 4, which pertains to the circuit performance indicator (CPI) for the state's 5 worst performing circuits; and Performance Standard 5, which pertains to a targeted restoration goal of 80% of customers restored within 3 hours of first notification of an outage.

The Company initiated the Performance Standards Program by implementing more rigorous processes for data collection and management of outage events, including, an improved automated outage management system (CADOPS and Prosper/US Systems). Simultaneously, it initiated analysis and network improvement measures to evaluate and establish its pre-merger performance baseline, while targeting areas to deliver reliability improvements. Thereafter, these efforts led to the Company and PUC staff setting merger commitment targets in August, 2003, which were to be delivered by March 31, 2005. Upon this agreement, the Company communicated targets, continued to construct and reengineer facilities as appropriate and communicated ongoing progress toward achieving the delivery of its Performance Standards.

Merger Commitment Targets

In its August 18, 2003 compliance filing, the Company proposed to:

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

1. Alignment of Measurement Period with Company's Fiscal Year

The Company will measure Performance Standards 1 and 2 on a fiscal year basis using the Company's April 1 through March 31 fiscal year. The five-year merger commitment period would end March 31, 2005.

2. 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.).

3. Merger Commitment Targets

The baseline uplift with normalization discussed above results in a SAIDI target of 217 minutes and SAIFI target of 2.47 events to be achieved by or before March 31, 2005. Based on the agreed upon performance baselines and resulting targets, this will provide reliability improvements to customers that meet the merger commitment goal of 10% improvement over a five-year period.

Fiscal Year 2004 (4/1/2003-3/31/2004) Performance Standards Results

By its calculations, during Fiscal Year 2004, the Company met the following Merger Commitment Targets contained within its Performance Standards Program.

- PS1 (SAIDI): Reduce average sustained outage duration during underlying performance by 10%.
 - Merger Commitment Target: 217 minutes.
 - Actual FY2004 Performance: 211 minutes.
- PS2 (SAIFI): Reduce average sustained outage frequency during underlying performance by 10%.
 - Merger Commitment Target: 2.47 events.
 - Actual FY2004 Performance: 2.113 events.
- PS3 (MAIFI): Reduce average momentary outage frequency during underlying performance by 5%.
 - Merger Commitment Target: 5.60 events.
 - Actual FY2001 Performance: 1.969 events.
- PS4 (Worst Performing Feeders): Improve performance on state's 5 worst-performing feeders by 20% (for Program Year 1 Circuits).
 - Merger Commitment Target: 631 CPI Score
 - Actual FY2004 Performance: 111 CPI Score

PS5: Supply Restoration

At this time, the Company continues to make progress toward its achievement of PS5 goal, which commits to restoring power to, on average, 80% of the customers experiencing a sustained outage within 3 hours. As of fiscal year-end, the result was 88% of customers were restored within 3 hours; these results will continue to be reported and discussed with Commission Staff.

Summary

The Company proposes that during Fiscal Year 2004 (4/1/2003-3/31/2004) it has met four of its five Performance Standard Merger Commitments. It is on track to deliver its PS5 Supply Restoration target at Fiscal Year 2005 (3/31/2005), whereupon it will file the program performance for this Performance Standard.

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,

A handwritten signature in black ink that reads "D. Douglas Larson /pl". The signature is written in a cursive, slightly slanted style.

D. Douglas Larson
Vice President, Regulation