Jack Van Ry
2951 Brookburn Road
Salt Lake City, Utah 84109

July 12, 2004

Utah Public Service Commission
P O Box 45585
Salt Lake City, Utah 84145-0585

Subject: Kempner Road Area Outage, December 26, 2003

Commissioners:

Attached is a letter from PacifiCorp. Item 2 of the letter is their report on an inspection of East Millcreek Substation Circuit #12. PacifiCorp was forced to do this inspection by pressure brought to bear on them before and during a meeting held on April 28, 2004. PacifiCorp wanted the meeting at their offices, but area residents refused. The meeting was held at the East Millcreek Library where news media was invited by the residents. Item 2 in the letter, states "As a result of the inspection, the company will be removing, replacing or completing maintenance on 27 insulators, 52 cross-arms, 17 arresters, 17 poles, 4 transformers, 9 conductors, 53 other conditions, and 49 vegetation management projects." This level of disrepair can only be explained by 15 years of neglected maintenance. East Millcreek Circuit #12 is not unique. Unfortunately, it is representative of many circuits in the Utah Power system.

The desperate need for repairs to Utah Power's system can be seen by looking at Figure 13.4-3, Page 276, Chapter 13, of UTAH POWER, PUBLIC SERVICE COMMISSION INQUIRY REPORT, UTAH HOLIDAY STORM INQUIRY (page attached). While PacifiCorp does their own spin on this data, the truth is clear: the Figure 13.4-3 shows an appalling and alarming increase in outages and outage duration since 1989.

PacifiCorp's goal of 99.9% reliability is ludicrous. With many lengthy outages being declared "major events" and excluded from the reliability figures, most circuits that were out for days can still meet the "99.9%" target figure. The 99.9% figure allows almost 9 hours of non major event outage each year.

Another ruse is PacifiCorp's "Quantum Leap" improvement program. Its goal for improving the five worst performing circuits by 20%, this program lives up to the true definition of the word "quantum." Quantum is defined as the smallest measurable quantity in the universe.

The sample of 5 circuits is a small fraction of 1% of their total circuits. A 20% improvement on a circuit with 24 hours of outage a year is still over 19 hours a year and total unacceptable. Meanwhile the other 99+ % of their other circuits are allowed to continue to degrade. The PSC needs to mandate a ration, reasonable target for their "quantum leap" improvement program. A sample of the worst 5% must have both their number of outages and outage duration reduced to 25% of their previous years numbers. A 20 % improvement on a sample of 5 circuits is statistically meaningless.

The cause of the 54 hour Kempner Road outage was improper fuse application. In the public meeting PacifiCorp's standard fusing practice was challenged. Item 4, of the attached PacifiCorp letter now corrects that problem. This change occurred only after months of pressure on PacifiCorp and their standard fusing practices were repeatedly challenged. Prior to the public meeting on April 28, 2004, PacifiCorp's proposed fusing would have made the problem worse. In the meeting and in front of the media, they were once again challenged and forced to do the proper engineering that was lacking. What they call a slight modification is a major change in policy.

The unreasonable long restoration time of 54 hours to restore service to the Kempner Road area and its 58 homes, was due to no lineman being available to replace a blown fuse at 2840 East Millcreek Canyon Road. No other circuit problem existed. Repeated calls explaining this fact were totally ignored for more than two days! The length of customer outages were a consequence of the field staffing cuts and was predictable from the staffing level as shown on page 214, Chapter 11, of UTAH POWER, PUBLIC SERVICE COMMISSION INQUIRY REPORT, UTAH HOLIDAY STORM INQUIRY (page attached). Page 214 only gives staffing levels for 1990 through 1998. In the nine years shown listed , customer growth can be traced by the number of meter readers. It grew by 43%. While the system was growing and the system starting to fall apart (as discussed in Figure 13.4-3), the number of field support and journeymen can be seen to drop by 32 %. With PacifiCorp's management, a long disastrous outage was inevitable and unavoidable. That is why Utah Power was ranked next to last on the EEI 2002 Reliability Survey, Section 5, page 18, Williams Consulting, Inc Report (WCI), commissioned by the Division of Public Utilities and dated May 13, 2004 (page attached). That ranking was for the year 2002. For the year 2003, Utah Power will most likely be dead last.

While PacifiCorp places all the blame on the storm by calling it a "once in 75 year storm." The Williams Consulting, Inc Report (WCI) ranks PacifiCorp's "once in 75 year storm" as fifth in major recent storms. PacifiCorp's UTAH HOLIDAY STORM INQUIRY does not list and ignore the storms of December 12, 1993 and November 5, 1998, which WCI ranks as more severe. In both of these cases Utah Power had more local crews, the system had not fallen into as deep a state of disrepair, and service was quickly restored.

While it is true Scottish Power is increasing maintenance spending for PaciifiCorp, the graph on page 16, Section 5, Williams Consulting, Inc Report (WCI) shows how Portland based management is diverting a disproportionate amount of dollars, I believe, to keep Oregon

regulators happy. I believe, Utah Power will only obtain needed maintenance dollars when Utah Power no longer reports through PacifiCorp, Portland.

As more rate payer and their legislators learn these facts, many are starting to believe that for the PSC not to know these facts is an indictment; to have ignored these facts in the past is dereliction of the commission responsibilities; and to continue to ignore them demonstrates malfeasance.

A concerned Rate Payer,

Jack Van Ry

attachments: PacifiCorp Letter, dated June 14, 2004
UTAH HOLIDAY STORM INQUIRY, pages 214 and 276, and Figure 13.4-3
Williams Consulting, Inc Report, Section 5, pages 16 and 18

copy: Representative Susan Lawrence
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Representative Brent Goodfellow
3620 South 6000 West
West Valley City 84128

Senator Patrice Arent
6281 Havenbrook Circle
Salt Lake City, Utah 84121

Senator Mike Dmitrich
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June 14, 2004

VIA USPS MAIL

Gordon Knight
Chairman and Representative for
Kempner Road Residents
3020 Kempner Road
Salt Lake City, utah 84109

Re: Concerned Residents
East Millcreek Canyon Road

Dear Mr. Knight,

On April 28, 2004, Utah Power representatives met with you (Chairman), three co-chairman, your consultant and media. As customers, you raised concerns about the current electric service reliability in your area. The company committed to immediately conduct a detailed inspection of the distribution network serving your area (previously targeted beyond CY 2005), perform maintenance on conditions identified from this inspection consistent with company programs, and communicate our findings and progress. We also responded to questions raised by your consultant.

Per our agreement, this letter is an update to you and the residents listed on the petition. The following activities have been completed to this point:

- Ken Shortt (local employee) provided his telephone number to the co-chairman in the event a power disturbance occurred in your area and you wanted an update on the cause and restoration efforts. As of this letter Ken has not been contacted

- As of June 4, 2004, 100% of the East Millcreek #12 circuit has been inspected per the company inspection practices. As a result of the inspection, the company will be removing, replacing or completing maintenance on 27 insulators, 52 cross-arms, 17 arrestors, 17 poles, 4 transformers, 9 conductors, 53 other conditions, and 49 vegetation management projects.

- As of June 15, 2004, 21 cross-arms have been replaced.

- As of June 7, 2004, a fault study and fuse coordination study has been completed. The fuse coordination proposal presented at the April 28, 2004, has been slightly modified in that the company will be installing an electronic sectionalizer at 2940 Millcreek Canyon Road. We would like to invite your consultant to discuss with our engineers the results of the fault and fuse coordination studies, if he is so inclined.

- As presented at the April 28, 2004, meeting, the company submitted samples of the existing copper conductor from three locations to an independent laboratory for analysis. The results of this testing confirmed the conductor in question is not annealed, and the strength is acceptable.

- Based on the results of the inspection program and fuse coordination study noted above, the company has assigned a crew to begin work on pursuant to the findings beginning July 6, 2004.

- Vegetation management began permitting (notifying customers) on June 18, 2004, which gives the company permission to prune trees. Pruning of the trees is scheduled to begin the week of June 28, 2004.

- At this time we do not have an estimate of when all work will be completed; however, the crew supervisor assigned will be dedicated to this job until all work is finished. Exceptions may arise if an event occurs effecting PacifiCorp's system.

As a company, we are pro-actively pursuing ways to maintain the reliability to the East Millcreek area and your neighbors. After the week of July 6, 2004, I will provide you written bi-weekly updates on our progress. These updates and all other communication between us on a going forward basis must be in writing due to the April 29, 2004, Class Action petition filed with the Utah Public Service Commission, Docket No. 04-035-01, which a resident on the Kempner Road petition is a participant. Your understanding on this matter is appreciated.

Please feel free to contact me if you have any questions.

Sincerely,

Douglas N. Bennion, P.E.
Managing Director, Transmission Systems

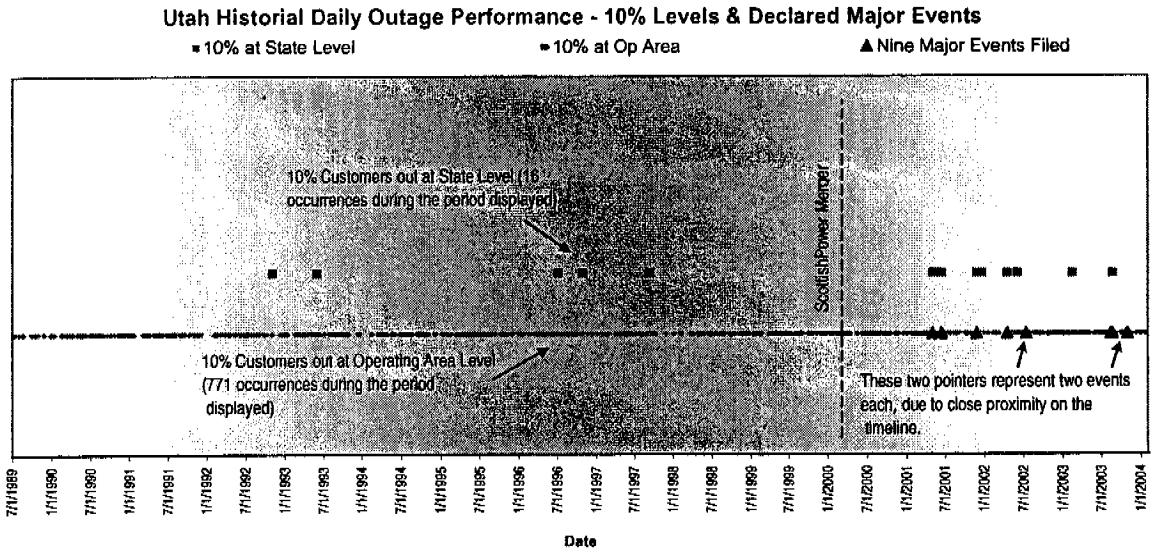


Figure 13.4-2

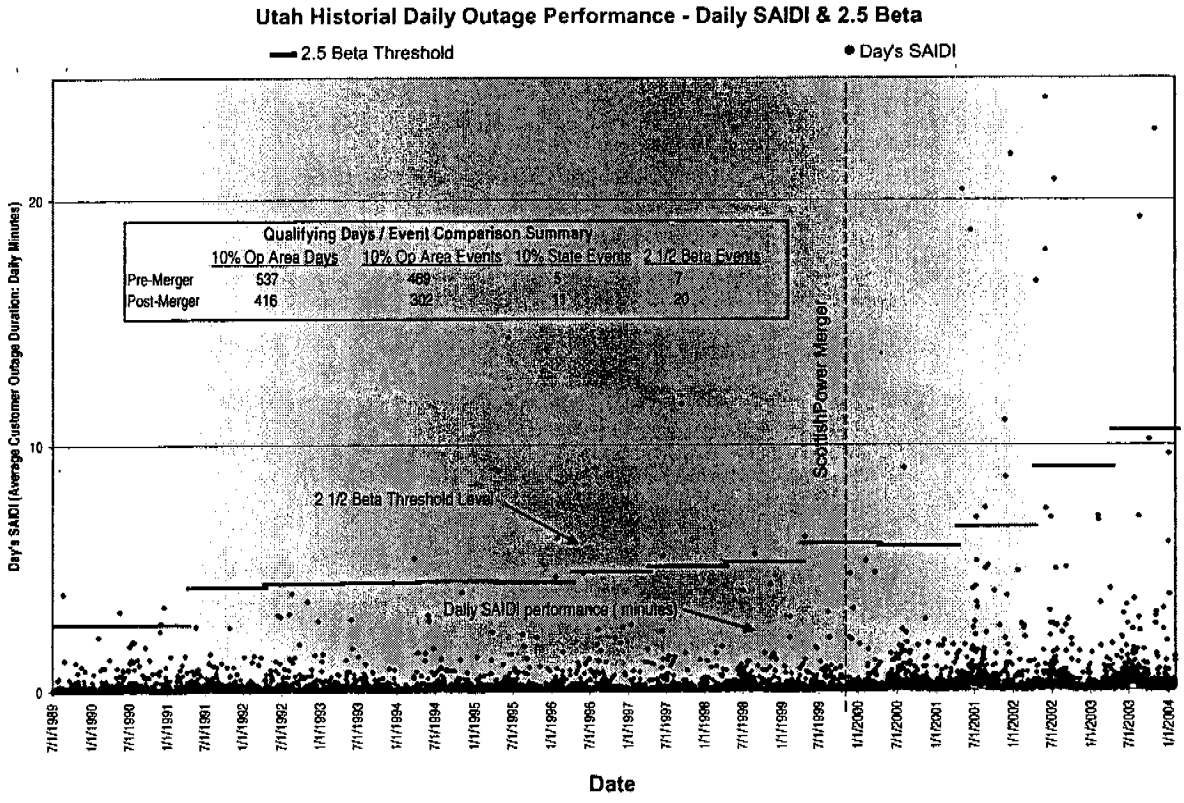


Figure 13.4-3

Explanatory notes:

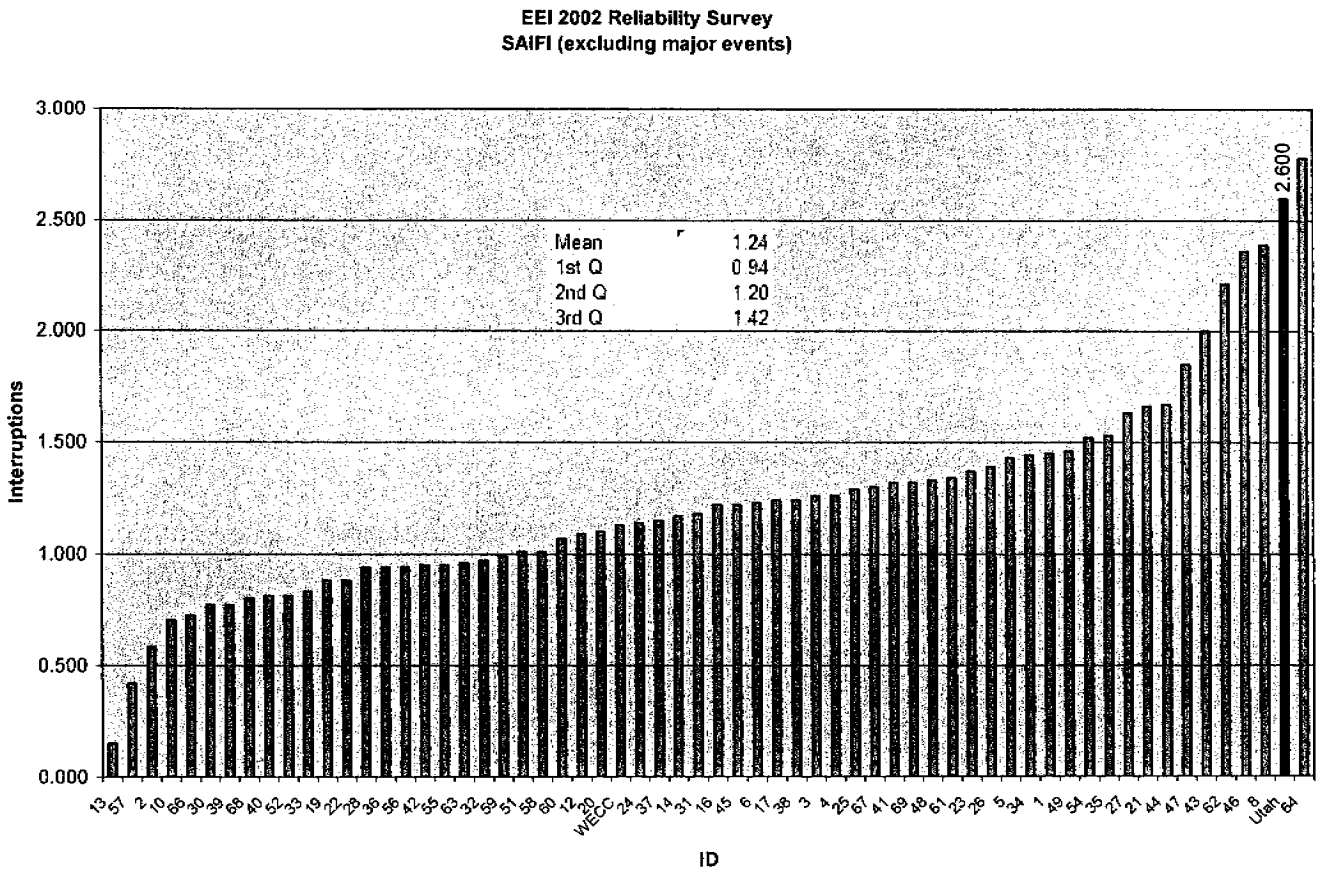
Salt Lake City. The northern region (formed from the Ogden, Idaho and Wyoming commercial regions) was headquartered in Ogden. As officers of PacifiCorp, these regional vice presidents were to be the company's liaison with regulatory and government officials. This re-organization was described by PacifiCorp executives as a centralization of resources and a decentralization of authority. During this same time, PacifiCorp offered an early retirement plan to more than 650 eligible employees. The "Class of 1990" included 173 Utah Power employees who accepted the early retirement package. Of those Utah Power positions, 142 were Transmission, Distribution and Customer Services (known under PacifiCorp's current structure as Power Delivery) positions. A total of 315 Pacific Power employees were in the "Class of 1990." Across PacifiCorp, attrition and early retirement participation resulted in the elimination of more than 800 positions. The company's goal was to reduce 1,063 positions by the end of 1993.

In the Utah Power organization, most of the customer-facing operations positions are represented by the International Brotherhood of Electrical Workers (IBEW) Local 57. In 1990, Local 57 had 1,832 members (not including Generation) in the employ of Utah Power. For the sake of simplicity, the classifications of those employees can be categorized as customer service, field support (including warehousing, transportation, mechanics, truck drivers and equipment operators), meter reading and journeymen (e.g., linemen and wiremen). In 1990, of the 1,832 jobs, 187 were in customer service, 783 in field support, 134 in meter reading, and 728 in a journeyman trade. By 1995, the number of positions had dropped, in total, by 176 positions. Customer services and meter reading had grown by approximately 111 jobs over the five-year timeframe. Field support and journeymen positions together had decreased by a total of 287 jobs.

Year	Customer Service	Field Support	Journeymen	Meter Readers	Totals
1990	187	782	728	134	1831
1991	176	767	703	134	1780
1992	244	674	698	132	1748
1993	231	648	692	145	1716
1994	296	555	702	162	1715
1995	272	550	674	160	1656
1996	245	526	646	166	1583
1997	125	536	681	189	1531
1998	110	408	623	192	1333

In 1995, PacifiCorp pursued a new customer service strategy with the objective of improving operational efficiency. PacifiCorp was operating with 98 customer service offices, 27 of which

Reliability



Maintenance