

12/6/2004

Mr. Abdilnasir Abdulle
Utah DPU
160 East 300 South
Salt Lake City, UT 84114-6571

Dear Abdinasir,

I wanted to capture our comments emanating from the teleconference Tuesday November 23, 2004 with PacifiCorp. I have listed our comments below and referenced to the Item Numbers used in Doug Bennion's discussion draft:

B.1 "Table Top Exercises"

PacifiCorp made the point that there are a large number of municipalities and communities in Utah that would preclude joint exercises. Further, they noted that Salt Lake County Emergency Coordinators stated that they would not prefer to physically participate in PacifiCorp's exercises, rather they prefer to assure telephone contact during emergencies. Bill Equinto from PacifiCorp stated that they have established a fax "hot line" to be used during emergencies to avoid and congestion on voice telephone contact numbers. The Customer Account Managers (CAMs), who maintain coordination with large customers, will be present in the ECC during emergencies. Further, the Regional Community Managers (RCMs) would be present in the ECC or operating remotely to provide coordination with emergency authorities. Doug stated that PacifiCorp does participate in local, county and state emergency exercises when these are held.

WCI's intention in our recommendations was to provide a mechanism for coordination with civil authorities during emergencies. We believe that the actions implemented by PacifiCorp as described above, meet the objective our recommendation.

D.2 Tree Trimming Status Reports

WCI's recommendation was for PacifiCorp to report on tree trimming activities and progress on a quarterly basis. During this teleconference call, PacifiCorp indicated that they had been requested by Curtis Mansfield to produce reports on a semi-annual basis as this will allow PacifiCorp to include a broader set of progress report items and paint a more accurate picture of actual progress against goals.

WCI has no objection to a semi-annual reporting period and this will meet the objectives expressed in our recommendations.

F.2 and F.3 Maintenance Work Prioritization

PacifiCorp indicated that expanding the priority codes would be a costly and time consuming process due to IT changes and re-training that would be required. Mr. Bennion explained that the "A" priority items are accomplished immediately or as soon as possible. "B" items are assigned to district managers who analyze the work requirements, timing and resources required. They may hold some of these items until a suitable grouping can be made to permit efficient

mitigation either on a geographic basis or during regular maintenance on the facility or n nearby facilities. The “B” items become a part of the regular maintenance plan. PacifiCorp reports (internally) monthly on the status, and PacifiCorp’s Asset Management Group monitors progress. PacifiCorp agreed that it would report back to the DPU on increased spending levels and progress with a careful review in one year.

WCI can accept this explanation provided that PacifiCorp shares these reports with the DPU to provide indication that the backlogs are being planned for mitigation and that mitigation is occurring.

F.4 Targeted Inspection Programs

As WCI had recommended, PacifiCorp has undertaken a sampled inspection program, outside of their regular inspection program that targeted 46 circuits in Utah, with 38 of these completed. The parameters, as stated by PacifiCorp during the conference call included circuits that had exhibited poor performance. They stated that the results indicated the most common problem areas were tree proximity and crossarm issues. These results match the results from PacifiCorp’s normal inspection program. PacifiCorp agreed to discuss and agree suitable reporting metrics with the DPU .

WCI believes that this action satisfies the intent of the recommendations contained in our report.

F.1 Maintenance Plan Audit

PacifiCorp related that they intend to implement methods and oversight in its East Region (Utah) based on its experience with its audit program utilized in its West Region (Pacific Power) in FY 2006 (beginning in April 2005).

WCI earlier stated that it agrees with this approach and reiterate our recommendation that PacifiCorp present audit results to the DPU as results are compiled.

F.5, F.6, F.7 and G.1 Baseline Maintenance Budgets and Resources

PacifiCorp explained that its current 10 year maintenance plan has been substantially increased for FY 2006. PacifiCorp further explained that this plan is based on a rolling 10 year window and its development considers existing backlog, expected inspection results going forward in terms of corrective maintenance items, and considers the resource requirements to meet maintenance goals. The Company indicated that it is in the process of employing the Resource Utilization Tool (RUT) and that this is still a work in progress. They are also adding a work management subsystem in their SAP system, which should supplement and enhance overall work management of both capital and maintenance work efforts, including scheduled, preventative and corrective maintenance.

WCI believes that these steps are in the appropriate direction to assist PacifiCorp in meeting its maintenance obligations. We recognize that at this reported stage in implementation, it may be difficult to gauge how well these initiatives and systems will perform. We therefore maintain our recommendation that PacifiCorp provide the DPU with periodic reports with appropriate

metrics that substantiate their progress in all areas of maintenance, particularly mitigation of existing and future backlog.

G.2 Independent Staffing Assessment

PacifiCorp stated that their preference is to continue to determine its staffing and resource requirements through internal plan developments. They stated that to expend money and resources on what they term a “moving target” would be less effective than to continue to develop these requirements internally.

WCI acknowledges that independent staffing reviews require additional human and financial resources and we maintain our view that such a review would benefit the Company. However, we suggest that the DPU continue to monitor PacifiCorp’s progress, through appropriate KPIs, in providing adequate staffing and resources to operate and maintain the system with a view to impose requirements for an independent review should PacifiCorp’s performance not meet expectations.

F.8 and H.1 Benchmarking

PacifiCorp explained that it participates in a number of benchmarking surveys, including PA Consulting, e-Performance, IEEE, FPL and others. While most of these are conducted at the corporate level (Utah Power and Pacific Power combined), the e-Performance survey provides comparisons at the Utah only, Utah Power, Pacific Power and corporate levels. Additionally, PacifiCorp internally developed metrics and KPIs for each operating entity, thus providing them with increased granularity in comparing performance at the state or regional level.

WCI is satisfied that this combination of corporate and disaggregated results should provide the added granularity to compare “apples to apples” across regional operating and physical differences and provide PacifiCorp the intelligence required to optimize each area.