

TO: UTAH PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES
Judith Johnson, Director
Ron Burrup, Utility Technical Consultant
Tom Peel, Utility Technical Consultant

DATE: August 19, 2003

SUBJECT: Status of Compliance with Merger Conditions - PacifiCorp/ScottishPower
Merger (Docket No. 98-2035-04)

Attached, for your information, is a copy of a letter to Mr. Jeffrey K. Larsen (PacifiCorp Vice President - Compliance) from the Division, dated August 19, 2003. The letter is in response to correspondence (copy attached) received from Mr. Larsen, dated March 26, 2003.

Also attached are spreadsheet documents which classify all merger conditions, resulting from the PacifiCorp/ScottishPower merger, into three categories, based on their compliance status.

Category 1 includes merger conditions that are “completed,” because the Company has satisfied all the requirements of those conditions which either have a specified end-date or an “objective” commitment to be met. Category 2 includes merger conditions that are ongoing, without a specified end-date, but are considered “completed” because they have been fully complied-with. Several of the merger conditions in Category 2 are already covered by statutes, or by commission rules, orders or other previous agreements. Category 3 identifies those merger conditions that are still ongoing and not fully complied-with at this time.

The Division acknowledges that the Company has met its obligations relating to Category 1 and Category 2 merger conditions and believes the need to track and report on these conditions is no longer necessary, either because the merger conditions have been satisfied or because they are covered by statutes, or by commission rules, orders or other previous agreements. This will

allow the Company to use its resources more efficiently to track and report on all remaining Category 3 merger conditions. The Company expects to be fully compliant with most of the remaining merger conditions by 2005.

The Division will assist PacifiCorp in obtaining approval from the Commission, **if the Commission deems its approval is necessary**, for the elimination of the Company's tracking and reporting for Category 1 and Category 2 merger conditions.

C: Jeffrey Larsen - PacifiCorp
John Stewart - PacifiCorp
John Scott - PacifiCorp
Dan Gimble/Cheryl Murray - CCS