

## UTAH MERGER COMMITMENTS - Category 2 (Fully Compliant)

Stipulation Reference	Testimony Reference	Co. No.	Commitment Description	Comments	End Date	Statutory Reference
1 - II.A.1	D39 (Pp 13-14)	10.4	PPW shall maintain its own accounting system, separate from SP and shall keep all its financial books and records in Portland, and shall make available to the Commission upon request.	Since the merger, the Company has maintained its own accounting system with its accounting operations and records based in Portland. Records are always available to the Commission upon request.	Not specified	Title 54-4-23 Title 54-3-21
1 - II.B.2	NA	2.3a	SP to provide analysis of proposed Corp. Cost allocation within 90 days after completion of the merger transaction.	Not done because SP Corporate Costs have not been allocated to PPW. Timeframe has lapsed.	2/29/2000	-
1 - II.B.3	NA	2.6	The Commission or its agents will have the right to audit SP records that are the bases for charges to PacifiCorp to determine the reasonableness of the allocation factors.	Because no costs have been allocated from SP to PPW, the contingency triggering this commitment has not been met.	Not specified	Title 54-3-21 Title 54-4-(1-2)
1 - II.B.4	NA	10.1	SP and PPW to provide access to all books of account, as well as all documents, data and records of their affiliated interest, which pertain to any transactions between PPW and its affiliated interests.	Such records will be made available when requested.	Not specified	Title 54-3-21 Title 54-4-(1-2) Title 54-7-7
1 - II.B.5	D39 (P 14)	3.1	SP/PPW agree to comply with all existing Commission Statutes and regulations regarding affiliated interest transactions, including timely filing of applications and reports.	Affiliated Interest reports have been filed each year on the distribution date of August 31. Filing of these reports will continue as mandated by statutes and prior Commission rulings. The Corporate Business Services Finance Department has reviewed the Transfer Pricing policy created at the time of the UP&L and PacifiCorp merger and affirms the Company's compliance.	Not specified	Docket 87-035-27 (1/15/92) and the various statutes and regulations referred to.
1 - II.B.6	D39 (P 14)	3.10	SP will not subsidize its activities by allocating to or directly charging PPW expenses which are not authorized by the Commission.	No allocations are made; all direct charges, which consist primarily of those related to SP employees on International Assignment to the US, are for the direct benefit of PPW.	Not specified	Title 54-3-1(1) Title 54-4-1
1 - II.D.1	NA	6.1	SP intends to achieve an actual capital structure equivalent to that of comparable, A-rated electric utilities in the U.S., with a common equity ratio for PPW of not less than 47%.	This commitment was superseded by merger condition #19 which mentions only the use of the hypothetical structure for ratemaking. PPW has used a hypothetical capital structure tied to comparable A-rated utilities in all post-merger Utah rate filings. PPW is below the 47% target - 45% at 12/31/02. This is close to the average of the comparable A-rated utility group.	Not specified	-

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1 - II.D.2	D39 (P 14)	6.9	PPW shall maintain separate long term debt and if outstanding, preferred stock ratings.	This commitment has been met. Rating agency reports for PacifiCorp debt have been provided to the Commission in Docket 00-035-16. See also the Company's quarterly Financing Activity Reports.	Not specified	-
1 - II.D.3	D39 (P 14)	6.14a 6.14b	SP and PPW will provide the Commission with unrestricted access to all written information provided to common stock, bond, or bond rating analysts, which directly or indirectly pertains to PPW.	PacifiCorp remains committed to providing access to this material when requested to do so by the Commission.	Not specified	Title 54-3-21 Title 54-7-7
1 - IV.A.2	D40 (Pp 3,9); D44 (Pp 11-12)	15.5	SP will maintain PPW's existing community-related contribution levels in terms of both monetary and in-kind contributions.	The Company tracks contributions to ensure this commitment is met. Annualized contributions since the merger (through 3/31/03) have exceeded the base year contributions (calendar year 1999) by 12%.	Not specified	-
1-IV.B.2	NA	13.13a	Continue to maintain Regional Advisory Boards.	PacifiCorp's Regional Advisory Boards have been continued. They are currently comprised of 15 members, five from Oregon and Washington, five from Utah and five from Wyoming. PacifiCorp's Executive Vice President of Customer Service and Community is vice chair of each board.	Not specified	-
2	NA	2.1	Conference with all State Regulators to agree the corporate and affiliate cost methodology. Six principles are described that must be included in the Corp. Cost allocation methodology.	Before completion of the merger hearings, SP made the decision to not allocate Corporate Costs to PacifiCorp, so the process to gain approval for an allocation program was discontinued. Timeframe has lapsed.	Oct. 1999	-
2	NA	2.7	SP assumes the risk of the Commission's adoption of corporate cost allocation methodologies that differ from those adopted by U.K. regulators.	No Corporate Costs have been allocated from SP to PPW, so this has not been an issue.	Not specified	Title 54-3-1(1)
2d	NA	2.6	An audit trail for Corporate Cost allocations must be adequately maintained and supported.	Because no costs have been allocated from SP to PPW, the contingency triggering this commitment has not been met.	Not specified	-
2f	NA	2.4	Commission approval of Corp. Cost allocation methodology and any changes thereto required.	This contingency has not been met since no cost allocation process has been implemented.	Not specified	Title 54-3-1(1)

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4	NA	3.2	Diversified holdings or investments of SP shall not be held by PPW (the electric company, or a subsidiary). Does not prohibit the continued holding of previously existing investments.	Since 2/4/02 no non-utility businesses have been held under PacifiCorp, the utility.	Not specified	R746-401-3.C
5	NA	9.1	SP shall notify the Commission as soon as practicable following any public announcement of any acquisition of a business, or entering a new venture or expansion of existing one, representing 5% or more of market capitalization of SP or a merger, transfer of stock etc. of a material part of PPW.	There have been no transactions that fit within these criteria as of December 2002.	Not specified	Title 54-4-(28-31)
6	NA	3.4	SP will comply with PacifiCorp's existing Transfer Pricing Policy, or as hereafter amended with the approval of the Commission with respect to transactions with PacifiCorp.	The Corporate Business Services Finance Department has reviewed the Transfer Pricing policy created at the time of the UP&L and PacifiCorp merger and affirm the Company's compliance.	Not specified	Docket 87-035-27 (1/15/92)
8	NA	9.2	PPW shall comply with PSC rules for reporting the construction, purchase, acquisition, sale, etc. of utility assets and utility plant.	PacifiCorp complies with this commitment when applicable situations occur. Examples of reported activities since the merger include the Centrailia sale and the construction of Gadsby peaking units.	Not specified	Title 54-4-(25-26, 30) R746-401-3.A
9	NA	9.3	SP shall file for approval of divestiture, spin-off or sale of any integral utility function of PPW.	PacifiCorp has complied with this commitment with the only applicable proposed transaction since the merger being the structural realignment proposal.	Not specified	R746-401-3.B
10	NA	10.2	SP and PPW shall make all employees, officers and agents available to testify before the Commission.	Examples of compliance are found in the Company's cooperation during various Utah dockets since the time of the merger.	Not specified	Title 54-7-7
11	D39 (Pp 13-14)	10.1	Access to relevant books, data and records and officials of all ScottishPower entities. Corp. records to be made available in Utah or Portland. (PPW to pay reasonable costs to access people and records outside UT.)	Examples of compliance are found in the Company's cooperation during various Utah dockets since the time of the merger.	Not specified	Title 54-3-21 Title 54-7-(7-8)
14	NA	6.4	Existing Umbrella Loan Agreement shall govern inter-group loans.	PacifiCorp has complied with this commitment and remains committed to continued compliance.	Not specified	Docket 88-2035-3 (11/19/97)

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17a	NA	13.21a	FERC form 1 - PacifiCorp	A copy of this report is provided annually in May.	Not specified	Title 54-3-22 Previous Agreement
17a	NA	13.21a	FERC form 1 - Utah State	A copy of this report is provided annually in June.	Not specified	Title 54-3-22 Previous Agreement
17b	NA	13.21b	Annual and quarterly reports (if any) to SP shareholders	There is no quarterly reporting to US shareholders. A copy of the Annual Report is provided in July.	Not specified	Title 54-3-22 Previous Agreement
17c	NA	13.21c	Semi Annual comprehensive Results of Operations	Reports are provided by month-end July and January - 4 months after the end-of-period.	Not specified	Title 54-3-22 Previous Agreement
17d	NA	13.21d	Monthly Fin. & Operating report for PPW regulated operations	Reports are provided within 60 days of month-end closings.	Not specified	Title 54-3-22 Previous Agreement
17e	NA	13.21e	SEC Reports 10-Q and 10K for PacifiCorp	Quarterly reports are sent 60 days after end-of-period. The 10-K is sent 90 days after close of FY.	Not specified	Title 54-3-22 Previous Agreement
17f	NA	13.21f	Annual class cost of service studies for PPW regulated	Report is provided annually, approx. September 1.	Not specified	Title 54-3-22 Previous Agreement
17h	NA	13.21h	Annual Affiliated Interest report for PPW	Report for the FY is sent annually on August 31.	Not specified	Title 54-3-22 Previous Agreement
17i	NA	13.21i	Five year financial plan and forecast made available for inspection in Utah annually.	The plan will be made available at a PacifiCorp office upon request.	Not specified	Title 54-3-21 Title 54-7-(7-8)
18	NA	6.8	For U.S. regulatory reporting, SP shall follow FASB 52.	FAS 52 describes standards for foreign currency translations. ScottishPower has followed FASB 52 for all relevant activities and transactions of PacifiCorp.	Not specified	US Generally Accepted Accounting Principles
19	NA	6.1	A hypothetical capital structure shall be used for ratemaking, using A-rated electric utilities comparable to PPW.	The required hypothetical capital structure has been used in all post-merger Utah rate filings.	Not specified	-
21	D39 (P 14)	6.9	PPW shall maintain separate long term debt unless approved by Commission.	This commitment has been met. Rating agency reports for PacifiCorp debt have been provided to the Commission in Docket 00-035-16. See also the Company's quarterly Financing Activity Reports.	Not specified	Title 54-4-31(1a)

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22	NA	6.10	With the exception of inter-company loans, PPW shall apply to the Commission for approval of debt issuances but can apply for a waiver of this provision after 12 months from closing.	The waiver mentioned was granted by PSC Order on 2/23/01. As part of the Order, PPW to provide quarterly reports with bond rating analysis, change to bond ratings and issuance expenses. Provided with quarterly Financing Activity reports within 60 days after end of quarter.	Not specified	Title 54-4-31(1a) Title 54-3-22 Order 2/23/01
25	NA	6.2	If SP is able to lower cost of capital, savings to be reflected in rates; increases in cost of capital of electric operations of PPW resulting from the merger to be excluded from rates.	The cost of capital has declined since the merger and has been reflected in rate hearings.	Not specified	Title 54-3-1(1)
32	NA	11.17	PPW will audit future outage reporting if requested by DPU, and results may be subject to DPU audit.	As required by Condition #30, three audits were conducted after the implementation of Prosper, the new outage reporting system. Additional audits will be performed if requested.	5/31/01 for end of initial audit series, then not specified.	Title 54-3-22
39	NA	11.49	PPW obligated to provide adequate, efficient, just and reasonable service to retail customers. UT Commission authority - references Sect. 54-7-25.	PacifiCorp recognizes its statutory responsibilities as well as the Commission's supervisory and regulatory roles as referenced in this condition.	Not specified	Title 54-3-1(2) Title 54-7-25: (penalty) R746-310-5
40	NA	8.2	Continue to produce Integrated Resource Plans. (Every 2 yrs. per current schedule.)	The most recent IRP was filed in January 2003. In it the Company stated its intention to refresh the Plan at least annually and provide a copy of the updated version to the Commission.	Not specified	Title 54-3-22 Previous Agreement
41	D51 (P 17)	8.1a	Show renewable resource additions are prudent investments in the first rate proceeding they appear.	The Company complied with this commitment in Docket 99-035-10 re Wyoming Wind Project.	Not specified	Title 54-4-(1-2)
45	NA	13.4	SP/PPW assume the risk of less than full system recovery if interjurisdictional allocation methods differ between states.	PacifiCorp acknowledges that its shareholders bear the risk, if the states cannot reach agreement. PacifiCorp initiated a Multi-State Process through which solutions can be explored and consensus can hopefully be reached.	Not specified	Independence of states in setting their rates is based on state and federal law.
46	NA	13.2	PPW shall continue to comply with the procurement policy and competitive bidding requirements approved by the Commission on 16 January 1991.	PPW's Procurement and Material Planning department continues to manage within the parameters of the procurement and bidding requirements.	Not specified	Commission Agreement 1991

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47	NA	5.2	Any major changes in corporate structure to be notified in advance to the Commission. Also, provide impacts on PPW or Commission regulation.	Letter was sent to Utah Commission 4/23/01 showing no impact from the Corporate restructuring done at that time. The previously proposed restructuring under SRP has been superseded by the ongoing Multi-State allocation process.	Not specified	-
49	NA	6.7	SP and PPW to provide management and financial resources to PPW, adequate to meet its commitments including public service obligations.	ScottishPower and PacifiCorp have provided management and financial resources adequate to enable PacifiCorp to meet its commitments as a public utility.	Not specified	Title 54-3-1(1)
51	NA	13.27	Right to confidential treatment for information or documents filed with Commission is affirmed.	This process has continued to be used by the Company since the merger.	Not specified	Title 54-3-21(4c) Title 63-2-101
(53)*	NA	8.2	Continue to produce Integrated Resource Plans. (Every 2 yrs. per current schedule.)	The most recent IRP was filed in January 2003. In it the Company stated its intention to refresh the Plan at least annually and provide a copy of the updated version to the Commission.	Not specified	Title 54-3-22 Previous Agreement
NA	D39 (P 13)	6.15	PPW will keep its existing accounting policies and procedures applicable to the regulated utility operations in place after the transaction. These polices and procedures will allow PPW to report regulated results using the FERC System of Accounts and ensure PPW will comply with all Commission accounting rules.	No material or significant changes to accounting policies and procedures have occurred since the merger, other than those required by the SEC such as FAS 137, FAS 138, FAS 139 and FAS 143. PacifiCorp continues to report regulated results using the FERC System of Accounts and complies with all Commission rules.	Not specified	Title 54-4-23 R746-310-7 (also all previous rulings which remain in effect)
NA	AVR Letter 8/3/99	13.8	Commitment to increased support of Utah businesses and economic development of Utah.	An example of compliance is the Company's support of the Economic Development Corp. of Utah by providing an executive on loan and facility donation.	Not specified	-
NA	AVR Letter 8/3/99	13.9	SP will work towards having fair proportionality re Utah presence, compared with other service areas, as far as is commercially reasonable.	This is a visible issue within the Company and is incorporated into the internal scorecard that measures accomplishments of the Community and Economic Development group.	Not specified	-
NA	AVR Letter 8/3/99	13.10 13.11	SP will work with the PPW Foundation try to ensure equitable treatment of all service territories and open reporting of fund allocation.	This issue is being given attention and ratios between Oregon vs. Utah are improving.	Not specified	-

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NA	<b>AVR Letter 8/3/99</b>	<b>13.14b</b>	SP will endeavor to maintain on its Board of Directors a non-executive director from the Utah Power area.	Nolan Karras is the current non-executive member of the SP board from the Utah Power area.	Not specified	-
NA	<b>D45 (P 17)</b>	<b>13.19</b>	Special Contracts (LCG + UIEC List) - PPW will honor all of its contractual obligations.	PPW has honored its contractual obligations. There is an ongoing dispute with Monsanto regarding its contract termination date.	Not specified	State and Federal Contract Law

NOTES: "\*" in the Stipulation field indicates a related commitment included in the merger condition has a different status.  
 Numbering in Stipulation Reference field "1 - Roman numeral.Letter.Number" relates to Stipulation 1 referring to Alan Richardson's Supplemental Testimony.

### TESTIMONY REFERENCES:

AVR Letter Letter to David Winder and Rick Mayfield (Letter Agreement with DCED and DBED)  
 D39 Robert D. Green (Direct)  
 D40 Jack Kelly (Direct)  
 D44 Alan V. Richardson (Direct)  
 D45 Alan V. Richardson (Supplemental)  
 D51 Alan V. Richardson (Rebuttal)