PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
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August 6, 2008

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

Attn: Vikie Bailey-Goggins, Administrator
Regulatory and Technical Support

Re: Docket No. UE 199 - PacifiCorp's 2009 Transition Adjustment Mechanism
Replacement Page to Rebuttal Testimony of Mark R. Tallman

Enclosed for filing by PacifiCorp (dba Pacific Power) is an original and five copies of a replacement page to Exhibit PPL/400, the Rebuttal Testimony of Mark R. Tallman, in the above-referenced matter. A redlined version showing the corrections is also enclosed.

Please direct informal correspondence and questions regarding this filing to Joelle Steward, Regulatory Manager, at (503) 813-5542.

Very truly yours,

Andrea L. Kelly /JB

Andrea L. Kelly
Vice President, Regulation

Enclosures

cc: UE 199 Service List

CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of August, 2008, I caused to be served, via E-Mail and Overnight Delivery (to those parties who have not waived paper service), a true and correct copy of the foregoing document on the following named person(s) at his or her last-known address(es) indicated below.

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whether a project is cost effective. Capacity factor is just one element of determining the cost-effectiveness of a project. Moreover, the 35 percent capacity factor in the IRP represents a target for the Company's total renewable portfolio. By definition, some projects will have higher capacity factors than 35 percent and some lower. Again, the critical determination is cost effectiveness, not merely capacity factor.

Q. Does Staff's set of assumptions and conclusions fail the sensibility test?

A. Yes, for all of the reasons demonstrated above. In addition, Staff's back-door prudence disallowance fails to examine any factor other than capacity factor.

Q. What economical aspects does Staff fail to examine with respect to the Rolling Hills project?

A. For example, Staff fails to account for the fact that since the Company owns the land, third party leasing costs will be avoided and a savings of approximately $12.2 million over the 25-year life of the project can reasonably be expected. Indeed, this cost avoidance is in perpetuity, which means the Company will successfully avoid more than seven times this amount over the next 100-years (approximately $91 million or more).

Q. What other economic factors did Staff fail to consider?

A. Staff fails to account for the fact that the Company is advancing the Rolling Hills wind project for the express purpose of adding a renewable resource to the portfolio that can take advantage of the federal production tax credit and hedge against construction and equipment costs that are rising at multiples of inflation. Indeed, the value of the federal production tax credit to customers is approximately $98 million.

whether a project is cost effective. Capacity factor is just one element of determining the cost-effectiveness of a project. Moreover, the 35~~38~~ percent capacity factor in the IRP represents a target for the Company's total renewable portfolio. By definition, some projects will have higher capacity factors than 35~~38~~ percent and some lower. Again, the critical determination is cost effectiveness, not merely capacity factor.

Q. Does Staff's set of assumptions and conclusions fail the sensibility test?

A. Yes, for all of the reasons demonstrated above. In addition, Staff's back-door prudence disallowance fails to examine any factor other than capacity factor.

Q. What economical aspects does Staff fail to examine with respect to the Rolling Hills project?

A. For example, Staff fails to account for the fact that since the Company owns the land, third party leasing costs will be avoided and a savings of approximately $12.2~~$128~~ million over the 25-year life of the project can reasonably be expected. Indeed, this cost avoidance is in perpetuity, which means the Company will successfully avoid more than seven~~four~~ times this amount over the next 100-years (approximately $91~~$551~~ million or more)~~ and this 100-year value would have the effect of equaling a like project with over a 45 percent capacity factor located on leased land~~.

Q. What other economic factors did Staff fail to consider?

A. Staff fails to account for the fact that the Company is advancing the Rolling Hills wind project for the express purpose of adding a renewable resource to the portfolio that can take advantage of the federal production tax credit and hedge against construction and equipment costs that are rising at multiples of inflation. Indeed, the value of the federal production tax credit to customers is approximately $98 million.