

November 9, 2009

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97310-2551

RE: **Docket UE 207** – Net Power Cost Update for PacifiCorp's 2010 TAM

Enclosed for filing by PacifiCorp dba Pacific Power is the updated 2010 net power cost forecast for posting indicative transition adjustments. This filing shows net power costs for 2010 at \$1,038.6 million, total Company, after reflecting the adjustments agreed upon in the settlement stipulation in this docket. A summary of the updates is provided as Attachment A and a description of the updates is provided as Attachment B. The indicative adjustments for Schedule 294 and Schedule 295 will be posted on the Company's website today.

Attached are CDs with the net power cost GRID project, report and workpapers supporting this filing. The confidential CD is subject to the protective order issued in this proceeding.

On November 16, 2009, PacifiCorp will file its final 2010 net power costs. This filing will include (1) a revised Exhibit A to the UE 207 Stipulation, which shows the Oregon-allocated 2010 net power costs, (2) revised Transition Adjustment Schedules 294 and 295, and (3) updated Cost-Based Supply Service Schedule 200. The tariff schedules will have an effective date of January 1, 2010.

If you have any questions, please contact Joelle Steward, Regulatory Manager, at (503) 813-5542.

Very truly yours,



Andrea L. Kelly
Vice President, Regulation

Enclosure

cc: UE 207 Service List

CERTIFICATE OF SERVICE

I hereby certify that on this 9th of November, 2009, 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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Carrie Meyer
Coordinator, Administrative Services

Attachment A

Oregon TAM 2010 (August Filing)	NPC (\$) =	1,095,399,869
	Adjustments =	(64,224,820)
	Settlement NPC (\$) =	1,031,175,049
	\$/MWh = \$	17.58

Oregon TAM 2010 (August Filing), Adjusted NPC

	Settlement NPC (with estimated \$700K Condit adjustment)	1,031,175,049
	Remove Impact of Condit estimate	<u>700,000</u>
	Subtotal - Settlement NPC without estimated Condit impact	1,031,875,049
1	Extend Condit Dam operations through 2010	<u>(674,278)</u>
	Updated Settlement NPC	<u>1,031,200,770</u>

Oregon TAM 2010 (November Indicative Filing):

Updates- One-off studies from the Updated Settlement NPC

		Impact (\$)	NPC (\$)
2	Tri-State Purchase Contract Energy and Capacity Prices	91,906	
3	BPA Peaking Contract Capacity Price	10,626,000	
4	Grant County Purchase Energy Price	(765,026)	
5	Douglas PUD Pro-forma	(1,462,283)	
6	Grant PUD Pro-forma	(1,161,676)	
7	PSCoI Sales Contract Capacity and Energy Prices	1,833,762	
8	New Kennecott Generation Incentive	326,925	
9	New US Magnesium QF contract	465,226	
10	New Kennecott QF Contract	439,425	
11	New Tesorro QF Contract	252,076	
12	US Magnesium Reserve Contract	2,162,410	
13	New San Diego Gas & Electric Sales Contract	(350,493)	
14	New Pacific Gas and Electric Sales Contract	(1,226,749)	
15	New Southern California Edison Sales Contract	(451,103)	
16	November 2, 2009 Official Price Curve, STF Transactions	(3,540,795)	
	System balancing impact of all adjustments	<u>174,685</u>	
	Total Updates from Updated Settlement NPC =	<u>7,414,293</u>	

Oregon TAM 2010, updated (November Indicative Filing) = 1,038,615,064

**Oregon November 2009
Transition Adjustment Mechanism (TAM) Update
Adjustment Explanations (Indicative)**

Update 1 — Extend Condit Dam operations through 2010

This update extends the Condit Dam operations through end of 2010 per stipulation. The impact of this update revises the estimated reduction in net power costs of \$700,000 to \$674,278, and resets the stipulated net power costs to \$1,031,200,770 on a total Company basis.

Update 2 — Tri-State Purchase Contract Energy and Capacity Prices

This update reflects new capacity and energy rates for the Tri-State Generation and Transmission contract. The impact of this update increases net power costs by approximately \$0.1 million on a total Company basis. Supporting document provided on October 23, 2009: RM Memo 10-6-09 Tri-State Calculation of Capacity + Energy Rates for 2010 Billing Year Per Exhibit B of the PPA.pdf

Update 3 — BPA Peaking Contract Capacity Price

This update incorporates the new capacity charge for the BPA Peaking contract. The impact of this update increases net power costs by approximately \$10.6 million on a total Company basis. Supporting document provided on October 23, 2009: BPA Peaking Rate (pg31)_2009 09 03.pdf

Update 4 — Grant County Purchase Energy Price

This update includes the new contract rates for Grant County, based on BPA 2010 Wholesale Power and Transmission Rate Adjustment Proceeding (BPA-10). The impact of this update decreases net power costs by approximately \$0.8 million on a total Company basis. Supporting document provided on October 23, 2009: WEB_WP-10-A-02-AP02_TR-10-A-02_AP02.pdf

Update 5 — Douglas PUD Pro-forma

This update incorporates the 2009 preliminary pro-forma published by the Douglas Public Utility district. The impact of this update decreases net power costs by approximately \$1.5 million on a total Company basis. Supporting document provided on October 23, 2009: RM Memo 8-25-09 Douglas PUD Wells Hydro Project Prelim Pro-Forma FY 9-1-09 to 8-31-10 Revised.pdf

Update 6 — Grant PUD Pro-forma

This update incorporates the 2009 preliminary pro-forma data published by the Grant Public Utility district. The impact of this update decreases net power costs by approximately \$1.2 million on a total Company basis. Supporting document provided on October 23, 2009: RM Memo 9-22-09 Grant County PUD 2010 Preliminary Priest Rapids Project Proforma dtd 9-9-09.pdf

Update 7 — PSCol Sales Contract Capacity and Energy Prices

Attachment B

This update reflects the estimated annual fixed and variable costs of the sales contract with Public Service Company of Colorado for calendar year 2010. The impact of this update increases net power costs by approximately \$1.8 million on a total Company basis. Supporting document provided on October 23, 2009: PSCO 8-27-09 LTSPA Estimated Annual Fixed and Variable Cost 2010.pdf

Update 8 — New Kennecott Generation Incentive

This update includes the new contract rates for the Kennecott Generation Incentive contract. The impact of this new contract increases net power costs by approximately \$0.3 million on a total Company basis. Supporting document provided on October 23, 2009: Kennecott TT3507 Generation Credit Agreement dtd 9-2-09.pdf

Update 9 — New US Magnesium QF Contract

This update incorporates a new US Magnesium QF contract for 2010. The impact of this new contract increases net power costs by approximately \$0.5 million on a total Company basis. Supporting document provided on October 23, 2009: US Magnesium QF 2009 08 19.pdf

Update 10 — New Kennecott QF Contract

This update incorporates a new Kennecott QF contract for 2010. The impact of this new contract increases net power costs by approximately \$0.4 million on a total Company basis. Supporting document provided on October 23, 2009: Kennecott QF PPA dtd 9-3-09 Hold.pdf

Update 11 — New Tesoro QF Contract

This update incorporates a new Tesoro QF contract for 2010. The impact of this new contract increases net power costs by approximately \$0.3 million on a total Company basis. Supporting document provided with this filing: Tesoro Refining 11-4-09 Non-Firm QF PPA RMT 519133.pdf.

Update 12— US Magnesium Operating Reserves Contract

This update incorporates a new 5 year non-spin operating reserve agreement. The impact of this update increases net power costs by approximately \$2.2 million on a total Company basis. Supporting document provided on October 23, 2009: MagCorp 9-2-09 TT3509 QF Operating Reserve Agreement.pdf.

Update 13 — New San Diego Gas & Electric Sales Contract

This update incorporates the new sales contract with the San Diego Gas & Electric Company. The impact of this new contract decreases net power costs by approximately \$0.4 million on a total Company basis. Supporting document provided with this filing: San Diego Gas and Elec 6-1-09 Sale of Energy + RECs, Redacted 11-3-09.pdf. The prices for RECs are irrelevant in the current proceeding and are deemed to be highly commercially sensitive, and are therefore redacted.

Update 14 — New Pacific Gas and Electric Sales Contract

This update incorporates the new sales contract with the Pacific Gas and Electric Company. The impact of this new contract decreases net power costs by approximately \$1.2 million on a total Company basis. Supporting document provided with this filing: PG&E 9-15-09 Sale of Energy + Recs, Redacted 11-3-09.pdf. The prices for RECs are irrelevant in the current proceeding and are deemed to be highly commercially sensitive, and are therefore redacted.

Update 15 — New Southern California Edison Sales Contract

This update incorporates the new sales contract with the Southern California Edison Company. The impact of this new contract decreases net power costs by approximately \$0.5 million on a total Company basis. Supporting document provided with this filing: SCE 5-29-09 Sale of Energy + Recs, Redacted 11-3-09.pdf. The prices for RECs are irrelevant in the current proceeding and are deemed to be highly commercially sensitive, and are therefore redacted.

Update 16 — November 2, 2009 Forward Price Curve, STF Transactions

This update incorporates the Company's forward price curves and new wholesale short term firm transactions for electricity and natural gas, both physical and financial transactions, as of November 2, 2009. The impact of this update decreases net power costs by approximately \$3.5 million on a total Company basis.

System balancing impact of all adjustments

This update recalculates net power costs based on the inclusion of updates 1 through 16, along with the final screening of gas-fired units. The impact of this update increases net power costs by \$0.2 million on a total Company basis. The total impact of all adjustments listed above increases net power costs by approximately \$7.4 million on a total Company basis.