



March 14, 2005

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

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

Re: PacifiCorp's Additional Supplemental Direct Testimony in Docket No. UE-170  
For Mark T. Widmer

Enclosed for filing is an original and 20 copies of PacifiCorp's Additional Supplemental Direct Testimony and Exhibits in Docket UE-170 for Witness Mark T. Widmer. Two cds related to the updated Net Power Cost (NPC) study have been provided to parties with GRID computers. Copies of this filing have been served on the UE-170 Service List.

It is respectfully requested that all formal correspondence and Staff requests regarding this matter be addressed to:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com).

By Fax: (503) 813-6060

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 800  
Portland, OR 97232

Informal inquiries may be directed to Laura Beane, Regulatory Manager at (503) 813-5542.

Very truly yours,

D. Douglas Larson  
Vice President, Regulation

Enclosures

## CERTIFICATE OF SERVICE

I hereby certify that I have by overnight mail or by electronic mail, to parties to which an electronic mail address has been provided, this 14<sup>th</sup> day of March, 2005, served a true copy upon all parties of record in this proceeding to the following parties or attorneys of parties:

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Peggy Ryan  
Regulatory Operations Coordinator

Dated: March 14, 2005

Case UE 170  
PPL Exhibit 607  
Witness: Mark T. Widmer

BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON

PACIFICORP

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Additional Supplemental Direct Testimony of Mark T. Widmer

March 2005

1   **Q.**    Are you the same Mark T. Widmer that filed direct testimony with the Company's  
2           original filing?

3   **A.**    Yes.

4   **Q.**    **What is the purpose of your supplemental testimony?**

5   **A.**    Pursuant to the schedule in this case, my testimony presents the March 15, 2005  
6           Net Power Cost (NPC) update, including a description of the individual  
7           adjustments. This update results in a new system NPC of \$851.9 million. The  
8           adjustments are summarized on PPL Exhibit 608.

9   **Q.**    **Please describe the nature of the adjustments included in this update.**

10   **A.**    With one exception, the adjustments are designed to incorporate information or  
11           developments which were not available or known at the time of the filing,  
12           including new contracts, new forward price curve data, new fuel costs and new  
13           data relevant to historical averages. The exception is the planed outage  
14           adjustment, which reflects the outages actually scheduled during the test period  
15           consistent with PGE's RVM process.

16   **Q.**    **Please explain the "December Forward Price Curves" adjustment.**

17   **A.**    The Company's original filing used our September 30, 2004 Official Forward  
18           Price Curve. This adjustment incorporates more recent market price projections  
19           in the Company's Official Forward Price Curve dated December 30, 2004. This  
20           impacts several GRID model inputs including wholesale market prices for gas and  
21           electricity, indexed wheeling losses and contract prices tied to market prices. The  
22           specific contracts impacted are: Tesorro QF, Kennecott QF, US MagCorp QF,

Desert Power QF, Sunnyside QF, Transalta, and Clark Storage & Integration. In total, this update increases NPC by \$5.19 million.

**Q. Please explain the “Planned Outages” adjustment.**

A. The Company’s filed NPC was based on a historical average of planned outages from the 48 month period ending March 2004. This adjustment updates planned outages to reflect those actually scheduled for the test period and increases NPC by \$13.32 million.

**Q. Please explain the “Idaho Irrigators” adjustment.**

A. The Company entered a new irrigation load control program to reduce peak load requirements during the summer irrigation season. This adjustment incorporates the projected test year benefits of this demand response program and decreases NPC by \$0.09 million.

**Q. Please explain the “UAMPS Sale” adjustment.**

A. The Company entered a new sales agreement with UAMPS subsequent to our filing to cover line losses on another UAMPS contract. This adjustment incorporates the new contract and decreases NPC by \$0.27 million.

**Q. Please explain the “UBS Purchase” adjustment.**

A. The Company entered a new purchase power agreement to meet load requirements with UBS subsequent to our filing. This adjustment incorporates the new contract and increases NPC by \$0.39 million.

**Q. Please explain the “US MagCorp” adjustment.**

A. At the time of the Company’s original filing, the US MagCorp load curtailment and QF purchase contracts were not in place. Since then, the agreements have

1        been finalized. The original filing modeled the load curtailment and QF purchase  
2        contracts as expected at the time of the filing. The finalized agreements consist of  
3        a load curtailment, operating reserve, and QF purchase power contract. This  
4        adjustment revises inputs to reflect final contract terms and decreases NPC by  
5        \$2.86 million.

6        **Q.    Please explain the “Tri-State” adjustment.**

7        A.    Subsequent to our filing, Tri-State Generation and Transmission Association, Inc.  
8        provided the prices, which are based on their costs, that will be in effect in 2005  
9        for our Tri-State purchase contract. This adjustment incorporates the new prices  
10       and increases NPC by \$1.41 million.

11       **Q.    Please explain the “Sierra Pacific II” adjustment.**

12       A.    Subsequent to our filing, the prices for the Sierra Pacific II sales were recalculated  
13       for Calendar Years 2005 to 2008 pursuant to contract terms. This adjustment  
14       incorporates the new prices and decreases NPC by \$0.60 million.

15       **Q.    Please explain the “Deseret Purchase” adjustment.**

16       A.    Subsequent to our filing, Deseret Power Electric Cooperative provided the  
17       maintenance schedule of their Deseret Power Bonanza Unit for Calendar Year  
18       2006. The scheduled maintenance impacts the amount of energy the Company  
19       purchases under the Deseret Purchase agreement. This adjustment incorporates  
20       the planned maintenance and increases NPC by \$1.11 million.

1   **Q.    Please explain the “Mid Columbia Fixed Prices” adjustment.**

2    A.    Subsequent to our filing, updated budgets were provided by Grant, Chelan, and  
3           Douglas County PUDs. This adjustment incorporates the impact of the budget  
4           revisions and decreases NPC by \$0.23 million.

5   **Q.    Please explain the “Wheeling Contracts” adjustment.**

6    A.    Subsequent to our filing, the Company entered new wheeling contracts with  
7           UAMPS, WAPA, and Deseret. A price increase settlement for BPA Transmission  
8           agreements was also finalized with Northwest Utilities. This adjustment  
9           incorporates the firm expense of the new contracts as well as the BPA price  
10          increases and increases NPC by \$3.52 million.

11   **Q.    Please explain the “STF” adjustment.**

12   A.    Subsequent to our filing, the Company entered new Short Term Firm (STF)  
13          wholesale sales and purchase power contracts to balance the system. This  
14          adjustment incorporates the new contracts and increases NPC by \$3.44 million.

15   **Q.    Please explain the “Coal Prices” adjustment.**

16   A.    This adjustment includes the Cholla impact of the Surface Transportation Board’s  
17          Decision, dated December 13, 2004, arising from a lawsuit, in which the Board  
18          vacated the rate prescription previously imposed by the Board in 1998. The  
19          adjustment also includes the impact of updated mine plans from Bridger Coal  
20          Company and updated Deer Creek Mine costs for the Carbon, Hunter, and  
21          Huntington Plants. The price of coal delivered to the Craig Plant was updated to  
22          reflect a new Trapper Mine plan. Also, the Peabody Mine will be closing in 2005,  
23          which will influence coal delivery to the Hayden Plant. This adjustment includes



1 the expected delivery of coal to the Hayden Plant after the close of the Peabody  
2 Mine. This delivery is currently being negotiated with Peabody. The adjustment  
3 increases NPC by \$7.48 million.

4 **Q. Please explain the “BPA Hermiston Losses” adjustment.**

5 A. Subsequent to our filing, BPA notified the Company that it had failed  
6 inadvertently to meter Hermiston losses and that it would begin metering  
7 Hermiston and billing for losses in the future. This adjustment models the losses  
8 on a prospective basis and increases NPC by \$3.17 million.

9 **Q. Please explain the “De-Rate/Heat Rate” adjustment.**

10 A. The forced outage, maintenance de-rates, and heat rates included in the  
11 Company’s original filing were based on the 48 month historical period ending  
12 March 2004. The 48 month averages are updated on a semi-annual basis ending  
13 March and September of each year. This adjustment updates these inputs to the  
14 48 months ending September 2004. This adjustment increases NPC by \$7.19  
15 million.

16 **Q. Please explain the “Gas Sales” adjustment.**

17 A. The level of gas sales included in the Company’s NPC is impacted by the volume  
18 of gas burned. This adjustment increases the volume of gas sales based on the  
19 Company’s updated MMBtu position and decreases NPC by \$0.28 million.

20 **Q. Please explain the “Kennecott Generation – Incentive Contract” adjustment.**

21 A. Subsequent to our filing, the Company signed a new contract with Kennecott  
22 Utah Corporation. The original filing was based on an estimate of the contract  
23 terms. This adjustment incorporates final contract terms and increases NPC by

1           \$2.25 million.

2   **Q.    Please explain the “Rock River – C&R Discount” adjustment.**

3   A.    The Company’s original filing assumed the Conservation and Renewable  
4          Discount program/contract would be renewed with the same terms when it expires  
5          on September 30, 2006. The Company has been informed that the discount will  
6          not be renewed once the contract expires. This adjustment incorporates the  
7          expiration and increases NPC by \$0.52 million.

8   **Q.    Please explain the “Grant Reasonable” adjustment.**

9   A.    Subsequent to our filing, Grant County delivered a revised forecast of the  
10         Company’s share of the Grant Reasonable Product associated with the Grant  
11         County PUD contract. This adjustment incorporates the revised forecast and  
12         increases NPC by \$3.83 million.

13   **Q.    Does this conclude your supplemental testimony?**

14   A.    Yes.

Case UE 170  
PPL Exhibit 608  
Witness: Mark T. Widmer

BEFORE THE PUBLIC UTILITY COMMISSION  
OF THE STATE OF OREGON

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Exhibit Accompanying Additional Supplemental Direct Testimony of Mark T. Widmer

Net Power Cost (NPC)

March 15, 2005

March 2005

**Oregon Net Power Cost Update**

Exhibit PPL/608  
Widmer/2

Step	Name	\$	803,442,226	Oregon NPC CY2006 Update (2.07.05)	Description
1	December Forward Price Curve	5,192,532			New Forward Price Curve
2	Planned Outages	13,322,978			Planned Maintenance
3	Idaho Irrigators	(90,006)			New Irrigation Program
4	UAMPS Sale	(273,847)			New Sales Contract
5	UBS Purchase	392,556			New Purchase Contract
6	US MagCorp	(2,857,096)			New Contract Structure
7	Tri-State	1,411,330			New Contract Pricing
8	Sierra Pacific II	(599,652)			New Contract Pricing
9	Deseret Purchase	1,115,956			New Contract Structure
10	Mid Columbia Fixed Prices	(230,524)			New Contract Pricing
11	Wheeling Contracts	3,523,079			BPA Price Increase/New Contract
12	STF	3,435,642			New Contracts
13	Coal Prices	7,476,066			New Contract Pricing
14	BPA Hermiston Losses	3,172,629			BPA began metering losses
15	Heat Rate/De-rate Base Period	7,191,950			Update Historical Information
16	Gas Sales	(279,771)			Adjusted based on Volume
17	Kennecott Generation - Incentive Cor	2,252,148			New Contract
18	Rock River C&R Discount	518,637			Terminates Sept. 30, 2006
19	Grant Reasonable	3,830,029			Updated Market Prices & Grant County Specifications
			<b>851,946,860</b>	<b>Oregon NPC CY2006 RVM Initial Update (3.15.05)</b>	

