



April 20, 2005

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

Attn: Vikie Bailey-Goggins Administrator
Regulatory and Technical Support

Re: PacifiCorp
Docket No. UE-173

Please find enclosed for filing an original and twenty (20) copies of one Revised page to Gregory N. Duvall's Direct testimony. In the Revised page 2, line 8 of Mr. Duvall's direct testimony, the word [date] has been revised to read "January 12, 2005". This page is labeled "REVISED APRIL 20, 2005

The enclosed page is as follows:

Direct Testimony of Gregory N. Duvall, Page 2.

Communications regarding discovery matters, including data requests issued to PacifiCorp, should be addressed to:

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

By Fax: (503) 813-6060

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

Very truly yours,

A handwritten signature in black ink that reads "D. Douglas Larson" followed by a stylized flourish.

D. Douglas Larson
Vice President, Regulation

cc: Service List
Enclosures

1 **Purpose and Summary of Testimony**

2 **Q. What is the purpose of your testimony?**

3 A. I will describe the allocation methodology utilized in the Power Cost Adjustment
4 Mechanism ("PCAM") to apportion net power cost variances to the Company's
5 Oregon jurisdiction. In the interest of clarity and consistency, when I use a
6 capitalized term in my testimony, and do not otherwise define it, I intend the
7 term to have the same meaning as provided for in Appendix A to the Revised
8 Protocol ratified by the Commission on January 12, 2005.

9 **Allocation of PCAM Net Power Cost Variances**

10 **Q. From a jurisdictional allocation perspective, what principal did the**
11 **Company follow in designing the proposed PCAM?**

12 A. The primary principal was to ensure that the inter-jurisdictional cost allocation
13 for the PCAM be consistent with the allocations under the Revised Protocol.

14 **Q. Is the allocation of costs under the proposed PCAM consistent with the**
15 **Revised Protocol?**

16 A. Yes. Under the Revised Protocol, all costs are allocated consistent with the
17 Company's rolled-in methodology, with four exceptions. The first exception,
18 Seasonal Resources, use monthly-weighted allocation factors, rather than annual
19 allocation factors. While this is a change to the Company's rolled-in
20 methodology, the costs of Seasonal Resources are still allocated on a system-
21 wide basis. The other three exceptions result from the application of the
22 Embedded Cost Differential (ECD) to Hydro-Electric Resources, Mid-Columbia
23 Contracts and Existing QF Contracts.