

July 7, 2010

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

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

Attn: Filing Center

RE: **Docket UE 216** – Net Power Cost Rebuttal Update for PacifiCorp's 2011 TAM

Pursuant to the modified schedule adopted by Judge Power's Memorandum on June 29, 2010, enclosed for filing by PacifiCorp d/b/a Pacific Power is the Rebuttal Update for 2011 Transition Adjustment Mechanism. This update is filed concurrently and consistent with a stipulation of all parties in the proceeding, which is a comprehensive settlement of all issues raised prior to this Rebuttal Update. As a result of this stipulation and consistent with the schedule adopted in Judge Power's Memorandum, the Company is not filing rebuttal testimony in response to reply testimony filed by parties on May 12, 2010. While the June 29, 2010 Memorandum set July 9, 2010 as the date for filing the stipulation and Rebuttal Update, the parties have agreed to a filing date of July 7, 2010.


In support of this filing, the Company submits the following exhibits:

- Exhibit 1 – Summary of updates to net power costs
- Exhibit 2 – Explanation of updates to net power costs
- Exhibit 3 – Update of Attachment A to Stipulation for Oregon allocation

As required by the TAM Guidelines, attached are CDs with the net power cost GRID project, reports and workpapers supporting this filing. In addition to the workpapers required to be provided concurrent with the filing, the Company has included in this submission the workpapers required by the TAM guidelines to be provided within three days of the filing. The confidential CD is subject to the protective order issued in this proceeding.

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 216 Service List

## CERTIFICATE OF SERVICE

I hereby certify that on this 7<sup>th</sup> of July, 2010, 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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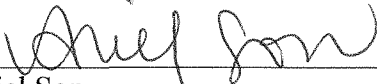
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Ariel Son  
Coordinator, Administrative Services

**Exhibit 1**  
**Net Power Cost**  
**July 7, 2010 Update**

<b>Oregon TAM 2011 (February 2010 Filing)</b>	NPC (\$) =	<b>1,278,181,609</b>
	\$/MWh = \$	<b>22.03</b>

**Oregon TAM 2011 (July 2010 Filing):**

<b>Updates, one-off</b>		<b>Impact (\$)</b>	<b>NPC (\$)</b>
<b>1</b>	Update QF Contracts	281,172	
<b>2</b>	Update Douglas - Wells Preliminary Proforma	65,833	
<b>3</b>	Update to 0310 Official Forward Price Curve	8,388,298	
<b>4</b>	Update Black Hills Fixed Cost and Energy Charge	(1,028,693)	
<b>5</b>	Update APS Wheeling Tariff Rate	(11,271)	
<b>6</b>	Update Idaho Power PTP Tariff Rate	2,145,627	
<b>7</b>	Update NW Pipeline Charge for Chehalis Lateral Pipeline	(54,012)	
<b>8</b>	Update Contracted Coal Costs	1,348,635	
System balancing impact of all updates		(282,077)	
<b>Total Updates from February 2010 Filing =</b>		<u><b>10,853,512</b></u>	
<b>Oregon TAM 2011 NPC, July 2010 Update</b>			<b>1,289,035,121</b>

## **Exhibit 2**

### **Oregon July 2010 Transition Adjustment Mechanism (TAM) Update Update Explanations**

#### **Update 1 — New Qualified Facilities**

This update adds the following new Qualified Facilities:

Identified in Exhibit 105 to Mr. Duvall's testimony:

Bell Mountain Hydro entered into on November 18, 2009 and approved by the Idaho Commission on January 25, 2010

Lower Valley Energy (Lower Facility) entered into on February 1, 2010 and approved by the Idaho Commission on February 25, 2010

Additional new contracts:

Oregon Institute of Technology entered into on April 9, 2010

George DeRuyter & Sons Dairy entered into on March 11, 2010

The impact of this update increases net power costs by approximately \$0.3 million on a total-Company basis.

#### **Update 2 — Douglas PUD Pro-forma**

This update incorporates the preliminary pro-forma statement for updated project costs for fiscal year September 1, 2010 – August 31, 2011 for the Wells hydroelectric project published by the Douglas Public Utility District on April 30, 2010. The impact of this update increases net power costs by approximately \$0.07 million on a total-Company basis.

#### **Update 3 — Official Forward Price Curve and STF Transactions**

This update incorporates the Company's forward price curves as of March 31, 2010, new wholesale short-term firm transactions for electricity and natural gas, both physical and financial transactions as of June 3, 2010, as well as reshaped hydro generation. The impact of this update increases net power costs by approximately \$8.4 million on a total-Company basis.

#### **Update 4 — Black Hills Corporation Sales Contract**

This update reflects the updated annual fixed costs notified to Black Hills on May 27, 2010 and variable costs notified to Black Hills on June 1, 2010 for the sales contract with Black Hills Corporation for calendar year 2011. The impact of this update decreases net power costs by approximately \$1.0 million on a total-Company basis.

#### **Update 5 — Arizona Public Service Company Firm PTP Transmission Rate**

This update reflects the updated firm point-to-point transmission rate for Arizona Public Service Company that was posted on the Arizona Public Service Company's OASIS on May 17, 2010 and effective on June 1, 2010. The impact of this update decreases net power costs by approximately \$0.01 million on a total-Company basis.

## **Exhibit 2**

### **Update 6 — Idaho Power Transmission Rate**

This update reflects the updated point-to-point transmission rate for Idaho Power Company for calendar year 2011, which was posted on Idaho Power's OASIS on June 1, 2010 and will be effective on October 1, 2010. The impact of this update increases net power costs by approximately \$2.1 million on a total-Company basis.

### **Update 7 — Chehalis Lateral Pipeline**

This update reflects the updated pipeline changes for transporting natural gas on the Chehalis lateral pipeline received from Northwest Pipeline Corporation on April 4, 2010. The impact of this update decreases net power costs by approximately \$0.05 million on a total-Company basis.

### **Update 8 — Coal contracts**

Colstrip's coal costs have been updated to reflect the 2011 Annual Operating Plan provided by Western Energy on May 28, 2010. The contract prices are updated per terms of the contracts to reflect the changes in market price indexes. The impact of this update increases net power costs by approximately \$1.3 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 8, along with the final screening of gas-fired units. The impact of this update decreases net power costs by approximately \$0.3 million on a total-Company basis. The total impact of all adjustments listed above increases net power costs by approximately \$10.9 million on a total-Company basis.

**Exhibit 3  
Oregon Allocation**

**CY 2011 TAM**

July Update

		UE-207 FINAL CY 2010	Filed TAM CY 2011	July Update CY 2011		2011 GRC Factors CY2010	2011 GRC Factors CY 2011	UE-207 FINAL CY 2010	Filed TAM CY 2011	July Update CY 2011
	ACCOUNT									
<b>Sales for Resale</b>										
Existing Firm PPL	447	24,974,154	25,032,103	26,061,079	SG	26.877%	26.177%	6,712,274	6,552,676	6,822,032
Existing Firm UPL	447	25,490,589	25,490,589	25,490,589	SG	26.877%	26.177%	6,851,076	6,672,694	6,672,694
Post-Merger Firm	447	641,195,998	594,135,708	505,886,912	SG	26.877%	26.177%	172,333,505	155,527,424	132,426,459
Non-Firm	447	55,979,012	-	-	SE	25.002%	24.283%	13,995,816	-	-
<b>Total Sales for Resale</b>		<b>747,639,753</b>	<b>644,658,400</b>	<b>557,438,580</b>				<b>199,892,672</b>	<b>168,752,793</b>	<b>145,921,185</b>
<b>Purchased Power</b>										
Existing Firm Demand PPL	555	58,677,959	47,758,104	49,124,456	SG	26.877%	26.177%	15,770,807	12,501,681	12,859,352
Existing Firm Demand UPL	555	46,338,071	48,168,584	47,233,666	SG	26.877%	26.177%	12,454,230	12,609,132	12,364,398
Existing Firm Energy	555	57,763,587	52,340,132	55,079,288	SE	25.002%	24.283%	14,441,994	12,709,916	13,375,074
Post-merger Firm	555	376,161,158	490,088,073	427,168,511	SG	26.877%	26.177%	101,100,399	128,290,783	111,820,275
Secondary Purchases	555	(12,954,749)	-	-	SE	25.002%	24.283%	(3,238,933)	-	-
Seasonal Contracts	555	-	-	-	SSGC	0.000%	0.000%	-	-	-
Other Generation Expense	555	7,682,475	38,855,180	38,855,180	SG	26.877%	26.177%	2,064,810	10,171,154	10,171,154
<b>Total Purchased Power</b>		<b>533,668,503</b>	<b>677,210,072</b>	<b>617,461,100</b>				<b>142,593,306</b>	<b>176,282,667</b>	<b>160,590,253</b>
<b>Wheeling Expense</b>										
Existing Firm PPL	565	43,189,893	40,049,244	40,049,244	SG	26.877%	26.177%	11,608,098	10,483,726	10,483,726
Existing Firm UPL	565	168,268	259,960	259,960	SG	26.877%	26.177%	45,225	68,050	68,050
Post-merger Firm	565	100,936,303	99,966,153	102,100,510	SG	26.877%	26.177%	27,128,533	26,168,227	26,726,940
Non-Firm	565	253,429	101,247	99,828	SE	25.002%	24.283%	63,362	24,586	24,242
<b>Total Wheeling Expense</b>		<b>144,547,893</b>	<b>140,376,605</b>	<b>142,509,542</b>				<b>38,845,218</b>	<b>36,744,589</b>	<b>37,302,957</b>
<b>Fuel Expense</b>										
Fuel Consumed - Coal	501	610,479,015	638,135,027	639,352,598	SE	25.002%	24.283%	152,631,345	154,960,306	155,255,973
Cholla / APS Exchange	501	55,113,078	56,675,765	55,882,018	SSECH	25.408%	24.812%	14,003,311	14,062,190	13,865,248
Fuel Consumed - Gas	501	7,304,914	6,171,919	5,928,059	SE	25.002%	24.283%	1,826,367	1,498,746	1,439,529
Natural Gas Consumed	547	410,130,960	390,763,656	372,819,643	SE	25.002%	24.283%	102,540,527	94,890,350	90,532,949
Simple Cycle Combustion Turbines	547	11,664,948	9,951,264	8,979,854	SSECT	23.286%	22.403%	2,716,330	2,229,400	2,011,774
Steam from Other Sources	503	3,498,000	3,555,701	3,540,887	SE	25.002%	24.283%	874,566	863,442	859,844
<b>Total Fuel Expense</b>		<b>1,098,190,915</b>	<b>1,105,253,332</b>	<b>1,086,503,059</b>				<b>274,592,445</b>	<b>268,504,434</b>	<b>263,965,317</b>
<b>Net Power Cost</b>		<b>1,028,767,558</b>	<b>1,278,181,609</b>	<b>1,289,035,121</b>				<b>256,138,297</b>	<b>312,778,897</b>	<b>315,937,342</b>

Settlement Adjustment	(11,000,000)	(11,000,000)
Total Net of Settlement Adjustment	301,778,897	304,937,342

Increase Absent Load Change 45,640,600 **48,799,045**

Weighted Average Oregon Allocation %	24.471%	24.510%
Updated Total Company NPC Baseline in Rates	1,233,229,734	<b>1,244,154,746</b>

Oregon-allocated NPC Baseline in Rates from UE 207 256,138,297  
\$ Change due to load variance from UE-207 forecast (12,529,976)  
2011 Recovery of NPC in Rates 243,608,321

Increase Including Load Change 58,170,576 **61,329,021**