# McDowell & Rackner PC

KATHERINE A. McDoweLL Direct (503) 595-3924 katherine@mcd-law.com

October 1, 2007

#### **VIA ELECTRONIC FILING**

PUC Filing Center Public Utility Commission of Oregon PO Box 2148 Salem, OR 97308-2148

#### Re: Docket No. UM 1276

Enclosed is a revised spreadsheet attachment to PacifiCorp's CIM/pp proposal. Based upon conversations with Staff, PacifiCorp has changed one cell (M29 in the first sheet and M28 in the second sheet) previously hardcoded to a formula, and added one footnote to the first sheet. A copy of this filing has been served on all parties to this proceeding as indicated on the attached service list.

Verv truly vours

Katherine A. McDowell

Enclosure cc: Service List I hereby certify that I served a true and correct copy of the foregoing document in Docket UM 1276 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

**CERTIFICATE OF SERVICE** 

6 7	Susan K. Ackerman <u>susan.k.ackerman@comcast.net</u>	Lowrey R. Brown Citizens' Utility Board of Oregon <u>lowrey@oregoncub.org</u>
8	Judy Johnson Public Utility Commission of Oregon	Melinda J. Davison Davison Van Clove PC
9	PO Box 2148 Solom OB 07208 2148	mail@dvclaw.com
10	jduy.johnson@state.or.us	
11	John Demoss	Jason Eisdorfer
12	turbineone@earthlink.net	Citizens' Utility Board of Oregon jason@oregoncub.org
13	Randall J. Falkenberg	Ann English Gravatt
14	consultrfi@aol.com	ann@rnp.org
15	J. Richard George	
16	121 SW Salmon St 1WTC1301	Ann L. Fisher AF Legal & Consulting Services
17	richard.george@pgn.com	PO Box 25302 Portland OR 97298-0302
18		energlaw@aol.com
19	Natalie Hocken PacifiCorp	Robert Jenks Citizens' Utility Board of Oregon
20	natalie.hocken@pacificorp.com	bob@oregoncub.org
21		
22	Idaho Power Company John R. Gale	Robert D. Kahn NW Independent Power Producers
23	rgale@idahopower.com	rkahn@nippc.org
24		
25		
26		

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1		
2	Sandra D. Holmes sholmes@idahopower.com	Michelle R. Mishoe Pacific Power & Light michelle mishoe@pacificorp.com
3	Barton L. Kline bkline@idabopower.com	Oregon Dockets
4	DRine@idanopower.com	PacifiCorp
5	Karl Bokenkamp kbokenkamp@idahopower.com	oregondockets@pacificorp.com
6	Lisa D. Nordstrom	Rates & Regulatory Affairs Portland General Electric
7	mordstrom@idanopower.com	Portland, OR 97204
8	Gregory W. Said gsaid@idahopower.com	pge.opuc.filings@pgn.com
9	Lisa F. Rackner	John W. Stephens
10	lisa@mcd-law.com	Esler Stephens & Buckley stephens@eslerstephens.com
11	Michael T. Weirich	Steven Weiss
12	Regulated Utility & Business Section	Northwest Energy Coalition steve@nwenergy.org
13	1162 Court St NE Salem, OR 97301-4096	
14	michael.weirich@doj.state.or.us	
15	DATED: October 1, 2007.	
16		1 M
17	K	atherine A. McDowell
18	O	f Attorneys for PacifiCorp
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20		
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22		
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Page 2 - CERTIFICATE OF SERVICE (UM 1276)

# Long-Term Tolling Example (With AFPPA)

Allowed Earnings Rate	
Pre-Tax:	13.38%
After-Tax:	8.16%
AFPPA Rate:	7.80%
Debt Rate:	6.00%
MW:	100
Demand Charge (\$/kW-mo.): \$ Does not escalate, but also payable during project construction	9.00 Ə

#### All \$000

<b>\// \$000</b> Year	Demand Payments <sup>(1)</sup>	Start of Year Balance	AFPPA	End of Year Balance	Principal Receipts	Gross Return @13.38% Receipts	Net Return @8.16% Receipts	Total Pre-Tax Receipts	Pre-Tax <i>Incentive</i> Receipt vs. Payment Difference	Levelized Pre-Tax <i>Incentive</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (5) + (6)	(9) = (8) - (1)	(10)
	1 \$10,800	\$148,660	\$11,595	\$160,256	\$0	\$0	\$0	\$0	(\$10,800)	\$7,214
	2 \$10,800	\$160,256	\$12,500	\$172,756	\$0	\$0	\$0	\$0	(\$10,800)	\$7,214
	3 \$10,800	\$172,756	\$13,475	\$186,231	\$0	\$0	\$0	\$0	(\$10,800)	\$7,214
	4 \$10,800	\$186,231		\$179,333	\$6,897	\$24,451	\$14,915	\$31,348	\$20,548	\$7,214
	5 \$10,800	\$179,333		\$172,436	\$6,897	\$23,528	\$14,352	\$30,426	\$19,626	\$7,214
	6 \$10,800	\$172,436		\$165.538	\$6,897	\$22,605	\$13,789	\$29,503	\$18,703	\$7,214
	7 \$10,800	\$165,538		\$158,641	\$6,897	\$21,683	\$13,227	\$28,580	\$17,780	\$7,214
	8 \$10,800	\$158,641		\$151,743	\$6,897	\$20,760	\$12,664	\$27,658	\$16.858	\$7.214
	9 \$10,800	\$151,743		\$144.846	\$6,897	\$19.837	\$12,101	\$26,735	\$15,935	\$7.214
1	0 \$10,800	\$144,846		\$137,949	\$6,897	\$18,915	\$11,538	\$25,812	\$15.012	\$7.214
1	1 \$10.800	\$137,949		\$131.051	\$6,897	\$17,992	\$10,975	\$24,890	\$14,090	\$7,214
1	2 \$10,800	\$131.051		\$124,154	\$6,897	\$17.069	\$10,412	\$23,967	\$13,167	\$7.214
1	3 \$10.800	\$124,154		\$117,256	\$6,897	\$16,147	\$9 850	\$23 044	\$12,244	\$7,214
1	4 \$10,800	\$117,256		\$110,359	\$6,897	\$15,224	\$9 287	\$22 122	\$11 322	\$7 214
1	5 \$10.800	\$110,359		\$103,461	\$6,897	\$14,301	\$8,724	\$21,199	\$10,399	\$7,214
1	6 \$10,800	\$103,461		\$96,564	\$6 897	\$13 379	\$8 161	\$20 276	\$9 476	\$7 214
1	7 \$10,800	\$96,564		\$89,667	\$6 897	\$12 456	\$7,598	\$19,354	\$8 554	\$7 214
1	8 \$10,800	\$89,667		\$82,769	\$6 897	\$11 533	\$7,035	\$18 431	\$7,631	\$7 214
1	9 \$10,800	\$82,769		\$75 872	\$6,897	\$10,611	\$6 473	\$17,508	\$6 708	\$7 214
2	0 \$10,800	\$75.872		\$68 974	\$6 897	\$9,688	\$5,910	\$16,585	\$5,785	\$7 214
2	1 \$10,800	\$68 974		\$62,077	\$6 897	\$8,765	\$5,347	\$15,663	\$4,863	\$7 214
2	2 \$10,800	\$62,077		\$55 179	\$6 897	\$7 843	\$4 784	\$14 740	\$3,940	\$7 214
2	3 \$10,800	\$55 179		\$48 282	\$6 897	\$6,920	\$4 221	\$13,817	\$3,017	\$7 214
2	4 \$10,800	\$48 282		\$41 385	\$6,897	\$5 997	\$3,658	\$12,895	\$2,005	\$7 214
2	5 \$10,800	\$41 385		\$34 487	\$6,897	\$5,075	\$3,096	\$11 972	\$1 172	\$7 214
2	6 \$10,800	\$34 487		\$27,590	\$6,897	\$4 152	\$2 533	\$11 049	\$249	\$7 214
2	7 \$10,800	\$27,590		\$20,692	\$6,897	\$3,220	\$1,000	\$10 127	(\$673)	\$7.214
2	8 \$10,800	\$20,692		\$13 795	\$6,897	\$2,307	\$1,070	\$9 204	(\$1 596)	\$7 214
2	9 \$10,800	\$13 795		\$6 897	\$6,807	\$1 38A	φ1,407 \$944	\$9,204 \$9,204	(\$7,530)	\$7.014
3	0 \$10,800	\$6,897		\$0	\$6,897	\$461	\$281	\$7,359	(\$3,441)	\$7,214
Sur	n \$324,000				\$186,231	\$336,314	\$205,152	\$522,545	\$198,545	\$216,425
NPV @8.169 NPV @6.009	%\$119,771 %\$148,660				\$58,768	\$141,008	\$86,015	\$199,776	\$80,005	\$80,005

<sup>(1)</sup>Demand payments assumed at 50% of total payments

### Standard PPA

Allowed Earnings Rate:	 
Pre-Tax:	13.38%
After-Tax:	8.16%
Debt Rate:	6.00%
MWa:	50
Cost (\$/MWh):	
Year 1:	\$ 75.00
Percentage Eligibility Factor:	50%

All \$000

Year	Total Payments	Eligible Payments	Start of Year Balance	End of Year Balance	Principal Receipts	Gross Return @13.38% Receipts	Net Return @8.16% Receipts	Total Pre-Tax Paceinte	Pre-Tax Incentive Receipt vs. Payment	Levelized Pre-Tax
	(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) + (5)	(8) = (7) - (1)	(9)
1	\$32,850	\$16,425	\$188,393	\$178,974	\$9,420	\$24.571	\$14,989	\$33,991	\$17 566	\$8 754
2	\$32,850	\$16,425	\$178,974	\$169,554	\$9,420	\$23.311	\$14,220	\$32,731	\$16 306	\$8 754
3	\$32,850	\$16,425	\$169,554	\$160,134	\$9,420	\$22.051	\$13,451	\$31 471	\$15,046	\$8,754
4	\$32,850	\$16,425	\$160,134	\$150,715	\$9,420	\$20,791	\$12,683	\$30,211	\$13,786	\$8 754
5	\$32,850	\$16,425	\$150,715	\$141,295	\$9,420	\$19,531	\$11,914	\$28,951	\$12 526	\$8 754
6	\$32,850	\$16,425	\$141,295	\$131,875	\$9,420	\$18,271	\$11,145	\$27.691	\$11,266	\$8 754
7	\$32,850	\$16,425	\$131,875	\$122,456	\$9,420	\$17,011	\$10.377	\$26,431	\$10,006	\$8 754
8	\$32,850	\$16,425	\$122,456	\$113,036	\$9,420	\$15,751	\$9,608	\$25,171	\$8,746	\$8 754
9	\$32,850	\$16,425	\$113,036	\$103,616	\$9,420	\$14,491	\$8,839	\$23,911	\$7,486	\$8 754
10	\$32,850	\$16,425	\$103,616	\$94,197	\$9,420	\$13,231	\$8.071	\$22,650	\$6,225	\$8 754
11	\$32,850	\$16,425	\$94,197	\$84,777	\$9,420	\$11,971	\$7,302	\$21,390	\$4,965	\$8 754
12	\$32,850	\$16,425	\$84,777	\$75,357	\$9,420	\$10,711	\$6,533	\$20,130	\$3,705	\$8 754
13	\$32,850	\$16,425	\$75,357	\$65,938	\$9,420	\$9,451	\$5,765	\$18,870	\$2 445	\$8 754
14	\$32,850	\$16,425	\$65,938	\$56,518	\$9,420	\$8,190	\$4,996	\$17,610	\$1 185	\$8 754
15	\$32,850	\$16,425	\$56,518	\$47,098	\$9,420	\$6,930	\$4,228	\$16,350	(\$75)	\$8 754
16	\$32,850	\$16,425	\$47,098	\$37,679	\$9,420	\$5.670	\$3,459	\$15,090	(\$1,335)	\$8 754
17	\$32,850	\$16,425	\$37,679	\$28,259	\$9,420	\$4,410	\$2,690	\$13,830	(\$2,595)	\$8 754
18	\$32,850	\$16,425	\$28,259	\$18,839	\$9,420	\$3,150	\$1,922	\$12 570	(\$3,855)	\$8 754
19	\$32,850	\$16,425	\$18,839	\$9,420	\$9,420	\$1,890	\$1,153	\$11,310	(\$5,115)	\$8 754
20	\$32,850	\$16,425	\$9,420	(\$0)	\$9,420	\$630	\$384	\$10,050	(\$6,375)	\$8,754
Sum		\$328,500			\$188,393	\$252,015	\$153,729	\$440,408	\$111,908	\$175,084
NPV @8.16% NPV @6.00%		\$159,361 \$188,393			\$91,393	\$152,905	\$93,272	\$244,297	\$84,936	\$84,936

## Long-Term Tolling Example (With AFPPA)

Allowed Earnings Rate:	
Pre-Tax:	13.38%
After-Tax:	8.16%
AFPPA Rate:	7.80%
Debt Rate:	6.00%
MW:	100
Demand Charge (\$/kW-mo.): \$ Does not escalate, but also payable during project construction	9.00

#### AII \$000

\$000									Pre-Tax	
		o		<b>-</b>		Gross	Net	<b>T</b>	Incentive	
	Demand	Start of		End of	Dringing	Return	Return	I otal	Receipt vs.	Levelized
Vee	Demand	Year		rear	Principal	@13.38%	@8.16%	Pre-Tax	Payment	Pre-Tax
Year	Payments	Balance	АГРРА	Balance	Receipts	Receipts	Receipts	Receipts	Difference	Incentive
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (5) + (6)	(9) = (8) - (1)	(10)
1	\$10,800	\$148,660	\$11,595	\$160,256	\$0	\$0	\$0	\$0	(\$10,800)	\$7,214
2	\$10,800	\$160,256	\$12,500	\$172,756	\$0	\$0	\$0	\$0	(\$10,800)	\$7,214
3	\$10,800	\$172,756	\$13,475	\$186,231	\$0	\$0	\$0	\$0	(\$10,800)	\$7,214
4	\$10,800	\$186,231		\$179,333	\$6,897	\$24,451	\$14,915	\$31,348	\$20,548	\$7,214
5	\$10,800	\$179,333		\$172,436	\$6,897	\$23,528	\$14,352	\$30,426	\$19,626	\$7,214
6	\$10,800	\$172,436		\$165,538	\$6,897	\$22,605	\$13,789	\$29,503	\$18,703	\$7,214
7	\$10,800	\$165,538		\$158,641	\$6,897	\$21,683	\$13,227	\$28,580	\$17,780	\$7,214
8	\$10,800	\$158,641		\$151,743	\$6,897	\$20,760	\$12,664	\$27,658	\$16,858	\$7,214
9	\$10,800	\$151,743		\$144,846	\$6,897	\$19,837	\$12,101	\$26,735	\$15,935	\$7,214
10	\$10,800	\$144,846		\$137,949	\$6,897	\$18,915	\$11,538	\$25,812	\$15,012	\$7,214
11	\$10,800	\$137,949		\$131,051	\$6,897	\$17,992	\$10,975	\$24,890	\$14,090	\$7,214
12	\$10,800	\$131,051		\$124,154	\$6,897	\$17,069	\$10,412	\$23,967	\$13,167	\$7,214
13	\$10,800	\$124,154		\$117,256	\$6,897	\$16,147	\$9,850	\$23,044	\$12,244	\$7,214
14	\$10,800	\$117,256		\$110,359	\$6,897	\$15,224	\$9,287	\$22,122	\$11,322	\$7,214
15	\$10,800	\$110,359		\$103,461	\$6,897	\$14,301	\$8,724	\$21,199	\$10,399	\$7,214
16	\$10,800	\$103,461		\$96,564	\$6,897	\$13,379	\$8,161	\$20,276	\$9,476	\$7,214
17	\$10,800	\$96,564		\$89,667	\$6,897	\$12,456	\$7,598	\$19,354	\$8,554	\$7,214
18	\$10,800	\$89,667		\$82,769	\$6,897	\$11,533	\$7,035	\$18,431	\$7,631	\$7,214
19	\$10,800	\$82,769		\$75,872	\$6,897	\$10,611	\$6,473	\$17,508	\$6,708	\$7,214
20	\$10,800	\$75,872		\$68,974	\$6,897	\$9,688	\$5,910	\$16,585	\$5,785	\$7,214
21	\$10,800	\$68,974		\$62,077	\$6,897	\$8,765	\$5,347	\$15,663	\$4,863	\$7,214
22	\$10,800	\$62,077		\$55,179	\$6,897	\$7,843	\$4,784	\$14,740	\$3,940	\$7,214
23	\$10,800	\$55,179		\$48,282	\$6,897	\$6,920	\$4,221	\$13,817	\$3,017	\$7,214
24	\$10,800	\$48,282		\$41,385	\$6,897	\$5,997	\$3,658	\$12,895	\$2,095	\$7,214
25	\$10,800	\$41,385		\$34,487	\$6,897	\$5,075	\$3,096	\$11,972	\$1,172	\$7,214
26	\$10,800	\$34,487		\$27,590	\$6,897	\$4,152	\$2,533	\$11,049	\$249	\$7,214
27	\$10,800	\$27,590		\$20,692	\$6,897	\$3,229	\$1,970	\$10,127	(\$673)	\$7,214
28	\$10,800	\$20,692		\$13,795	\$6,897	\$2,307	\$1,407	\$9,204	(\$1,596)	\$7,214
29	\$10,800	\$13,795		\$6,897	\$6,897	\$1,384	\$844	\$8,281	(\$2,519)	\$7,214
30	\$10,800	\$6,897		\$0	\$6,897	\$461	\$281	\$7,359	(\$3,441)	\$7,214
Sum	\$324,000				\$186,231	\$336,314	\$205,152	\$522,545	\$198,545	\$216,425
NPV @8.16%	\$119,771				\$58,768	\$141,008	\$86,015	\$199,776	\$80,005	\$80,005
NPV @6.00%	\$148,660									

 $^{(1)}\ensuremath{\mathsf{Demand}}$  payments assumed at 50% of total payments

### Standard PPA

Allowed Earnings Rate:	
Pre-Tax:	13.38%
After-Tax:	8.16%
Debt Rate:	6.00%
MWa:	50
Cost (\$/MWh):	
Year 1:	\$ 75.00
Percentage Eligibility Factor:	50%

#### AII \$000

			Start of	End of		Gross	Net		Pre-Tax Incentive	
	Total	Eligible	Year	Year	Principal	Return	Return	Total	Receipt vs.	Levelized
Year	Payments	Payments	Balance	Balance	Receipts	@13.38% Receipts	@8.16% Receipts	Pre-Tax Receipts	Payment Difference	Pre-Tax Incentive
	(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4) + (5)	(8) = (7) - (1)	(9)
1	\$32,850	\$16,425	\$188,393	\$178,974	\$9,420	\$24,571	\$14,989	\$33,991	\$17,566	\$8,754
2	\$32,850	\$16,425	\$178,974	\$169,554	\$9,420	\$23,311	\$14,220	\$32,731	\$16,306	\$8,754
3	\$32,850	\$16,425	\$169,554	\$160,134	\$9,420	\$22,051	\$13,451	\$31,471	\$15,046	\$8,754
4	\$32,850	\$16,425	\$160,134	\$150,715	\$9,420	\$20,791	\$12,683	\$30,211	\$13,786	\$8,754
5	\$32,850	\$16,425	\$150,715	\$141,295	\$9,420	\$19,531	\$11,914	\$28,951	\$12,526	\$8,754
6	\$32,850	\$16,425	\$141,295	\$131,875	\$9,420	\$18,271	\$11,145	\$27,691	\$11,266	\$8,754
7	\$32,850	\$16,425	\$131,875	\$122,456	\$9,420	\$17,011	\$10,377	\$26,431	\$10,006	\$8,754
8	\$32,850	\$16,425	\$122,456	\$113,036	\$9,420	\$15,751	\$9,608	\$25,171	\$8,746	\$8,754
9	\$32,850	\$16,425	\$113,036	\$103,616	\$9,420	\$14,491	\$8,839	\$23,911	\$7,486	\$8,754
10	\$32,850	\$16,425	\$103,616	\$94,197	\$9,420	\$13,231	\$8,071	\$22,650	\$6,225	\$8,754
11	\$32,850	\$16,425	\$94,197	\$84,777	\$9,420	\$11,971	\$7,302	\$21,390	\$4,965	\$8,754
12	\$32,850	\$16,425	\$84,777	\$75,357	\$9,420	\$10,711	\$6,533	\$20,130	\$3,705	\$8,754
13	\$32,850	\$16,425	\$75,357	\$65,938	\$9,420	\$9,451	\$5,765	\$18,870	\$2,445	\$8,754
14	\$32,850	\$16,425	\$65,938	\$56,518	\$9,420	\$8,190	\$4,996	\$17,610	\$1,185	\$8,754
15	\$32,850	\$16,425	\$56,518	\$47,098	\$9,420	\$6,930	\$4,228	\$16,350	(\$75)	\$8,754
16	\$32,850	\$16,425	\$47,098	\$37,679	\$9,420	\$5,670	\$3,459	\$15,090	(\$1,335)	\$8,754
17	\$32,850	\$16,425	\$37,679	\$28,259	\$9,420	\$4,410	\$2,690	\$13,830	(\$2,595)	\$8,754
18	\$32,850	\$16,425	\$28,259	\$18,839	\$9,420	\$3,150	\$1,922	\$12,570	(\$3,855)	\$8,754
19	\$32,850	\$16,425	\$18,839	\$9,420	\$9,420	\$1,890	\$1,153	\$11,310	(\$5,115)	\$8,754
20	\$32,850	\$16,425	\$9,420	(\$0)	\$9,420	\$630	\$384	\$10,050	(\$6,375)	\$8,754
Sum		\$328,500			\$188,393	\$252,015	\$153,729	\$440,408	\$111,908	\$175,084
NPV @8.16%		\$159,361			\$91,393	\$152,905	\$93,272	\$244,297	\$84,936	\$84,936
NPV @6.00%		\$188,393								