

August 5, 2005

VIA E-MAIL (*PUC.FilingCenter@state.or.us*)
ORIGINAL BY REGULAR MAIL

Public Utility Commission of Oregon
Attention: Filing Center
550 Capitol Street NE #215
PO Box 2148
Salem, OR 97308-2148

Re: *Wah Chang, Petitioner v. PacifiCorp, Respondent*
Docket 1002

Dear Sir or Madam:

Enclosed for filing in the above-captioned proceeding:

- Petitioner's Motion to Extend Time to File Direct Testimony and to Extend Other Dates; Request for Scheduling Conference; Request for Expedited Consideration
- Affidavit of Richard H. Williams in Support of Petitioner's Motion to Extend Time to File Direct Testimony and to Extend Other Dates

The original of this letter, the motion and the affidavit are being sent by regular mail.

Very truly yours,



Richard H. Williams

Enclosures

cc (w/enc): Service list (*via e-mail and regular mail*)

006854.0164/529724.1

1 **DISCUSSION**

2 **I. PROCEDURAL HISTORY.**

3 Wah Chang filed its petition in December 2000 asking the Commission to amend its
4 power purchase contract with PacifiCorp to substitute the standard industrial rate for the
5 market-indexed rate specified by the contract, because that rate had become unjust and
6 unreasonable due to skyrocketing wholesale prices in what became known as the 2000–2001
7 Western energy crisis. In October 2001, the Commission denied the petition, stating that it
8 would not amend the contract in the absence of “compelling circumstances” such as “mistake,
9 fraud, impossibility, or some other extraordinary basis.” Order No. 01-873 at 6 (October 15,
10 2001).

11 While Wah Chang’s appeal to Marion County Circuit Court was pending, FERC made
12 public the now infamous “Enron memos,” which revealed that Enron had schemed to manipulate
13 Western wholesale market transactions. Thereafter, reports appeared indicating that other energy
14 traders also had engaged in such schemes. Wah Chang moved for an order directing the
15 Commission to take evidence of market manipulation, and the Court granted the motion.

16 At the beginning of the renewed Commission proceedings, PacifiCorp moved for an
17 order summarily affirming the denial of Wah Chang’s petition. PacifiCorp asserted that Wah
18 Chang was not entitled to discovery, that the Commission could consider only the specific
19 evidence Wah Chang had presented to the Circuit Court in support of its additional evidence
20 motion and that such evidence did not warrant relief.¹

21 The Commission denied PacifiCorp’s motion and, at Wah Chang’s suggestion, held the
22 proceedings in abeyance pending investigations by FERC and other agencies. The Commission
23 stated that it “wanted to make a decision based on all the relevant information that can be
24 produced.” Order No. 03-153 at 3 (March 13, 2003).

25 ¹ See PacifiCorp’s Motion for Summary Affirmance of Order No. 01-873 (November 15, 2002);
26 see also, PacifiCorp’s Response to Wah Chang’s Brief Regarding Scope of Commission
Hearings (December 6, 2002).

1 In January 2004, Wah Chang moved for an order reopening the proceeding. PacifiCorp
2 opposed the motion, again asserting, among other contentions, that Wah Chang was not entitled
3 to discovery and that the Commission could consider only the specific evidence submitted to the
4 Circuit Court. The Commission granted Wah Chang's motion, again rejecting PacifiCorp's
5 contentions and reiterating its "clearly expressed [] desire to make a decision about whether to
6 revise Order No. 01-873 'based on all the relevant information that can be produced.' " Order
7 No. 04-305 at 6 (May 27, 2004).

8 At a prehearing conference in July 2004, PacifiCorp stated its intention to move to
9 dismiss the docket on jurisdictional grounds, and the "[p]arties agreed to maintain the status quo
10 until Commission action on any motion filed by PacifiCorp." Prehearing Conference
11 Memorandum (July 26, 2004).

12 PacifiCorp did not file its motion until October 2004, and it filed it in Circuit Court.
13 PacifiCorp asserted that FERC's exclusive jurisdiction over the wholesale energy market
14 precluded the Commission from granting relief. PacifiCorp alternatively asserted, again
15 repeating its earlier arguments, that Wah Chang was not entitled to discovery or to present to the
16 Commission any evidence in addition to that presented to the Court. Simultaneously, PacifiCorp
17 asked the Commission to stay the Commission proceeding, and the Administrative Law Judge
18 granted the stay. *See* Ruling (November 14, 2004).

19 The Court denied PacifiCorp's motion to terminate or limit the Commission proceeding,
20 holding that the case "do[es] not implicate any preemption concerns" and that "discovery is
21 appropriate" within the scope of the Court's earlier additional evidence order. Letter Opinion at
22 3, 4 (February 3, 2005), attached to Wah Chang's Motion to Lift Stay (February 23, 2005).

23 The Administrative Law Judge lifted the stay, Ruling (February 24, 2005), and later set
24 the current schedule as agreed upon by the parties. Status Conference Memorandum (April 13,
25 2005); Amended Status Conference Memorandum (April 28, 2005).

26

1 **II. REASONS FOR EXTENSION**

2 On March 30, 2005, Wah Chang deposed PacifiCorp’s Director of Energy Trading to
3 gain an overview of PacifiCorp’s trading operation. Since then, Wah Chang has served many
4 data requests concerning PacifiCorp’s energy trading during 2000–2001, and PacifiCorp has
5 responded either by providing the requested information or objecting to the requests in whole or
6 in part. However, Wah Chang has not completed discovery and will not be able to complete it in
7 time for Wah Chang to file direct testimony by September 17.

8 **A. Tapes of Trader Conversations.**

9 The principal obstacle to completing discovery is Wah Chang’s inability to date to listen
10 to audiotapes of PacifiCorp trader conversations with transaction counterparties. Like other
11 companies that trade electricity, PacifiCorp in the ordinary course of business records telephone
12 conversations in which its traders agree to buy and sell electricity in same-day, day-ahead and
13 other short-term transactions. Williams Aff. Ex. A.

14 From trading records, Wah Chang preliminarily has identified PacifiCorp trades of
15 interest that occurred on dates and during periods in 2000–2001. Wah Chang requested that
16 PacifiCorp produce the trader tapes for those dates and periods, and PacifiCorp agreed to
17 produce copies subject to special protective provisions, Williams Aff. Ex. B, which the parties
18 agreed upon after negotiation.

19 However, PacifiCorp’s copying of the tapes—which store the audio data in a proprietary
20 format—has proved to be technically challenging. To date, it has been able to copy and deliver
21 to Wah Chang 6 out of the 14 relevant tapes, and it has suspended efforts to copy the remaining
22 eight. Williams Aff. ¶ 10 and Ex. C. The copying difficulty is attributable in part to the fact that
23 the technology used to record data on the tapes is out of date. Machines that might be used to
24 make the copies reportedly are rare. The copying difficulty is also attributable in part to the fact
25 that the copying process requires that the “receiving” tape have greater digital capacity than the
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1 tape to be copied, and appropriate tapes with sufficient capacity to copy the remaining 8 tapes
2 reportedly are not available. Williams Aff. ¶ 10.

3 Listening to the tapes that have been copied also presents a technical challenge for Wah
4 Chang. In order to convert the data on the tapes to a usable form, Wah Chang must send them to
5 a company in Denver, which will convert them to WAV audio files at a cost of approximately
6 \$1,500 per tape. Wah Chang has sent one of the tapes for conversion as a test to determine
7 whether in fact the process yields a usable product. If the test is successful, Wah Chang
8 anticipates that it will send the other tapes. Wah Chang has been informed that the conversion
9 process for a group of tapes could take as long as three or five weeks. Williams Aff. ¶ 11.

10 The tapes are significant to Wah Chang's case because they are potentially an original,
11 direct source of information about the trades that Wah Chang has identified from trading records
12 as warranting further attention. For example, PacifiCorp has acknowledged that it "was an
13 intermediary in 'Ricochet' transactions with Enron." Williams Aff. Ex. D at 3. During the
14 period July to November 2000, its traders engaged in over 700 buy-resell transactions with
15 Enron and other counterparties. In these transactions, PacifiCorp agreed to buy and
16 simultaneously resell to the same counterparty an equal amount of energy at the same delivery
17 point. PacifiCorp has stated that it ceased engaging in these transactions when it became
18 concerned that they constituted "megawatt laundering," Williams Aff. Ex D at 3-4. PacifiCorp
19 states that its traders did not know they were participating in trading schemes, and thought they
20 were "simply participating in the fluid and dynamic energy market in the West." Williams Aff.
21 Ex. E at 2.

22 Wah Chang is entitled to test PacifiCorp's claims with respect to the buy-resell
23 transactions and to gather evidence concerning the other transactions of interest. Wah Chang
24 notes that trader tapes have played a prominent role in other cases arising from the 2000-2001
25 crisis. In particular, the Enron trader tapes have been a fruitful, and sometimes sensational,
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1 source of information about Enron’s schemes and its traders’ culpability. Williams Aff. Ex. G
2 and Ex. H

3 **B. Other Discovery.**

4 In addition to the trader tapes, other discovery is also pending. Wah Chang requested
5 that PacifiCorp produce approximately 13,600 e-mails identified by PacifiCorp as containing one
6 of 45 key words, and PacifiCorp has agreed to produce them after it has had an opportunity to
7 review them for privilege. Williams Aff. Ex. F at 3–4. Wah Chang also requested that
8 PacifiCorp produce e-mails containing one or more of an additional 10 key words or phrases, or
9 variants of them. PacifiCorp has responded that “it is has not been able to locate [responsive]
10 emails” other than ones already produced, but is “continuing to search for relevant emails.”
11 Williams Aff. Ex. F at 4.

12 Wah Chang anticipates that it will notice depositions of PacifiCorp personnel after it has
13 listened to the trader tapes and reviewed electronic discovery materials. The number and
14 identities of the people from whom Wah Chang will seek depositions likely will depend on the
15 result of its review.

16 **C. Requested Extension.**

17 Wah Chang is requesting a 90-day extension to file its opening testimony. Whether that
18 time is unnecessarily long or too short is uncertain. One unknown factor is the time needed to
19 listen to the tapes after the tapes copied to date after have been converted to a useable format and
20 after the discovery issues posed by the 8 as-yet-uncopied tapes have been resolved. PacifiCorp
21 estimates that it would take 9,000 person hours to play the requested conversations and convert
22 them to a useable format. Williams Aff. Ex. B at 3. While Wah Chang does not anticipate
23 expending that amount of time, the listening process will be lengthy.

24 A complicating factor has been and will continue to be the limited availability of Milo
25 Petranovich, one of its attorneys in this case since 2001 who was and is expected to play a
26 substantial role in Wah Chang’s discovery. Mr. Petranovich had surgery on one eye during June
PAGE 6 – PETITIONER’S MOTION TO EXTEND TIME TO FILE DIRECT TESTIMONY, ETC.; REQUEST
FOR SCHEDULING CONFERENCE; REQUEST FOR EXPEDITED CONSIDERATION

1 and will have surgery on the other during September. For two to three weeks after the surgery,
2 Mr. Petranovich is unable to read. Williams Aff. ¶ 12.

3 **CONCLUSION**

4 This proceeding is over four and a half years old, and Wah Chang desires to bring it to
5 hearing as soon as reasonably possible. However, after the passage of so much time and after so
6 many motions, it is worth taking the additional time need to conduct thorough discovery so that
7 the Commission may realize its “clearly expressed” desire to make a decision based on all the
8 relevant evidence. Good cause exists for extending the original schedule, which has proven to be
9 overly optimistic.

10 DATED: August 5, 2005.

11 LANE POWELL PC

12 By *Richard H. Williams*

13 Richard H. Williams, OSB No. 72284
14 Milo Petranovich, OSB No. 81337

15 Attorneys for Petitioner

1 CERTIFICATE OF SERVICE

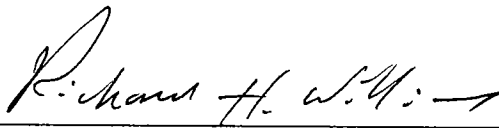
2 I certify that I have this day served the foregoing PETITIONER'S MOTION TO EXTEND
3 TIME TO FILE DIRECT TESTIMONY AND TO EXTEND OTHER DATES; REQUEST FOR
4 SCHEDULING CONFERENCE; REQUEST FOR EXPEDITED CONSIDERATION upon all parties
5 of record in this proceeding by delivering a copy in person or by mailing a copy properly
6 addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-013-0070,
7 to the following parties or attorneys of parties:

8

9 10 11 12 13	PAUL GRAHAM DEPARTMENT OF JUSTICE REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 paul.graham@state.or.us	LAWRENCE H. REICHMAN JAY A. ZOLLINGER PERKINS COIE LLP 1120 NW COUCH ST - 10 FL PORTLAND OR 97209-4128 lreichman@perkinscoie.com jzollinger@perkinscoie.com
14 15 16	PAUL M WRIGLEY PACIFIC POWER & LIGHT 825 NE MULTNOMAH STE 800 PORTLAND OR 97232 paul.wrigley@pacificorp.com	

17 DATED at Portland, Oregon, this 5th day of August, 2005.

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Richard H. Williams, OSB No. 72284
Of Counsel for Wah Chang, Petitioner

CERTIFICATE OF SERVICE

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4 **BEFORE THE PUBLIC UTILITY COMMISSION**
5 **OF THE STATE OF OREGON**

6 **UM 1002**

7 Wah Chang,

8 Petitioner,)

9 v.)

10 PacifiCorp,

11 Respondent.)

**AFFIDAVIT OF RICHARD H.
WILLIAMS IN SUPPORT OF
PETITIONER'S MOTION TO
EXTEND TIME TO FILE DIRECT
TESTIMONY AND TO EXTEND
OTHER DATES**

12 STATE OF OREGON)
13) ss.
14 County of Multnomah)

15 I, RICHARD H. WILLIAMS, being duly sworn, say:

16 1. I am an attorney representing Wah Chang in this proceeding, and I make this
17 affidavit in support of Wah Chang's Motion to Extend Time to File Direct Testimony and to
18 Extend Other Dates.

19 2. Attached to this Affidavit as Exhibit A is a copy of pages 1, 35-39 and 98 of the
20 Deposition of John Apperson, taken in this proceeding on March 30, 2005.

21 3. Attached to this Affidavit as Exhibit B is a copy of PacifiCorp's Response to
22 Petitioner's Eleventh Data Request (Request No. 147).

23 4. Attached to this Affidavit as Exhibit C is a copy of an e-mail dated July 18, 2005
24 to me from Jay Zollinger, an attorney for PacifiCorp in this proceeding.

25 5. Attached hereto as Exhibit D is a copy of pages 1, 20-23 and 27 of the Affidavit
26 of Stanley K. Watters on Behalf of PacifiCorp, dated May 22, 2002, submitted in *Fact-Finding*

PAGE 1 – AFFIDAVIT OF RICHARD H. WILLIAMS IN SUPPORT OF PETITIONER'S MOTION TO
EXTEND TIME TO FILE DIRECT TESTIMONY AND TO EXTEND OTHER DATES

1 *Investigations of Potential Manipulation of Electric and Natural Gas Prices*, FERC Docket No.
2 PA02-2-00.

3 6. Attached to this Affidavit as Exhibit E is a copy of pages 1 and 8 and the
4 signature page of the Affidavit of Stan K. Watters on Behalf of PacifiCorp, dated August 21,
5 2002, submitted in *PacifiCorp*, FERC Docket Nos. EL03-163-000, *et al.* (Consolidated).

6 7. Attached hereto as Exhibit F is a copy of PacifiCorp's Response to Petitioner's
7 Twelfth Data Request (Request Nos. 148–152).

8 8. Attached to this Affidavit as Exhibit G is a copy of an article from *The Oregonian*,
9 dated June 19, 2004, captioned "PUD's splurge pays off."

10 9. Attached to this Affidavit as Exhibit H is a copy of an article from *Clearing Up*,
11 dated May 24, 2004, captioned "Snohomish Hopes New Enron Tapes Will Aid Case."

12 10. During a conference call on July 27, 2005, PacifiCorp and Firstline, the vendor
13 employed by PacifiCorp to assist with copying the trader tapes, explained to me and other Wah
14 Chang representatives that a machine called a WordNet P3 is needed to copy the tapes, that such
15 machines are out of date and difficult to locate and that Firstline had "cobbled together" the
16 WordNet P3 used to copy the 6 trader tapes delivered to Wah Chang. PacifiCorp and Firstline
17 also stated that they have been unable to copy the remaining trader tapes because those tapes,
18 unlike the copied tapes, apparently are filled to capacity with data. PacifiCorp and Firstline
19 stated that the copying process requires that the receptor tape have greater digital capacity than
20 the tape to be copied and that tapes of the required type with sufficient capacity could not be
21 obtained. For that reason, PacifiCorp has been unable to copy 8 out of the 14 tapes containing
22 trader conversations called for by Wah Chang's data request

23 11. Through inquiries, Wah Chang has learned that the most practical way to listen to
24 the tapes, if not the only way, is to have them converted to WAV audio files. Wah Chang has
25 located a company, NICE, that states that it can convert the copies of the tapes delivered to Wah
26 Chang by PacifiCorp. NICE states that it is the successor to Racal, the company that

PAGE 2 – AFFIDAVIT OF RICHARD H. WILLIAMS IN SUPPORT OF PETITIONER'S MOTION TO
EXTEND TIME TO FILE DIRECT TESTIMONY AND TO EXTEND OTHER DATES

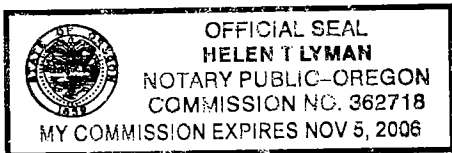
1 manufactured the recording system used by PacifiCorp in 2000-2001, and that it is the only
2 company with the ability to convert the tapes. The charge is \$1,450 per tape. Wah Chang has
3 sent one tape to NICE to convert as a test and expects to receive the audio files within a week to
4 10 days. If the test is successful, Wah Chang anticipates that it will ask NICE to convert the 5
5 remaining copied tapes in Wah Chang's possession. NICE states that, due to its backlog, it may
6 take 3 to 5 weeks to convert the 5 tapes. If the test is successful, Wah Chang might also request
7 that PacifiCorp send the originals of the uncopied tapes to NICE for conversion.

8 12. Milo Petranovich is a trial partner of Lane Powell PC who has represented Wah
9 Chang in this Commission proceeding and related litigation since early 2001. It was anticipated
10 that Mr. Petranovich would play an active role in discovery from PacifiCorp. In June 2005, Mr.
11 Petranovich had eye surgery and as a result was unable to read for two to three weeks. Mr.
12 Petranovich is scheduled to have surgery on the other eye during September 2005.

13
14
15 *Richard H. Williams*

16 Richard H. Williams

17
18 SUBSCRIBED AND SWORN TO before me on August 5, 2005.



22 *Helen T. Lyman*

23 Notary Public for Oregon

24 My commission expires: 11/05/2006

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PAGE 3 – AFFIDAVIT OF RICHARD H. WILLIAMS IN SUPPORT OF PETITIONER'S MOTION TO
EXTEND TIME TO FILE DIRECT TESTIMONY AND TO EXTEND OTHER DATES

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

WAH CHANG,)
)
 Petitioner,)
)
 vs.)
)
 PACIFICORP,)
)
 Respondent.)
)
)

ORIGINAL

CONFIDENTIAL

DEPOSITION OF

JOHN APPERSON

Taken in behalf of Petitioner

* * *

March 30, 2005
1120 N.W. Couch
Portland, Oregon

Teresa L. Dunn, CSR, RPR
Court Reporter



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Vancouver, WA 98660
(360) 695-5554
Fax (360) 695-1737

Schmitt & Lehmann, Inc.
C O U R T R E P O R T E R S

851 SW Sixth Ave., Suite 1040
Portland, OR 97204
(503) 223-4040
slinc@qwest.net

EXHIBIT A
PAGE 1 OF 7

1 real-time traders through one of the computers on their
2 desk?

3 A. Actually, I believe it was a dedicated
4 interface rather than utilizing one of the existing
5 computers.

6 Q. In any event it was accessible from that area?

7 A. Right, yes.

8 Q. Were real-time traders assigned to particular
9 counter-parties?

10 A. No

11 Q. Were audio records made of real-time traders'
12 transactions?

13 A. Yes.

14 Q. Can you tell me how that was done?

15 A. Yes. That was done through a tape-recording
16 device that monitored the telephones of the real-time
17 traders and recorded onto a digital audio tape.

18 Q. Did the system record only telephone
19 conversations or was it also capable of recording
20 conversations let's say between traders in the room
21 that did not occur on the telephone?

22 A. It only recorded telephone conversations.

23 Q. During that time, 2000-2001, did PacifiCorp
24 have the same audio recording system in place or was
25 there a change in technology or a change in equipment

1 during that time?

2 A. They had the same technology in place, but
3 except for changed technology right near the end of
4 2001 or early 2002, I'm not sure which.

5 Q. What was the change?

6 A. It changed from using digital audio tapes to
7 using DVDs to record their conversations.

8 Q. And when you speak of digital audio tapes, I
9 picture a cassette with a ribbon. Is that an accurate
10 picture?

11 A. Yes.

12 Q. How was the recording activated or did the
13 system record 24 hours whether or not anyone was
14 speaking?

15 A. It was activated -- it is voice activated so
16 when somebody started speaking, then the tape would
17 record.

18 Q. Do you know how many -- let me back up a step.
19 Does PacifiCorp retain the digital audio tapes
20 from the period 2000-2001? And, again, I have
21 something that your attorney provided that may help you
22 answer that.

23 A. Yes.

24 Q. I don't know that we need to mark this as an
25 exhibit, but I will just ask you to --

1 MR. ZOLLINGER: Actually, Rich, let me ask it
2 be marked as an exhibit just so the record is clear.

3 (Deposition Exhibit No. 3 was marked for
4 identification.)

5 Q. (BY MR. WILLIAMS) For the record what has
6 been marked Exhibit 3 is a partial copy of a Response
7 to Petitioner's Seventh Data Request and the pages are
8 pages 1, 6, and 12.

9 Mr. Apperson, could you take a minute to read
10 request No. 54 and the response.

11 A. Okay.

12 Q. Is this response accurate to your knowledge?

13 A. It is accurate to my knowledge.

14 Q. Do you know how many audio tapes PacifiCorp
15 has of that real-time trading for the period 2000-2001?

16 A. Yes, it is roughly 18.

17 Q. 18 tapes?

18 A. Roughly.

19 Q. And do you know the running time of each tape?

20 A. I don't know what the running time of each
21 tape is if you mean how much can be recorded on that
22 tape.

23 Q. Let's start with that.

24 MR. ZOLLINGER: He is saying that's what he
25 doesn't know.

1 THE WITNESS: I don't know that.

2 Q. (BY MR. WILLIAMS) I see. Do you know the
3 running time on the tape of recordings, in other words,
4 if the person were to sit down and listen to the tape,
5 how long that person would have to listen before he or
6 she had heard everything there was to hear on that
7 tape?

8 A. Is this with regard to the real-time trading?

9 Q. Yes.

10 A. Yes, actually, I made an estimate of that and
11 for someone to listen to the tapes, to all recordings
12 of the real-time desks and then manipulate the messages
13 so they could be listened to, then it would take a
14 single person about eight years to listen to those and
15 manipulate the messages.

16 Q. What do you mean by manipulating the messages?

17 A. The tape doesn't record as you would think of
18 an audio recorder. It is a database so the messages in
19 the database need to be converted to a format that can
20 be listened to through headphones.

21 Q. How is that done? In other words, if I were
22 to receive a tape, what would I need to do in order to
23 listen to it?

24 A. You would need to have a tape player and you
25 would need to have the software to be able to do that.

1 Q. Is the software a part of the tape,
2 specialized tape recorder, is that what you are saying?

3 A. The software resides or can reside on a
4 typical PC that is connected to a digital audio
5 tape-recorder.

6 Q. Do the roughly 18 tapes relate solely to
7 real-time trading?

8 A. No.

9 Q. What else do they cover?

10 A. They cover all groups that transact, that is
11 the traders, the originators, plus the pre-scheduling,
12 plus -- that's the majority of it.

13 Q. By traders you are including the day-ahead
14 group?

15 A. Yes.

16 Q. My understanding from your testimony had been
17 that pre-schedulers don't transact, they just
18 communicate with traders within PacifiCorp.

19 A. Actually, they don't transact, but they
20 communicate with not just traders within PacifiCorp,
21 but they communicate with counter-parties as well.

22 Q. Is there a separate tape for each desk?

23 A. No.

24 Q. So if you ran a tape from front to end you
25 would hear conversations that may be conversations of

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JOHN APPERSON *Portland, Oregon*

I have read the transcript of the deposition taken on March 30, 2005, at ~~Vancouver, Washington~~, and make the following additions or corrections:

PAGE	LINE	CORRECTION AND REASON FOR CORRECTION
59	11	Change Ivars to Aivars. Spelling was incorrect.
59	14	Change Ivars to Aivars in two places. Spelling was incorrect. Same as above.
69	17	Add a comma after "...counterparty..." This was incorrectly interpreted by the recorder.
73	9	Change Greenhaigh to Greenhalgh. Spelling was incorrect.
74	7	Change "...trade." to "...trading." Incorrectly interpreted by the recorder.

John Apperson

JOHN APPERSON

Subscribed and sworn to before me this 9 day of MAY, 2005.

Susan Phillips

Notary Public for the State of _____
residing at _____
My Commission Expires: _____

Re: Wah Chang vs. PacifiCorp,
TLD



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4 **BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON**

5 **UM 1002**

6 Wah Chang,

7 Petitioner,

8 v.

9 PacifiCorp,

10 Respondent.

**PACIFICORP'S RESPONSE TO
PETITIONER'S ELEVENTH DATA
REQUEST (Request No. 147)**

11 PacifiCorp responds and objects as follows to Wah Chang's Eleventh Data Request:

12 **GENERAL RESPONSES AND OBJECTIONS**

13 1. PacifiCorp objects to petitioner's data request to the extent it seeks documents and
14 information other than documents and information in PacifiCorp's possession.

15 2. PacifiCorp objects to petitioner's data request to the extent it seeks the production
16 of documents protected from disclosure under the attorney-client privilege, the work product
17 doctrine, or any other applicable privilege.

18 3. PacifiCorp objects to petitioner's data request to the extent it seeks the production
19 of confidential, personal, proprietary, or commercially sensitive documents and information.
20 Any such documents that are produced will be produced only subject to the protective order in
21 place in this matter, Commission Order No. 01-149, or such other protective order as may be
22 necessary.

23 4. By responding to this data request, PacifiCorp does not in any way waive or
24 intend to waive, but instead intends to preserve, all objections as to the competency, relevancy,
25 materiality, and admissibility of the responses, of any produced documents, and of the subject
26 matter of the responses and documents.

Page 1 – PACIFICORP'S RESPONSE TO ELEVENTH DATA REQUEST

1 it seeks the production of highly confidential documents containing sensitive personal,
2 commercial, and proprietary information that is not adequately protected by the existing
3 protective order in this matter. PacifiCorp also objects to this request on the grounds that it seeks
4 the production of documents that may be protected from discovery by the attorney-client
5 privilege, the work product doctrine, or other applicable privileges.

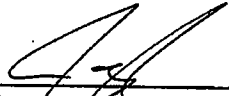
6 By way of further objection, PacifiCorp states that the requested "audio recordings" do
7 not exist in a readily accessible audio format. Instead, the only available records of trading
8 conversations on the identified dates are contained on proprietary data storage tapes that also
9 contain, in a proprietary data format, conversations other than the requested trader conversations
10 and conversations on dates other than the dates identified in this request. PacifiCorp currently
11 estimates that it would take 9,000 person hours to isolate the requested trader conversations and
12 to convert the data on these storage tapes to a format that can easily be reviewed and reproduced.
13 This estimate includes the time necessary to play the requested trader conversations in their
14 entirety, which is the only way to convert the raw data into a usable audio file. This estimate
15 does not include any time to substantively review the audio files and analyze issues of privilege
16 and confidentiality. It would, therefore, be unduly burdensome to isolate, review, and produce
17 audio files of trader conversations on the dates identified in this request.

18 Notwithstanding and without waiving these or the general objections stated above,
19 PacifiCorp will, subject to Wah Chang's agreement to the conditions described below, produce
20 copies of the data storage tapes that contain, among other things, the data that can be translated
21 into audio recordings of trader conversations on the identified dates. Given the inherent
22 limitations on PacifiCorp's ability to review the information contained on the data storage tapes,
23 however, PacifiCorp will only do so pursuant to Wah Chang's express written agreement that:
24 (1) Wah Chang will not convert or otherwise review any data contained on the tapes other than
25 the data that corresponds to the trader conversations on the dates referenced in this data request;
26 (2) the production of the data storage tapes does not constitute a waiver of any privilege,

1 including the attorney-client privilege and the work product doctrine, that might otherwise
2 protect the information contained on the tapes from discovery; (3) Wah Chang will promptly
3 provide PacifiCorp with any data or information discovered when reviewing the tapes that might
4 arguably be protected from disclosure by the attorney-client privilege, the work product doctrine,
5 or any other limitation on a party's ability to obtain discovery; (4) the tapes and all information
6 derived from the data on the tapes including, without limitation, any audio recordings or
7 transcriptions generated from the data contained on the tapes, and any notes or summaries
8 concerning the information contained on the tapes, will not be disclosed to any party or used in
9 any way for purposes other than this litigation, and will be treated in every other respect as
10 CONFIDENTIAL pursuant to the protective order in place in this matter; (5) the tapes and all
11 information derived from the data on the tapes including, without limitation, any audio
12 recordings or transcriptions generated with the data contained on the tapes, and any notes or
13 summaries concerning the information contained on the tapes, will be returned to counsel for
14 PacifiCorp within two weeks after the hearing which is currently scheduled to take place in this
15 matter on April 25-27, 2006; and (6) Wah Chang shall not allow anyone, including its attorneys
16 and experts, to review the tapes or any information derived from the data on the tapes unless the
17 individuals seeking to review the tapes or information first provide counsel for PacifiCorp with a
18 signed, written statement acknowledging their consent to be bound by each of these terms.

19
20 DATED: June 24, 2005.

21
22 **PERKINS COIE LLP**

23
24 By 
25 Lawrence H. Reichman, OSB No. 86083
26 Jay A. Zollinger, OSB No. 97445
Attorneys for PacifiCorp

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served the foregoing **PACIFICORP'S RESPONSE TO**
3 **PETITIONER'S ELEVENTH DATA REQUEST (Request No. 147)** on:

4 Richard Williams
5 Lane Powell Spears Lubersky LLP
6 601 SW 2nd Avenue, Ste. 2100
7 Portland, OR 97204
8 williamsr@lanepowell.com
9 Attorneys for Wah Chang, Petitioner

10 by causing a full, true, and correct copy thereof, addressed to the last-known office
11 address of the attorney (except when served by fax), to be sent by the following indicated
12 method or methods, on the date set forth below:

13 by causing a copy to be electronically mailed to said attorneys at
14 their last known e-mail address

15 by **mailing** in a sealed, first-class postage-prepaid envelope and
16 deposited with the United States Postal Service at Portland,
17 Oregon

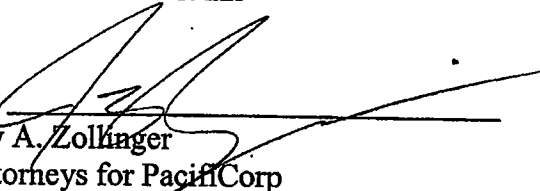
18 by **hand-delivery**.

19 by sending via **overnight courier** in a sealed prepaid envelope

20 by **faxing** to the attorney at the fax number shown above, which is
21 the last-known fax number for the attorney's office

22 DATED: June 24, 2005.

23 **PERKINS COIE LLP**

24 By 
25 Jay A. Zollinger
26 Attorneys for PacificCorp

Williams, Rich

From: Zollinger, Jay [JZollinger@perkinscoie.com]
Sent: Monday, July 18, 2005 1:51 PM
To: Williams, Rich
Cc: Reichman, Lawrence
Subject: PacifiCorp tapes

Rich: PacifiCorp has reached a dead end in its efforts to copy the remaining data storage tapes. After significant amounts of effort and research, the consensus is that the full tapes cannot be copied because the additional data generated during the copying process makes the data too large to fit on a tape, and larger tapes are not available.

I suggest that we revisit this issue after you have started your review of the six tapes that we have produced so that you have a better sense of what is on the tapes and of the hardware and software that is needed to copy or review them.

Jay A. Zollinger
(503) 727-2047

NOTICE: This communication may contain privileged or other confidential information. If you have received it in error, please advise the sender by reply email and immediately delete the message and any attachments without copying or disclosing the contents. Thank you.

EXHIBIT C
PAGE 1 OF 1

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Fact-Finding Investigation of)
Potential Manipulation of Electric) Docket No. PA02-2-000
and Natural Gas Prices)

RESPONSE OF PACIFICORP
TO THE COMMISSION'S DATA REQUEST
DATED MAY 8, 2002

AFFIDAVIT OF STANLEY K. WATTERS
ON BEHALF OF PACIFICORP

COUNTY OF MULTNOMAH)
STATE OF OREGON) ss.

FILED
THE SECRETARY
02 MAY 22 PM 4:43
FEDERAL ENERGY
REGULATORY COMMISSION

Stanley K. Watters, upon oath, deposes and says:

1. I am currently Vice President of Trading and Origination for PacifiCorp ("PacifiCorp" or "the Company").
2. I give this affidavit on behalf of PacifiCorp in response to the data request of the Federal Energy Regulatory Commission (the "Commission") issued in this proceeding, dated May 8, 2002 (the "Data Request"). A copy of the Data Request is attached hereto for reference as Exhibit 1. The Data Request seeks information with respect to certain trading strategies that PacifiCorp may have engaged in through its employees and agents, including those of its

AFFIDAVIT OF STANLEY K. WATTERS

~~77. In the course of the investigation to prepare the Company's response to the Data Request, while we did not identify any physical materials, a memorandum of interview was prepared by our outside counsel that summarizes apparently significant information concerning Enron, to wit: a current PacifiCorp employee advises that while employed at Enron before March 2001, Enron traders engaged in the following trading strategies described in the Data Request: Non-Firm Export, Death Star, Load Shift, Fat Boy and Ricochet. We respectfully assert the attorney-client and work-product privileges for the May 18, 2002, memorandum of that interview and advise for purposes of a privilege log that the interview occurred on May 17, 2002.~~

PacifiCorp's Response Concerning Part III of the Data Request

78. As its Part III of the Data Request, Requests for Other Information, the Commission states:

A. On page 2 of the December 8, 2000, Enron memorandum, the authors allege that traders have learned to build in under-scheduling of energy into their models and forecasts. State whether your company built under-scheduling into any of its models or forecasts during the period 2000-2001, and provide a narrative description of such activity. Provide copies of all such models or forecasts prepared by or relied on by your company during the period 2000-2001 that had under-scheduling built into them.

~~79. In response to Part III.A. of the Data Request, the Company states: Denied.~~

80. As its Part III of the Data Request, Requests for Other Information, the Commission states:

B. Refer to the discussion of the trading strategy described as "Ricochet" in the Enron memoranda. State whether your company purchased energy from, or sold energy to, any Enron company, including Portland General Electric Company, as part of a "Ricochet" (or megawatt laundering) transaction during the period 2000-2001. Provide complete details as to such transactions, including the dates of the transactions; the names, titles, and telephone numbers of the traders at your company who engaged in such transactions; the prices at which your company bought and sold such energy (on a per transaction basis); the volumes bought and sold (on a per transaction basis); delivery points; and all corresponding schedules.

81. In response to Part III.B. of the Data Request, the Company states: PacifiCorp was an intermediary in "Ricochet" transactions with Enron. Attached hereto as Exhibit 3 are documents responsive to the Commission's request; see also Exhibit 8A. The Company cannot be fully responsive to this request in the limited time allotted to gather relevant documentation. The Company identified a five-month period in 2000 that reflects the most likely period in which PacifiCorp may have been an intermediary in "Ricochet" transactions. The Company's investigation uncovered the transactions described in paragraphs 82-84. The Company is prepared to continue the process of collection on this matter and submit additional material, if the Commission so directs.

82. In a limited number of cases, PacifiCorp entered into a buy and sell transaction with a single counterparty at a single interface for a small fee. PacifiCorp was not the entity initiating the ricochet; rather, it acted as the intermediary for these transactions. Based on a search of the trading logs from July 2000 through November 2000, there were approximately 767 transactions (for a total of 40,376 MWhs) identified in which PacifiCorp acted as an intermediary for a purchase and sale with a third party and earned a small fee. These trading logs are attached hereto as Exhibit 4. It should be noted that in the Requested Period the number of total transactions completed by PacifiCorp in the WSCC was approximately 45,000.

83. Attached hereto as Exhibit 5 is a sampling of audio taped trading transactions for the period July 2000 through November 2000. Attached as Exhibit 6 is an index of the sampling of audio taped trading transactions.

84. The counterparties in these transactions were Aquila Inc., Enron Power Marketing Inc. ("EPMI"), Sempra, and Williams Energy Services Company. The transactions initially appeared no different from PacifiCorp's buy-sell transactions which use PacifiCorp's

transmission system. However, as the number of these transactions increased, the fact that they were limited to a single point of delivery became increasingly apparent, and there was a growing concern that the transactions might have elements of megawatt laundering. By mid-November 2000, PacifiCorp instructed its real-time personnel and advised counterparties that it would no longer facilitate such transactions. Instead, PacifiCorp indicated it would consider proposals for two separate transactions, *i.e.*, a separate bid price (the price at which PacifiCorp would purchase the energy) and a separate ask price (the price at which PacifiCorp would sell the energy). By offering to engage only in two separate, unbundled transactions, each transaction became a separate, independent obligation of PacifiCorp and its counterparty, and the decision to engage in either transaction required its own independent economic evaluation. PacifiCorp's bid and ask prices were based on the prices at which PacifiCorp would otherwise buy or sell energy in the market consistent with its resource guidelines. After PacifiCorp advised counterparties of its unwillingness to engage in such bundled buy-sell transactions at an interface with CAL-ISO, the requests for such transactions diminished markedly. Of course, for any transaction where PacifiCorp bought from a counterparty at an interface with the CAL-ISO and sold to the same (or another) entity at an interface outside of the CAL-ISO, PacifiCorp would have no indication where such energy was ultimately consumed. These transactions were also based on prices at which PacifiCorp would otherwise purchase or sell energy in the market consistent with its resources guidelines.

85. On May 15, 2002, PacifiCorp received from Enron a copy of an email apparently from an Enron employee (the "Enron Email"), a copy of which is attached hereto as Exhibit 7. The Enron Email does not bear a date and was extensively redacted. PacifiCorp had not seen the Enron Email before receiving it on May 15, 2002. Although the Company cannot be certain,

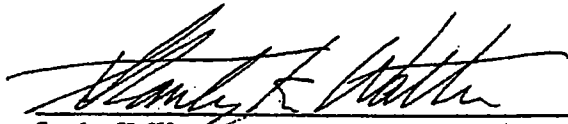
because of the uncertain date of the Enron Email and the redactions, it appears that it refers to a "PacifiCorp Transmission Transaction," as described in paragraph 60 above.

86. The Enron Email appears to describe a multi-party agreement to move energy in the following manner: (a) over the COTP to a point inside California, (b) back to COB on the PACI, and (c) transferred from the PACI (at the Malin substation) to the COTP (at the Captain Jack substation) in a buy-sell transaction arranged with PacifiCorp.

87. Company personnel recall that the City of Redding asked PacifiCorp in or about April 2000 if it would assist it from time to time to move energy over the COTP in northern California that connects at the Captain Jack substation. Since that proposal was for a common industry transaction, PacifiCorp agreed to engage in the transaction for a small fee that was subject to change by PacifiCorp. Company personnel do not recall being aware in advance that Enron would be part of such transactions, or that PacifiCorp would be part of what is described in the Enron Email as a "virtual loop." Nor do they recall being "on board" with a transaction that was designed to benefit Enron.

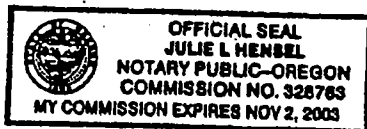
88. The Company has located two transactions that appear to have been made with the City of Redding according to the agreement described above. Company personnel recall that the City of Redding appears to have discontinued use of PacifiCorp's service when PacifiCorp slightly increased its fee as a commercial matter. Attached hereto as Exhibit 8A are responsive emails. Attached hereto as Exhibit 8B are copies of the long-term power purchase agreements between PacifiCorp and City of Redding. Attached hereto as Exhibit 8C are trading logs dated May 6, 2000 and June 22, 2000, involving transactions with the City of Redding.

I, Stanley K. Watters, hereby certify that, in consideration of the nature and extent of the information and documents sought in the Data Request, the limited time allowed for response and the Company's efforts to respond to the Data Request within that time, the information provided in, and the exhibits provided pursuant to, this affidavit constitute a response that is true and accurate to the best of my knowledge, information, and belief formed, after a thorough investigation that was diligently conducted, under my supervision and control, into the trading activities of the Company's employees and agents, excluding those of its affiliates⁹ and subsidiaries, in the United States portion of the WSCC during the Requested Period.


Stanley K. Watters

Subscribed and sworn to before me, this 22nd day of
May, 2002.

My Commission expires: Nov 2, 2003



⁹ PacifiCorp did not conduct an investigation into the trading activities of its affiliate, PPM, because PPM undertook a separate investigation and is responding to the Commission's Data Request separately. See also n.1.

AFFIDAVIT OF STANLEY K. WATTERS

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

PacifiCorp

)
)

Docket Nos. EL03-163-000, *et al.*
(Consolidated)

**AFFIDAVIT OF STAN K. WATTERS
ON BEHALF OF PACIFICORP**

INTRODUCTION

1. My name is Stan K. Watters. I am currently Senior Vice President of Commercial & Trading for PacifiCorp. My business address is 825 Northeast Multnomah, Suite 2000, Portland, OR, 97232. In my current capacity, I am responsible for overseeing the wholesale trading operations of PacifiCorp. These operations include, among other things: (i) the buying and selling of energy through the central markets operated by the California Independent System Operator Corporation ("ISO") and, before terminated, the California Power Exchange Corporation ("PX"), and (ii) the scheduling of power sold through bilateral wholesale transactions into the control areas maintained by the ISO or other entities. From January 1, 2000 to June 20, 2001 I held the position of Vice President of Commercial & Trading for PacifiCorp.

2. I give this affidavit on behalf of PacifiCorp, and with authority of PacifiCorp, in response to certain allegations contained in: (i) the June 2003 report of the ISO's Department of Market Analysis entitled "Supplemental Analysis of Trading and Scheduling Strategies Described in Enron Memos" (the "ISO Report"); (ii) the data supporting the ISO Report distributed to the Commission and market participants on July 16, 2003; (iii) the March 3, 2003, Prepared Direct Testimony of Dr. Peter Fox-Penner on Behalf of the California Parties in Docket Nos. EL00-95-000, *et al.*, Exhibit CA-1 ("Fox-Penner Testimony"); (iv) various exhibits accompanying the Fox-Penner Testimony sponsored by Dr. Fox-Penner, Exhibit CA-2 ("Fox-

used to effectuate False Import Practice transactions.¹⁹ Dr. Fox-Penner also alleges that "this type of buy-resell transaction between Enron and PacifiCorp was a very common occurrence."²⁰

19. Neither of these allegations is true. As I explained in my May 22, 2002 affidavit in Docket No. PA02-2-000, PacifiCorp occasionally permitted parties to use its transmission rights at the Malin and Captain Jack substations.²¹ PacifiCorp provided this service by buying power at one of the substations at a set price and then reselling it to the same entity (or its designee) at that price plus the agreed-up margin (generally, \$5/MWh). This is precisely the kind of transaction that the Enron and PacifiCorp personnel are discussing in the transcript provided in the Fox-Penner Testimony. Any use of this transaction for "gaming" or similar purposes was unbeknownst to PacifiCorp. As far as PacifiCorp knew, it was simply participating in the fluid and dynamic energy market in the West.

CUTTING NON-FIRM

20. The Commission has required PacifiCorp to show cause for Cutting Non-Firm, which involved:

the scheduling of non-firm power by a market participant that did not intend to deliver or cannot deliver the power. Upon receipt of the congestion payment for cutting the schedule, the market participant then canceled the non-firm power after the hour ahead market closed but kept the congestion payment. No power was transmitted and no congestion was relieved, but the market participant was paid for congestion relief. In some instances, the market participant may have submitted a schedule for non-firm power that it, in fact, had not acquired.²²

¹⁹ Fox-Penner Testimony at 124:1-32.

²⁰ *Id* at 124:34-36.

²¹ Affidavit of Stanley K. Watters on Behalf of PacifiCorp, Docket No. PA02-2-000, May 22, 2002, ¶¶ 59-60 ("Watters PA02-2 Affidavit").

²² Show Cause Order at P 42.

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BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1002

Wah Chang,

Petitioner,

v.

PacifiCorp,

Respondent.

**PACIFICORP'S RESPONSE TO
PETITIONER'S TWELFTH DATA
REQUEST (Request Nos. 148-152)**

PacifiCorp responds and objects as follows to Wah Chang's Twelfth Data Request:

GENERAL RESPONSES AND OBJECTIONS

1. PacifiCorp objects to petitioner's data request to the extent it seeks documents and information other than documents and information in PacifiCorp's possession.
2. PacifiCorp objects to petitioner's data request to the extent it seeks the production of documents protected from disclosure under the attorney-client privilege, the work product doctrine, or any other applicable privilege.
3. PacifiCorp objects to petitioner's data request to the extent it seeks the production of confidential, proprietary, or commercially sensitive documents and information. Any such documents that are produced will be produced only subject to the protective order in place in this matter, Commission Order No. 01-149, or such other protective order as may be necessary.
4. By responding to this data request, PacifiCorp does not in any way waive or intend to waive, but instead intends to preserve, all objections as to the competency, relevancy,

1 materiality, and admissibility of the responses, of any produced documents, and of the subject
2 matter of the responses and documents.

3 5. PacifiCorp objects to petitioner's definitions and instructions to the extent they are
4 inconsistent with or broader than PacifiCorp's obligations under the Commission's rules.
5 PacifiCorp objects further to petitioner's definitions and instructions to the extent that those
6 definitions and instructions purport to enlarge, expand or alter in any way the plain meaning and
7 scope of petitioner's requests.

8 6. For purposes of appeal, PacifiCorp objects generally to this data request on the
9 grounds that this matter is currently before the Commission for the limited purpose of
10 considering certain specific evidence pursuant to ORS 756.600, and there is no basis for
11 conducting additional discovery at this stage of the proceedings. This request, therefore, seeks
12 the production of documents and information not relevant to the procedural posture of Wah
13 Chang's claims and not reasonably calculated to lead to the discovery of admissible evidence.

14 7. PacifiCorp reserves the right to supplement or amend its responses to this data
15 request upon the discovery of additional documents and information.

16 8. Each of these general objections is hereby expressly incorporated into the specific
17 responses set forth below.

18

19 **SPECIFIC RESPONSES AND OBJECTIONS**

20

21 **REQUEST NO. 148:** Please produce all e-mails and e-mail attachments containing the
22 "approximately 25 positive hits" (other than those attached as Exhibits 3 and 8A to the Watters
23 May 22 Affidavit) referred to in paragraph 95 of the Watters May 22 Affidavit. In the case of
24 e-mail attachments, produce the e-mails to which they were attached.

25 **RESPONSE:** PacifiCorp objects to this request on the grounds that it is vague and
26 ambiguous, and seeks the production of documents protected from discovery by the attorney-
client privilege, the work product doctrine, or other applicable privileges. Notwithstanding and

1 without waiving these or the objections stated above, responsive, non-privileged, emails and
2 attachments will be produced as Attachment 148 to this Response. All documents produced in
3 response to this data request are hereby designated CONFIDENTIAL SUBJECT TO
4 PROTECTIVE ORDER.

5 **REQUEST NO. 149:** With reference to paragraph 95 of the Watters May 22 Affidavit,
6 and to the "summary report" produced as Attachment 108, please (a) state the name of each
7 person whose e-mail was scanned, (b) explain how each such person is identified in the report
8 and (c) identify each such person by the identifying information in the report. For example, if
9 the number "p04135" in the report identifies a person, please state the name of the person.

10 **RESPONSE:** PacifiCorp objects to this request on the grounds that it is vague and
11 ambiguous. Without waiving these or the general objections stated above, PacifiCorp states that
12 it is no longer able to identify all of the individuals whose e-mail accounts were scanned.
13 Nevertheless, PacifiCorp will produce, as Attachment 149 to this response, a list of the names
14 and identifying "P Numbers" for each of the individuals whose responsive emails were located
15 when PacifiCorp conducted the referenced scan. Attachment 149 is hereby designated
16 CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER. PacifiCorp is, moreover, continuing
17 to search for responsive information and will identify any additional individuals whose e-mail
18 accounts were scanned when and if it is able to do so.

19 **REQUEST NO. 150:** Please produce in electronic form the "approximately 13,600
20 emails with positive hits" referred to in paragraph 45 of the Watters May 22 Affidavit.

21 **RESPONSE:** PacifiCorp objects to this request on the grounds that it is vague and
22 ambiguous and assumes facts that are not true. PacifiCorp objects further to this request on the
23 grounds that it seeks the production of documents protected from discovery by the attorney-
24 client privilege, the work product doctrine, or other applicable privileges. Notwithstanding and
25 without waiving these or the objections stated above, responsive, non-privileged emails will be
26 produced as Attachment 150 to this Response following a reasonable period of time for

1 PacifiCorp to review the referenced emails for privilege. All documents produced in response to
2 this data request are hereby designated CONFIDENTIAL SUBJECT TO PROTECTIVE
3 ORDER.

4 **REQUEST NO. 151:** Please produce in electronic form all e-mails sent or received
5 during 2000-2001 by persons identified in response to Request No. 149 that include one or more
6 of the following terms: parking; park; parked; buy/sell; buy-sell; buy/resell; buy-resell; game;
7 gaming; bonus; bonuses; red congo; loop; Belden; Forney; Richter.

8 **RESPONSE:** PacifiCorp objects to this request on the grounds that it is vague,
9 ambiguous, overly broad, and unduly burdensome, and seeks the production of documents
10 protected from discovery by the attorney-client privilege, the work product doctrine, or other
11 applicable privileges. Notwithstanding and without waiving these or the objections stated above,
12 PacifiCorp states, following a reasonably diligent search, that it has not been able to locate
13 emails from the referenced time period that PacifiCorp could search to identify responsive
14 emails, other than emails produced in response to other data requests. PacifiCorp is, however,
15 continuing to search for relevant emails and will supplement this response when and if it is able
16 to locate any.

17 **REQUEST NO. 152:** The following request is made to correct an error in Request
18 No. 145: With reference to PacifiCorp's response to Request No. 114, please produce the 523
19 "message match[es]" referenced in PC04735.

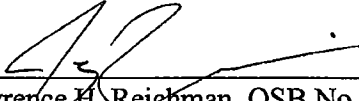
20 **RESPONSE:** PacifiCorp incorporates by reference all of its previous objections and
21 responses to Data Request Nos. 114 and 145. By way of further response to this request,
22 PacifiCorp states, following a reasonably diligent search, that it has not been able to locate
23 responsive documents, except to the extent those documents may have been produced in
24 response to other data requests. PacifiCorp is, however, continuing to search for relevant
25 documents and will supplement this response when and if it is able to locate any.

26

1 DATED: July 12, 2005.

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PERKINS COIE LLP

By 
Lawrence H. Reichman, OSB No. 86083
Jay A. Zollinger, OSB No. 97445

Attorneys for PacifiCorp

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served the foregoing **PACIFICORP'S RESPONSE TO**
3 **PETITIONER'S TWELFTH DATA REQUEST (Request Nos. 148-152)** on:

4 Richard Williams
5 Lane Powell Spears Lubersky LLP
6 601 SW 2nd Avenue, Ste. 2100
7 Portland, OR 97204
8 williamsr@lanepowell.com
9 Attorneys for Wah Chang, Petitioner

8 by causing a full, true, and correct copy thereof, addressed to the last-known office
9 address of the attorney (except when served by fax), to be sent by the following indicated
method or methods, on the date set forth below:

10 by causing a copy to be electronically mailed to said attorneys at
11 their last known e-mail address

12 by **mailing** in a sealed, first-class postage-prepaid envelope and
13 deposited with the United States Postal Service at Portland,
14 Oregon

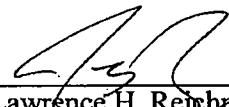
15 by **hand-delivery**.

16 by sending via **overnight courier** in a sealed prepaid envelope

17 by **faxing** to the attorney at the fax number shown above, which is
18 the last-known fax number for the attorney's office

19 DATED: July 12, 2005.

20 **PERKINS COIE LLP**

21 By 
22 Lawrence H. Reichman, OSB No. 86083
23 Jay A. Zollinger, OSB No. 97445

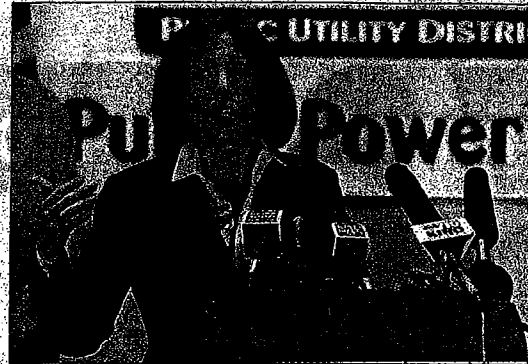
24 Attorneys for PacifiCorp



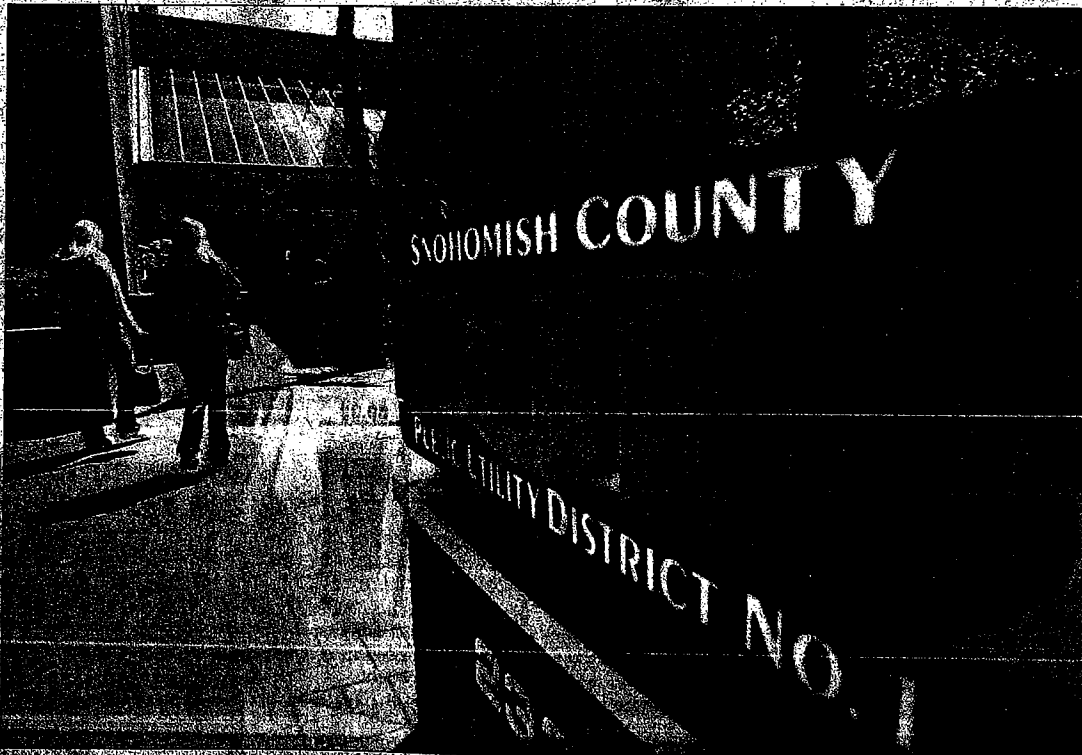
Business

SATURDAY • JUNE 19, 2004

PUD's splurge pays off



TED S. WARREN/ASSOCIATED PRESS



Below: Pedestrians enter the Snohomish County Public Utility District building this week in Everett, Wash. A \$100,000 gamble by the small public agency resulted in audiotape transcripts that could make Enron abandon its efforts to enforce hundreds of millions of dollars' worth of contracts signed during the energy crisis of 2000-2001.

TOP PHOTO: U.S. Sen. Maria Cantwell, D-Wash., talks to reporters earlier this month at the Snohomish County Public Utility District headquarters. This week, Cantwell called federal regulators' attempts to punish Enron for fraudulent energy trades "amateur and ineffective."

Bigger players in the 2000-2001 energy crisis in the West say they didn't transcribe the ultimately revealing Enron tapes because of the expense

Bigger players in the 2000-2001 energy crisis in the West say they didn't transcribe the ultimately revealing Enron tapes because of the expense

By GENE JOHNSON
THE ASSOCIATED PRESS

SEATTLE — It was a lot of money for a small public agency, but it was a bright idea: spend \$100,000 getting hundreds of hours of Enron traders' conversations put down on paper.

The investment by the small Snohomish County Public Utility District paid off with bombshell evidence that could have been uncovered long ago — profanity-laced recordings of Enron workers, most

INSIDE

A federal judge says he will rule by July 15 on Enron's bankruptcy reorganization plan.
Page B5

of them at the company's western trading desk in Portland, Ore., gleefully conspiring to steal money from "those poor grandmothers" in California during

the energy crunch of 2000-01.

The district's lawyers and expert witnesses also have analyzed hundreds of pages of accounting sheets that document how Enron gouged Western customers for \$1.1 billion during that time.

Their efforts could go a long way to requiring Enron to give up those profits, and to save people throughout the West hundreds of dollars on their energy bills. It also stole the spotlight from investigations by much bigger utilities and state-wide agencies in places such as California and Nevada.

"Our hats go off to Snohomish," said Roger Berliner, an attorney for Nevada Power. "They have done a superb job of bringing to light the most outrageous conduct imaginable by an entity that

Lawmakers push federal energy agency to retrieve trading profits from Enron

By ERICA WERNER
THE ASSOCIATED PRESS

WASHINGTON — Lawmakers from California and Washington state pressed energy regulators Friday to take retroactive action against Enron, seeking to make the bankrupt energy company pay for actions from the beginning of the 2000-01 energy crisis.

Their move came as outrage grows among state officials in the West over new evidence of market manipulation by Enron traders made public by a Washington state public utility district. California Attorney General Bill Lockyer sued the company Thursday.

The Federal Energy Regulatory

Commission a year ago revoked Enron's rights to trade electricity but has said that contracts reached before then remain valid.

California Democratic Sen. Dianne Feinstein released a letter to Pat Wood, energy agency chairman, saying the agency should revoke Enron's market rights as of Jan. 1, 2000, to get back some \$1.8 billion in profits the company made since then.

"In my view, FERC has the clear authority to order remedies dating back to the time Enron's violations began, or at least as of January 1,

Please see **REGULATORS**, Page B5

was supposed to be regulated by the federal government."

How did a public utility district with 290,000 customers nearly 2,000 miles from Enron's Houston headquarters find itself at the forefront of such a complex legal battle, ahead of much larger utilities and state and federal regulators?

"We just happened to turn over the right rock that had this amazing trove of evidence that was not only legally explosive, but something that ordinary people could listen to and say, 'Wow, these guys are really crooked,'" said Snohomish lawyer Eric Christensen.

The story starts in the latter half of 2000, when a drought had cut into the hydropower the utility normally uses, California's effort to deregulate its energy industry was imploding and market prices for power were soaring.

For months, Snohomish resisted buying any more energy while it waited for the Federal Energy Regulatory Commission to cap prices or otherwise ensure that prices returned to normal.

In January 2001, it gave up, entering into a nine-year contract with Enron to

Please see **ENRON**, Page B5

Enron: Utilities want energy trader to return billions

Continued from Page B1

buy power at \$109 per megawatt-hour, more than four times as much as the utility had been accustomed to paying for such contracts.

That fall, as evidence of Enron's excessive misdeeds surfaced and its stock price evaporated, Snohomish canceled the contract saying it was voided by Enron's fraudulent practices.

In 2002, as part of its bankruptcy proceedings, Enron sued, arguing it was entitled to the profits. It would have made had the contract been fulfilled, \$122 million.

Nevada Power found itself in a similar, though slightly more ironic, situation. Enron canceled its contract with Nevada Power and its sister company, Sierra Pacific Power Co. of Reno, citing a drop in the company's credit rating. Then it demanded the \$336 million it would have made had the contract been fulfilled.

As absurd as the claims seemed to officials in Nevada and Washington state, a federal bankruptcy court judge in New York last fall ordered them to pay — a decision that is being appealed.

Mégnahille, Snohomish and Nevada Power, among others, are trying to convince the Federal Energy Regulatory Commission that Enron should be ordered to surrender as much as \$2 billion in scammed profits. But, the agencies say, the FERC has done nothing about the case since it was opened last October.

So earlier this year, Nevada Power obtained and transcribed tapes of conversations between Enron traders and executives at a Nevada agency — the Colorado River Commission — in which they spoke of manipulating the power market, Berliner says. Energy traders routinely tape conversations as a way of recording oral contracts.

Snohomish followed suit, obtaining — over FERC's objections — tapes of 2,600 hours of conversations involving Enron traders. FERC spokesman Bryan Lee says his agency opposed the request for the tapes to protect criminal investigations of Enron by the FBI and Justice Department.

FERC officials said Thursday they would review the tapes. Before that announcement, U.S. Sen. Maria Cantwell, D-Wash., said she was incensed that they hadn't taken any action.

"For a little (public utility district) to spend \$100,000 transcribing tapes that FERC and other people should have done, it's just crazy," Cantwell said.

Lee says FERC didn't examine it because "it wasn't our material..."

Enron bankruptcy plan in judge's hands

HOUSTON — Enron on Friday wrapped up a two-week hearing to confirm its road map to emerge from bankruptcy, but the judge has yet to rule.

U.S. Bankruptcy Judge Arthur Gonzalez in New York said he hoped to rule on the plan by July 15.

Houston-based Enron went bankrupt in December 2001 amid revelations of hidden debt, inflated profits and accounting tricks. The massive bankruptcy is one of the most expensive in history, having generated more than \$665 million in fees for lawyers, accountants, consultants and examiners, according to the

— The Associated Press

It was the Justice Department that seized it from Enron.

The Justice Department hasn't reviewed the tapes yet because it would be too expensive, Assistant U.S. Attorney Matthew Jacobs of San Francisco wrote in a declaration to FERC. Other authorities passed for similar reasons.

In California, where ratepayers, taxpayers and local power companies were soaked for billions, the Legislature's investigation into the causes of the energy crisis touched only briefly on the tapes.

Snohomish paid about \$30,000 to have the tapes transferred to a standard audio format, then hired

Regulators: Petitioners say new information justifies attempt

Continued from Page B1

2000," Feinstein wrote. "It is true that the ratepayers of California and the West get that money back and I continue to be outraged by FERC's inaction."

Democratic Reps. Jay Inslee and Rick Larsen of Washington made a similar argument in a separate letter to FERC on Friday.

"FERC needs to have a change of attitude and a willingness to use the authority that they have, which gives them the ability to rescind the right to charge market-based rates any time they discover new information," Inslee said in a statement.

A spokesman for FERC, Kevin Cadden, said Feinstein's letter was being reviewed and he hadn't yet seen the letter from Inslee and Larsen. He declined to comment on the substance of the letters.

The Houston-based energy giant is in bankruptcy reorganization so it's not clear how much money could be recovered even if FERC did act. Enron spokeswoman Karen Denne said that was a legal question she couldn't answer.

"I can tell you that our statement is that we're continuing to cooperate fully with all investigations," she said.

FERC has said California is owed some \$3 billion in refunds for spot market sales from Enron and other sellers, but the exact sum is still being determined.

audiotape of the gun being fired, the bullet hitting the victim, and the murderer standing over the victim laughing.

Snohomish went on to search hundreds of pages of Enron accounting sheets, documenting that as blackouts rolled across California, Enron pocketed more than \$222,000 in three hours by shipping energy from that state to Oregon, masking its origin, and then sending it back to California at wildly inflated prices.

As for the expense, Christensen — a former FERC staffer — says it's worth it if Enron is allowed to collect \$122 million from Snohomish, it is expensed to cost each Snohomish ratepayer \$420 on average — on top of the \$1,000 extra they've paid in the past 3½ years due to market manipulation.

Enron has refused to comment, except to say that it is cooperating with all investigations. Sens. Barbara Boxer and Dianne Feinstein of California want their state to receive at least \$8.9 billion in refunds, and Snohomish and Nevada Power are seeking in the 9th U.S. Circuit Court of Appeals an order that long-term contracts made under manipulated prices be renegotiated.

FERC insists it has several cases pending against Enron, including an administrative law judge's finding that Enron should forfeit \$32.5 million in unjust profits.

But considering how clear the facts are, the utilities say they hope the damning tapes and ensuing political pressure will prod FERC to speed things up.

"Enron's trying to enjoy the fruits of its fraud," Campbell says. "That's outrageous, and FERC hasn't done anything about it."

Other projects making the short list include:

- A multiyear power-purchase agreement for 240 MW of seasonal, on-peak hydropower supplied by Powerex.
- A multiyear power-purchase agreement with Arizona Public Service Co. for 85 MW of coal-fired electricity from "an existing Washington power plant."
- A multiyear power-purchase agreement with an unknown utility for 200 MW of power from an "existing Western power plant," according to Puget's press release.
- The company is also eyeing purchasing a 4.5 MW recovered-heat power project planned for a compressor station on the Northwest Pipeline near Sumas, Wash. Ormat Nevada, Inc. of Reno, Nev., has proposed building the project.

The company's focus on wind power in its all-source RFP and its integrated resource plan marks a shift in policy for Puget Sound Energy, said Danielle Dixon, policy analyst with the NW Energy Coalition in Seattle

"I think the formalization of the IRP this last time around showed a shift in the company's thinking on renewables, particularly wind and its potential to be competitively priced," she said.

The company received 50 proposals for the all-source RFP. Ten wind developers submitted 13 projects for the company's review, Dixon said.

Puget Sound Energy's least cost plan also calls for an aggressive conservation program in hopes of capturing 200 aMW by 2013. By 2013, the company also is aiming to generate 10 percent of its total electricity supply from renewable energy.

Puget needs to acquire a total of 475 aMW of additional power by January 2005. Part of that need was met last month when the WUTC and the Federal Energy Regulatory Commission approved the company's plan to acquire 137 MW from Frederickson Power LP's natural gas-fired plant near Tacoma.

The company's power supply deficit is projected to reach 1700 aMW by 2013, and to 2400 aMW by 2023 [Steve Ernst].

Courts & Commissions

[16] Snohomish Hopes New Enron Tapes Will Aid Case ■ from [1]

Snohomish County PUD last week released nearly 100 new transcripts of conversations among Enron traders that it said show "blatant disregard for consumers" and suggest Enron CEOs Ken Lay and Jeff Skilling were getting regular updates about how much money the schemes being run out of the company's Portland office were bringing in.

In a conversation, recorded August 8, 2000, Timothy Belden, Enron's head trader in the West, is talking to a person Snohomish attorneys identify as "Person 2," about how much money Enron trader Jeffrey Richter is bringing in.

"He steals money from California to the tune of about a million--" Belden says before interrupted.

"Could you rephrase that?" Person 2 asks.

"OK, he, um--he arbitrages the California market to the tune of a million bucks or two a day."

The transcripts are among the evidence Snohomish has filed in its effort to have Enron's market-based rate authority pulled retroactively to Jan. 1, 2000, and to force disgorgement and refund of substantial funds. Enron's market-based authority was revoked by FERC, but not until June 25, 2003, 18 months after Enron declared bankruptcy and shortly after FERC concluded that "Enron management invented numerous market manipulation schemes." Winning an earlier revocation date could open the door to challenging a much larger portfolio of Enron's power dealings.

Eric Christensen, assistant general counsel at the PUD, said the Aug. 8 transcript suggests that Enron bilked California for "more than they've 'fessed up to" and that Skilling and Lay were briefed on what was

going on in Portland. "They were well aware of the gaming schemes," he said.

FERC has adopted Enron's position that the gaming yielded \$6 million, he said. "But if you add up the figure one million per day" cited by Belden, the actual total could be as much as \$700 million, Christensen said. "And that's just the Richter trades. It does not necessarily include all the schemes or effects of how short term trading drove up the long term market."

Daniel Petrocelli, Jeff Skilling's lead counsel, rejected Snohomish's take. "As far as my client is concerned," he told *Clearing Up*, "this is nothing but sheer speculation and rank rumor. Not even the [DOJ Enron] Task Force's far-fetched charges go this far. This constant attempt to make Mr. Skilling out to be a scapegoat must stop and must stop now."

In a conversation recorded on Sept. 14, 2000, Susan J. Mara, regional director of Enron's California government affairs office, calls the Portland trading desk to get information to present to Houston headquarters that would show how much value the government affairs office has contributed to Enron's profits by working to "delay" the imposition and level of price caps. "This is the time of year when government affairs has to prove how valuable it is to Ken Lay and Jeff Skilling," she tells someone named Bob, whom Snohomish believes to be Bob Badeer, an Enron energy trading manager in California.

At another point in the conversation, Mara asks Bob when the traders began using what has become known as the "fat boy" technique. "Do you know when you started over-scheduling load and making buckets of money on that?"

An attorney for Badeer, Duane Morse, told *Clearing Up* he didn't know anything about the conversation or the events being discussed in the transcript. Mara told the *LA Times* Enron did not consider the tactics being discussed to be illegal or manipulative.

The Root of Snohomish vs. Enron

Snohomish signed an 8-year, 25-MW block contract with Enron for \$109/MWh in January of 2001. When Enron declared bankruptcy, Snohomish terminated the contract. Enron sued for a \$120 million termination fee. The case is in mediation in the bankruptcy court, but the last mediation session was cancelled, and the next one isn't scheduled until next summer.

Snohomish was desperate for 75 MW in January 2001, but could find only three suppliers willing to deal, none of whom would offer more than 25 MW. On the verge of cutting the deal, Enron attorney Shari Stack phoned Enron vice president Gregory Wolfe in Portland about Snohomish's resistance to using Enron's preferred standardized contract and about who should talk to whom about setting credit terms. Wolfe told Stack to

'It's all how well you can weave these lies together.'

"make it sound like we're in a competitive process" or to

say something about "who have others been talking to, or some [thing] like that." Stack then laughs, according to the transcript.

Wolfe continues: "Um, called lies, it's all how well you can weave these lies together, Shari."

"I feel like I'm being corrupted now," she replies.

"No, this is marketing," he assures her. "It's not as bad as trading."

Snohomish's Christensen, who is mentioned briefly in the transcript, says Enron was "trying to bluff us into thinking there was lots of competition" for the 25 MW block Enron was offering "and that we'd have to pay a hefty premium to get it." He said the bluff is more "insidious" than a white lie, because "it demonstrates the prevailing attitude there." The legal question, he conceded, is where it amounts to a material misrepresentation. Regardless, "the real material misrepresentation is that they were creditworthy. We know that was materially false," and is relevant even if that information had not yet filtered down to members of Enron's Snohomish negotiating team.

Wolfe, who took a job with AEP two months before the Enron bankruptcy, is now a vice president at Constellation Energy in Portland. Wolfe could not be directly reached for comment. But in relevant background material obtained by *Clearing Up*, it is pointed out that the transcripts "do not provide the relationship nor communication style between the speakers [who] clearly have the ability to have a professional conversation with references made jokingly." The transcript indicates that neither a master contract nor a credit relationship had been established between the parties, according to this material, but reflects only "an exercise in price discovery." It was "about process--not commercial terms."

Snohomish said the transcripts also "destroy" the argument that there was no link between the short-term and long-term markets. That was part of the argument FERC adopted when it decided not to order refunds in the Northwest.

In the California refund proceeding, FERC chairman Pat Wood on May 7 reiterated FERC's position that due to low hydropower supplies, "electricity prices would have increased" in California in 2000 and 2001 "even if the state had not adopted its flawed market design." He said "the public should not be misled into believing that all of California's market troubles... were the result of manipulation."

Snohomish also filed about a dozen transcripts that it says show Enron had control of generating assets through management service contracts it had with firms such as El Paso Electric. The PUD says this undermines Enron's claims that since it didn't own any generation, it couldn't physically control the market or exercise market power.

In a transcript from Dec. 4, 2000, a person identifying himself as "David up at Enron" phones "Person 2" in the control room of El Paso Electric's 60 MW Cooper plant in Texas. "There's not much, ah, demand for power at all and we're running kind of fat. If you took down the steamer, how long would it take to get it back up?" Person 2 explains "it's not something you want to just be turning on and off every hour." "David" acknowledges this, but worries "these cuts are going to keep goin' on for another couple hours. . . Why don't you just go ahead and shut her down then, if that's OK."

"OK," Person 2 replies.

NW Congressional Delegation Rallies

Christensen acknowledged there is already a "huge volume of evidence that [Enron] was basically a corrupt organization from top to bottom, but this just fills out the picture." He said the additional evidence should strengthen the PUD's case before FERC. "If they refuse to revoke the market-based rate authority of someone engaged in these transactions and this level of fraud, then it calls into question if they will ever meaningfully enforce any rules related to a market-based system."

The PUD got support from Washington Democratic Reps. Jay Inslee and Rick Larsen, who wrote a joint letter to FERC last week telling it to reject its litigation staff's conclusion that FERC cannot set an earlier revocation date. "We ask that you take the common sense step of setting the date of revocation. . . for the point at which it became clear [Enron] was manipulating prices."

Inslee said FERC must release Snohomish from its contract with Enron. In a press release, he said the new tapes of Enron traders "engaging in fraudulent behavior as early as 2000 proves that the (revocation) deadline should be moved back." He said if FERC does not act, he would introduce legislation to change the date.

In his plea agreement, Belden said Enron began manipulating the market in 1998, but the FERC docket proceeding only covers the period starting Jan. 1, 2000. "We didn't have dealings with Enron until 2000," Christensen said. "But for us, getting its authorization pulled as of January 2000 is worth fighting for."

The PUD is involved in numerous proceedings at FERC and in the courts to recoup funds paid under what it now regards as fraudulent terms. It settled a termination dispute with American Electric Power by paying \$59 million, and is appealing an adverse decision involving its contract with Morgan Stanley.

Obtaining the never-before-released transcripts was a "difficult and painful process," according to Christensen. He said the tapes were initially seized by the Department of Justice, which is still pursuing criminal cases.

Snohomish got a FERC administrative law judge to issue a subpoena "to get these tapes liberated." FERC, at the behest of the DOJ, opposed the move. But the ALJ said the tapes were relevant to Snohomish's case and told FERC it had to help the PUD get an agreement with DOJ to get the tapes "in some form or fashion. It took a long time and a lot of money to get the copies," Christensen said. Snohomish reviewed only tapes from four months: August, September and December of 2000, and January of 2001. The PUD has had time to transcribe about 1000 hours, only a portion of what it got.

'Enron's traders certainly spoke as if they understood they were harming the fair and just operation of the marketplace.'

Christensen said the PUD has also discovered that many of the Enron traders' conversations were not recorded.

Conversations took

place on cell phones, over "instant chat" messaging programs or in AOL chatrooms, most or all of which are irretrievable. "They were figuring ways to get around the fact that short term [market] calls were recorded." He said he found about a half dozen instances where one person calls another and suggests "we can't talk about this on the line." He said this behavior "suggests a guilty conscious and that they knew they were violating rules and wanted to make sure they didn't leave a record of it" **[Ben Tansey]**.

Editors Note: Last Friday, FERC accepted the new transcripts into evidence (EL03-180-000 et al.). It did so over Enron's objection that the material does not constitute new substantive evidence. If the contents of the tape recordings are to be ascribed to Enron, FERC said, "Enron's traders certainly spoke as if they understood they were harming the fair and just operation of the marketplace...[and] boasted of achieving that result." Hence, it said, the transcripts "constitute relevant and probative evidence."

[17] WUTC Staff Signs Off on NW Natural Rate Increase ■ from [7]

Northwest Natural Gas Co.'s revenues would increase by \$3.5 million, or 6.7 percent, under a settlement reached last week by the company, the staff of the Washington Utilities and Transportation Commission, and a group of intervenors.

The settlement trims more than half from the initial \$7.9 million increase the company had requested when it filed for a general rate increase in November.

Under the terms of the settlement, NW Natural agrees to

develop a low-income weatherization program and remove two proposed facilities from the rate request—a Vancouver, Wash., operations center that would have cost \$6.5 million to build, and the company's Mist, Ore., underground storage facility and pipeline.

The company has cancelled plans to build the operations center and agreed to remove the revenue requirement impacts of the South Mist Pipeline Extension project from the docket. The costs and benefits associated with the expansion will be reflected in permanent rates, and Interstate Storage Services benefits may be recovered through a Purchase Gas Adjustment, but the company's construction costs will be subject to an audit by the commission.

The settlement assumes that the South Mist Pipeline Expansion project will not be in service by October, and that the PGA filing may be delayed to no later than Dec. 1, 2004, according to the settlement. If the pipeline expansion is not in service by Dec. 1, 2004, the associated costs will not be included in permanent rates, according to the agreement.

The company's general rate case filing included a decoupling mechanism that is not part of the final settlement. The commission has addressed decoupling in proceedings during the early 1990s, rejecting each.

NW Natural collects its fixed customer costs in volumetric rates. The cost of gas is set annually under the purchased gas adjustment, which passes the utility's purchase costs on to customers and trues up those numbers for over-and under-collection, once a year. The rest of the utility's rates, the costs of serving individual customers, are divided up over the amount of the gas the company expects to sell per customer.

The company proposed establishing a usage balance account as part of its decoupling proposal. The account would be trued up once a year and NW Natural revenues will be adjusted to reflect its revenue requirements.

NW Natural's initial proposal would have increased residential monthly bills by \$11.50. Under the proposed settlement, the average monthly residential bill will increase by \$2.17.

Mark Dodson, president and chief executive officer of the company, said the settlements were positive for the company and ratepayers.

"They ensure that we will have adequate resources to reliably, safely and economically serve our customers in our fast-growing Washington territory," he said.

The company has 54,000 residential and business customers in Washington state. The WUTC is expected to review the settlement agreements at its meeting on June 10 **[Steve Ernst]**.

[18] OPUC Staff OKs PGE Power Plan, But Not Cost-Based Port Westward ■ from [4]

In the last word before Wednesday's final hearing on Portland General Electric's least cost plan [LC-33], Oregon Public Utility Commission staff backed the utility's decision to self-build the gas-fired, 350 aMW capacity Port Westward project in order to meet about half of the utility's near-term needs, but stopped short of

1 CERTIFICATE OF SERVICE

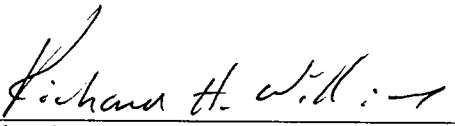
2 I certify that I have this day served the foregoing AFFIDAVIT OF RICHARD H.
3 WILLIAMS IN SUPPORT OF PETITIONER'S MOTION TO EXTEND TIME TO FILE DIRECT
4 TESTIMONY AND TO EXTEND OTHER DATES upon all parties of record in this proceeding by
5 delivering a copy in person or by mailing a copy properly addressed with first class postage
6 prepaid, or by electronic mail pursuant to OAR 860-013-0070, to the following parties or
7 attorneys of parties:

8

9 PAUL GRAHAM DEPARTMENT OF JUSTICE REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 paul.graham@state.or.us	10 LAWRENCE H. REICHMAN JAY A. ZOLLINGER PERKINS COIE LLP 1120 NW COUCH ST - 10 FL PORTLAND OR 97209-4128 lreichman@perkinscoie.com jzollinger@perkinscoie.com
13 PAUL M WRIGLEY PACIFIC POWER & LIGHT 825 NE MULTNOMAH STE 800 PORTLAND OR 97232 paul.wrigley@pacificorp.com	

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16 DATED at Portland, Oregon, this 5th day of August, 2005.

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19 _____
20 Richard H. Williams, OSB No. 72284
Of Counsel for Wah Chang, Petitioner

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CERTIFICATE OF SERVICE