



March 30, 2006

VIA ELECTRONIC FILING

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

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

Re: PacifiCorp's Errata filing of Direct Testimony for Paul M. Wrigley and the introduction of new exhibit PPL/902 in Docket No. UE-179.

Enclosed for filing is an original and 5 copies of PacifiCorp's Errata filing of Direct Testimony for witness Paul M. Wrigley in both marked and unmarked versions. Each changed page is labeled "REVISED MARCH 30, 2006". Also included is the introduction of Exhibit PPL/902. Copies of this filing have been served on the UE-179 Service List.

PacifiCorp requests that the corrected version of the Direct Testimony of Paul M. Wrigley (PPL/900) be used in place of the language originally filed.

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

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

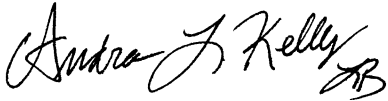
By Fax: (503) 813-6060

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 300
Portland, OR 97232

With copies to: Katherine A. McDowell
Stoel Rives LLP
900 S.W. Fifth Ave., Suite 2600
Portland, OR 97204
Telephone Nos. (503) 294-9602
Fax No. (503) 220-2480
Email: kamcdowell@stoel.com

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

Very truly yours,

A handwritten signature in black ink, reading "Andrea L. Kelly" with a stylized monogram "ALK" at the end.

Andrea L. Kelly
Vice President, Regulation

cc: Parties on Service List in docket UE-179

Enclosures

I hereby certify that on this 30th day of March, 2006, I caused to be served, via overnight delivery and email, a true and correct copy of PacifiCorp's Errata filing of Direct Testimony for Paul M. Wrigley and the introduction of new exhibit PPL/902 in Docket No. UE-179.

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Oregon Public Utility Commission



Peggy Ryan
Supervisor Regulatory Administration

Case UE-179
Exhibit PPL/900
Witness: Paul M. Wrigley

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

PACIFICORP

Direct Testimony of Paul M. Wrigley

Revenue Requirement

MARKED PAGES

March 2006

1 non-regulated balances. The non-property Schedule M-1's for the Test Period
2 were used to develop the forecasted deferred expense and corresponding balance.
3 The property-related deferred income tax balance was developed from the capital
4 additions in Adjustment 8.3 and resulting book and tax depreciation differences.

5 **Tab 8.10 PHFU** – This adjustment removes all plant held for future use from rate
6 base.

7 **Q. Does this describe all of the adjustments to rate base for the test year?**

8 A. Yes.

9 **Q. Please describe Tab 9 of the Report.**

10 A. Tab 9, Modified Accord, is a re-cast of Tab 2 based on the Modified Accord and
11 Hybrid allocation methodologies. Compared to the Revised Protocol allocation
12 methodologies, these allocation methodologies increase the requested revenue
13 requirement increase by \$17.2 and \$46.4 million respectively.

14 **Q. Are there requirements related to the allocation methodologies to be used in**
15 **the preparation of general rate case filings?**

16 A. Yes. There are three requirements of Order No. 05-021 in Docket No. UM 1050.
17 In Order No. 05-021 the Commission ordered that “The Oregon parties are to
18 devise a fully functional Hybrid Method no later than December 1, 2005” and that
19 the Company file “general rate case filings using both Modified Accord and the
20 revised Hybrid Method as comparators” in rate cases occurring after January 1,
21 2006. In addition, the Stipulation adopted pursuant to Order No. 05-021 required
22 the Company to file in general rate cases “calculations of the Company’s Oregon
23 revenue requirement under both the Revised Protocol and the Modified Accord

1 methods, and shall include and adequately explain all adjustments, assumptions,
2 workpapers and spreadsheet models used in making such calculations.”

3 **Q. What action did the Company take to satisfy the requirement of developing a**
4 **fully functional Hybrid Method?**

5 A. To satisfy this requirement, the Company filed its Hybrid Report with the
6 Commission on November 21, 2005. This report was developed in consultation
7 with the Oregon parties as required by Order No. 05-021.

8 **Q. Was the revenue requirement in this proceeding calculated using each of the**
9 **three allocation methodologies as required in Order No. 05-021?**

10 A. Yes. As described previously in my testimony, the revenue requirement was
11 calculated using the Revised Protocol, Modified Accord and Hybrid
12 Methodologies. The respective revenue requirement calculations for each of the
13 three methodologies may be found under Tab 2, 9A and 9B, of Exhibit PPL/901.

14 **Q. Please explain why each methodology produced a different result?**

15 A. Each of these methodologies produced a different outcome as a result of the
16 varying adjustments, assumptions, differences and similarities between and
17 among the three methodologies, as explained in Exhibit PPL/902. In addition,
18 more information regarding differences between the Revised Protocol and Hybrid
19 methodologies may be found in the Hybrid Report described earlier in my
20 testimony.

21 **Q. Does the Modified Accord methodology differ from that filed in previous**
22 **proceedings in this jurisdiction?**

23 A. No. The same methodology (described in Appendix E of Order No. 98-191 in

No. Docket UE 94) was utilized by the Company in its filings in Docket Nos. UE 111, UE 116 and UE 147.

Q. Please describe the contents of Tab 10 of the Report.

A. Tab 10, Allocation Factors, summarizes the derivation of the jurisdictional allocation factors using the MSP Revised Protocol allocation methodology. These factors are based on the loads provided by Mr. Davis and the plant balances contained in this Report.

Q. What do you conclude about the overall reasonableness of PacifiCorp's forecasted test year in this proceeding?

A. The test year forecast that the Company has presented in this case best reflects the conditions in the rate-effective period. To the best of my knowledge, these results are true and accurate. Based on this Report, the Company will need \$111.98 million to recover its cost of serving Oregon customers and provide a fair and equitable return for shareholders.

Q. Does this conclude your testimony?

A. Yes.

Case UE-179
Exhibit PPL/900
Witness: Paul M. Wrigley

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

PACIFICORP

Direct Testimony of Paul M. Wrigley

Revenue Requirement

UNMARKED PAGES

March 2006

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Case UE-179
Exhibit PPL/902
Witness: Paul M. Wrigley

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

PACIFICORP

Exhibit Accompanying Direct Testimony of Paul M. Wrigley
Revenue Requirement

March 2006

**PACIFICORP
MULTI-STATE PROCESS
ALLOCATION METHODOLOGIES - FACTOR COMPARISON**

PPL/902
Wrigley/1

Plant:	Modified Accord	Revised Protocol	Hybrid
Production	Pre-merger - Divisional Generation Factors (DGP, DGU) 75% Demand (12 CP), 25% Energy. Post-merger - SG.	System Allocation Factor SG 75% Demand (12 CP), 25% Energy Seasonal Resources - Simple Cycle Combustion Turbine SSGCT Factor - Cholla IV / APS SSGCH Factor	Plants assigned directly to appropriate control area then allocated on Control Area Generation Factors Except for 125 MW of Bridger Units 1-4 assigned to East control area and APS Exchange assigned to West control area.(East - CAGE, West - CAGW) 75% Demand (12 CP), 25% Energy. SCT - 75% Demand (12 CP), 25% Energy calculated using system coincident peaks instead of control area.
Transmission	Pre-merger - Divisional Generation Factors (DGP, DGU) 75% Demand (12 CP), 25% Energy. Post-merger - SG.	System Allocation Factor SG 75% Demand (12 CP), 25% Energy	
Distribution	Situs	Situs	Situs
General/Intangible	Production, Transmission and Distribution per above. Customer related - CN (number of customers). General Office - SO (Gross Plant)	Production, Transmission and Distribution per above. Customer related - CN (number of customers). General Office - SO (Gross Plant)	Production, Transmission and Distribution per above. Customer related - CN (number of customers). General Office - SO (Gross Plant)
O&M:			
Production	Steam - SNPPS - pro-rata allocation of net steam plant. Hydro - SNPPH - pro-rata allocation of net hydro plant. Other - SNPO - pro-rata allocation of net other production plant.	System Allocation Factor SG 75% Demand (12 CP), 25% Energy Seasonal Resources - Simple Cycle Combustion Turbine SSGCT Factor - Seasonal Contracts SSGP Factor - Cholla IV / APS SSGCH Factor	Eastern Control Area - CAGE. Western Control Area - CAGW.
Transmission	SNPT - pro-rata allocation of net transmission plant.	System Allocation Factor SG 75% Demand (12 CP), 25% Energy	SCT - 75% Demand (12 CP), 25% Energy calculated using system coincident peaks instead of control area.
Distribution	Situs	Situs	Situs
Customer Account, Customer Service, Sales	Distribution Related - Situs System Related - CN	Distribution Related - Situs System Related - CN	Distribution Related - Situs System Related - CN
A&G	Distribution Related - Situs Customer Related - CN Other A&G - SO	Distribution Related - Situs Customer Related - CN Other A&G - SO	Distribution Related - Situs Customer Related - CN Other A&G - SO
Other Expenses:			
Depreciation/Amortization	Follows plant	Follows plant	Follows plant
Taxes Other Than Income	Franchise - Situs Property Tax - GPS (Gross Plant) Payroll Taxes - SO (Same as Gross Plant) Utah Gross Receipts Tax - SO Washington Public Utility Tax - SO Energy Taxes - SE (System Energy) Existing Plant - Power Tax Output by Jurisdiction. Capital Additions and New Resources - Fully normalized and allocated on same basis as plant.	Franchise - Situs Property Tax - GPS (Gross Plant) Payroll Taxes - SO (Same as Gross Plant) Utah Gross Receipts Tax - SO Washington Public Utility Tax - SO Energy Taxes - SE (System Energy) Existing Plant - Power Tax Output by Jurisdiction. Capital Additions and New Resources - Fully normalized and allocated on same basis as plant.	Franchise - Situs Property Tax - GPS (Gross Plant) Payroll Taxes - SO (Same as Gross Plant) Utah Gross Receipts Tax - SO Washington Public Utility Tax - SO Energy Taxes - SE (System Energy) Existing Plant - Power Tax Output by Jurisdiction. Capital Additions and New Resources - Fully normalized and allocated on same basis as plant.
Deferred Income Taxes, Schedule Ms and Accumulated			
Deferred Taxes			
Income Taxes	IBT (Income Before Taxes)	IBT (Income Before Taxes)	IBT (Income Before Taxes)
Net Power Costs:			
Fuel	System Energy (SE)	System Energy (SE) Seasonal Resources - Simple Cycle Combustion Turbine SSGCT Factor - Cholla IV / APS SSGCH Factor	Eastern Control Area - CAEE. Western Control Area - CAEW.

	Modified Accord	Revised Protocol	Hybrid
Wholesale Sales	Firm - SG; Non-firm - SE	Firm - SG; Non-firm - SE	Firm Eastern Control Area - CAGE. Western Control Area - CAGW. Non-Firm Pursuant to Hybrid Logic
Purchased Power	Firm - SG; Non-firm - SE	Firm - SG; Non-firm - SE Seasonal - Seasonal Contracts SSGP Factor	Firm Eastern Control Area - CAGE. Western Control Area - CAGW. Non-Firm Pursuant to Hybrid Logic
Reserve Adjustment Wheeling Expense	N/A	N/A	Provided from West to East pursuant to FERC Tariff.
Embedded Cost Differential:			
Company Owned Hydro	Fuel Adjustment Only	Embedded cost differential allocated using DGP factor and a reciprocal amount is allocated system using SG.	No Adjustment
Mid Columbia Contracts	No Adjustment	Embedded cost differential allocated using MC factor and a reciprocal amount is allocated system using SG.	Embedded cost differential allocated using MC Factor and a reciprocal amount is allocated using the CAGW Factor.
Qualified Facilities	No Adjustment	Embedded cost differential assigned situs and a reciprocal amount is allocated system using SG.	Existing QF Cost Differential Adjustment is assigned to the state in which it is located. The reciprocal amount is allocated to all states using the CAGW Factor in the West Control Area and the CAGE in the East Control Area.
Other:			
Interchange	N/A	N/A	Pursuant to Hybrid Logic