

HARDY MYERS
Attorney General



PETER D. SHEPHERD
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DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

September 15, 2008

Patrick Power
Administrative Law Judge
Public Utility Commission of Oregon
550 Capitol St NE – Suite 215
PO Box 2148
Salem OR 97308-2148

Re: UE 200 - Staff's additional exhibits

Dear Judge Power:

In accordance with the parties' agreement to keep the record open until the end of the day today, I am enclosing with this letter the following additional exhibits to be entered into the record in this proceeding:

Staff/508: PacifiCorp Press Release
Staff/509: PacifiCorp's Responses to Staff Data Request Nos. 77-80.

Sincerely,

Michael T. Weirich
Assistant Attorney General
Regulated Utility & Business Section

MTW:nal/#1036206
Enclosures
C w/enc: all parties

Duke Energy to build wind farm near Casper

By DUSTIN BLEIZEFFER, energy reporter

Star-Tribune

Casper, Wyo.

Sept. 10, 2008

Duke Energy representatives say the company plans to build a 99-megawatt wind farm near Casper beginning early next year.

The Campbell Hill Windpower project -- to be located about 15 miles northeast of Casper -- will consist of 66 wind energy turbines, each generating 1.5 megawatts of electricity.

Erection of the wind turbines is slated to begin early next year, with the turbines going online by late 2009. One megawatt of wind energy is enough to power approximately 300 homes.

Duke, based in North Carolina, has entered into a 20-year contract to sell the power generated by the project to **PacifiCorp**, which operates as **Rocky Mountain Power** in Wyoming.

A **PacifiCorp** spokesman says the power will go on the company's grid to serve customers in Utah, Wyoming, Oregon, Idaho, Washington and Colorado.

The Campbell Hill Windpower project will be in close proximity to current wind turbine construction east of Casper. Currently, **PacifiCorp** is erecting 66 turbines for its Glenrock wind farm project, and another 66 turbines for its Rolling Hills wind farm project.

Wyoming already has about 304 wind turbines with an electrical generation capacity of 351.8 megawatts. New construction is already under way for approximately 289 more wind turbines in the state, boosting capacity by 465.5 megawatts.

And even more wind turbines are coming. A rush of planning by wind developers, including Duke's most recent announcement, could add a staggering 1,856 more turbines and 2,786.5 megawatts of wind generation capacity.

"We see Wyoming as a state with obvious potential given its abundance of free fuel, which is wind," Duke Energy spokesman Greg Efthimiou told the Star-Tribune.

Duke is also developing the Happy Jack Windpower project in Laramie County, which consists of 14 turbines with a generation capacity of 30 megawatts.

Duke also announced Tuesday a deal to purchase 100 wind turbines from General Electric, giving the company the ability to install some 150 megawatts of wind capacity throughout the United States in 2009.

A Duke official noted that the demand for wind turbines has risen dramatically, so it's important to secure supplies.

"Soaring interest in wind energy has translated into growing demand for turbines and a tightening supply," Duke Energy's vice president for wind energy David Marks said in a prepared statement.

Contact Dustin Bleizeffer at (307) 577-6069 or dustin.bleizeffer@trib.com



Pacific Power |
Rocky Mountain Power
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

September 15, 2008

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

RE: OR Docket No. UE-200
OPUC Staff Data Requests 77-80

Please find enclosed an original and one copy of PacifiCorp's Responses to OPUC Staff Data Request Numbers 77 - 80. Provided on the enclosed CD is Attachment OPUC 77.

If you have any questions, please call Joelle Steward at (503) 813-5542.

Sincerely,

Joelle Steward
Manager, Regulation

Enclosures

cc: Michael Weirich

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OPUC Data Request 77

OPUC Data Request 77

Please refer to PPL/203, Tallman/12, lines 4 to 14. Regarding the Goodnoe Hills facility, please provide the following:

- a. The approved revenue requirement for the facility for each of the states PacifiCorp serves
- b. The approved capital costs for (a), above
- c. The approved O&M costs for (a), above
- d. Documentation of (a) through (c), above

Response to OPUC Data Request 77

Please refer to Attachment OPUC 77.

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OPUC STAFF DATA REQUEST (77-80)

ATTACHMENT OPUC 77

ON THE ENCLOSED CD

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OPUC Data Request 78

OPUC Data Request 78

Please refer to PPL/203, Tallman/12, lines 4 to 14, and Exhibit D of Confidential Attachment 6-2, PacifiCorp's response to Staff Data Request No. 6 in UE 200 (Staff Cross Examination Exhibit 504). For each of the states PacifiCorp serves, provide the amount of any approved increase in revenue requirement designed to displace a portion of Energy Trust of Oregon funding for the Goodnoe Hills facility. Include with your response spreadsheets with formulae intact demonstrating that any approved increase in revenue requirement designed to displace a portion of Energy Trust of Oregon funding was set at a level consistent with paragraph 5 of Exhibit D, as well as documentation of any approved increase in revenue requirement.

Response to OPUC Data Request 78

Utah

In the Company's last Utah general rate case (Docket No. 07-035-93) a reduction to operations and maintenance (O&M) expense was included in the revenue requirement to reflect funding from the Energy Trust of Oregon (ETO). This O&M expense reduction was \$846,779 on a total company basis or \$358,840 on a Utah allocated basis. The rebuttal testimony of Mark R. Tallman in that proceeding states:

The Company recommends that the Commission affirmatively declare that it wishes to displace a portion of the Trust's \$4.5 million in funding towards the Goodnoe Hills project and that the Company's revenue requirement in this docket be increased by \$358,840.

In the final order, the Utah Commission failed to make an election regarding the treatment of the funding from the Energy Trust of Oregon. The Company has filed a motion for reconsideration and has requested that the Commission clarify its position in this regard.

California

Advice Letter 364-E filed by the Company on July 14, 2008 states:

The Energy Trust of Oregon (ETO) provided \$4.5 million funding towards the Goodnoe Hills Wind Project for the benefit of Oregon customers. However, the ETO recognizes that each jurisdiction may also want the opportunity to displace a portion of the ETO's funding for the benefit of the customers in their state. If another jurisdiction chooses to participate and displace a portion of the ETO funding the jurisdiction will also be entitled to their Revised Protocol share of

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the energy and renewable energy credits (RECs) associated with the project. If the jurisdiction chooses not to participate, after the project has been in commercial operation for five years, the jurisdiction will not be entitled to their full Revised Protocol share of the energy and RECs associated with this project. Given the California renewables portfolio standard program and the overall cost effectiveness of the Goodnoe Hills wind project, it is in the best interest of PacifiCorp's California customers to retain as many RECs as possible. Therefore, in this filing, the ETO funding has been displaced by not reflecting a reduction in the revenue requirement associated with the contribution from the ETO.

The California Commission approved this advice letter on September 8, 2008. As a result, California has elected to displace any ETO funding and pay its allocation of the above market costs of the resource.

Wyoming

The Company has requested the Wyoming Commission to make an election related to the ETO funding agreement in the current rate case, Docket No. 20000-333-ER-08.

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OPUC Data Request 79

OPUC Data Request 79

Please refer to PPL/203, Tallman/12, lines 4 to 14; ICNU/102, Falkenberg/47-48; and Exhibit D of Confidential Attachment 6-2, PacifiCorp's response to Staff Data Request No. 6 in UE 200 (Staff Cross Examination Exhibit 504). Based on rate cases and agreements to date with other states, beginning five years from the date of commercial operation, does PacifiCorp plan to allocate RECs from the Goodnoe Hills facility for Oregon according to the allocation set forth in Exhibit D for the scenario where no other states fund above market costs? If the answer is no, provide PacifiCorp's planned allocation beginning five years from the date of commercial operation, based on rate cases and agreements to date with other states. Include in your response any analysis, including spreadsheets with formulae intact, demonstrating that PacifiCorp's planned REC allocation accounts for the Energy Trust of Oregon's funding as specified in paragraph 5 in Exhibit D.

Response to OPUC Data Request 79

Please refer to the Company's responses to OPUC Data Request 77 and OPUC Data Request 78. Other states have elected to pay the above-market costs for Goodnoe Hills therefore the scenario in which no other states fund above-market costs for Goodnoe Hills is not relevant. The Company has not done the analysis requested for planned allocation beginning in five years.

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OPUC Data Request 80

Please provide any reports or documentation of any reimbursement from PacifiCorp to the Energy Trust of Oregon pursuant to paragraph 5 in Exhibit D.

Response to OPUC Data Request 80

To date, there have been no reimbursements made to the Energy Trust of Oregon pursuant to the terms of paragraph 5 in Exhibit D.

Figures in Millions

Estimate of Approved Revenue Requirement for Goodnoe Hills

	Utah ⁽¹⁾	California ⁽²⁾	Idaho ⁽³⁾	Washington ⁽⁴⁾	Wyoming ⁽⁵⁾
Capital Costs	105.9	188.5			151.1
Accumulated Depreciation	(1.4)	(4.7)			(5.2)
Accumulated Deferred Taxes (Estimate)	(6.6)	(14.3)			(4.7)
	97.9	169.5			141.2
Pre Tax ROR	11.460%	11.809%			11.942%
Pre Tax Return on Rate Base	11.2	20.0			16.9
O&M Costs	1.0	2.5			1.4
Depreciation Expense	4.6	7.5			5.2
Property Taxes (Estimate)	0.9	1.5			1.1
Renewable Tax Credits	(5.3)	(9.5)			(7.6)
Non-NPC Revenue Requirement	12.4	22.1			17.0
SG Factor	42.38%	1.73%			15.02%
Approx. State Allocated Non-NPC Rev. Req.	5.3	0.4			2.5

Notes:

- (1) Based on data from Docket No. 07-035-93 (December 2008 Test Period)
- (2) Based on data from Advice Letter Filing 364-E (June 2009 Test Period)
- (3) Goodnoe is not included in Idaho rates.
- (4) Goodnoe is not included in Washington rates.
- (5) Based on data as filed from Docket No. 200000-277-ER-07 (August 2008 Test Period)

1 **CERTIFICATE OF SERVICE**

2 I certify that on September 15, 2008, I served the foregoing LETTER and EXHIBITS
3 upon all parties of record in this proceeding by delivering a copy by electronic mail and by
4 mailing a copy by postage prepaid first class mail or by hand delivery/shuttle mail to the parties
5 accepting paper service.

6 **W**
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