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July 12, 2010

VIA ELECTRONIC AND U.S. MAIL

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

Re: UE 217 – In the Matter of PACIFICORP, dba Pacific Power’s Request for a General Rate Revision

Dear ALJ Hardie:

Pursuant to your Ruling of June 14, 2010, and the parties’ follow-up letter of July 9, 2010, enclosed for filing in this docket are the original and five copies of a Stipulation and Joint Testimony in Support of the Stipulation.

The parties to the Stipulation are PacifiCorp, Staff of the Public Utility Commission of Oregon, Industrial Customers of Northwest Utilities, the Citizens’ Utility Board of Oregon, Wal-Mart Stores and Sam’s West, Inc., Fred Meyer Stores and Quality Food Centers, divisions of The Kroger Company and Sequoia Partners LLC.

Other parties to this case, Portland General Electric Company, the Klamath Water Users Association and the International Brotherhood of Electrical Workers, have reviewed the Stipulation and authorized us to represent that they have no objection to it.

Very truly yours,

Katherine A. McDowell

cc: Service List

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing document in
3 UE 217 on the following named person(s) on the date indicated below by email and first-
4 class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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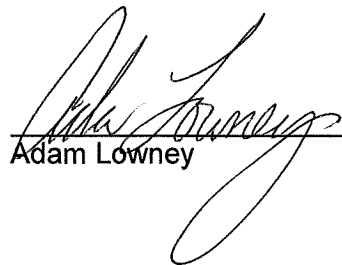
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DATED: July 12, 2010

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:
PACIFICORP, dba PACIFIC POWER's
Request for a General Rate Revision.

STAFF-PACIFICORP-CUB-ICNU-WAL-MART-KROGER

JOINT TESTIMONY IN SUPPORT OF STIPULATION

WITNESSES: COMMISSION STAFF, BRYCE DALLEY, JOELLE STEWARD,
WILLIAM GRIFFITH, BOB JENKS, MICHAEL EARLY,
STEVE W. CHRISS, and NEAL TOWNSEND

July 2010

1 **Q. Who is sponsoring this testimony?**

2 A. This testimony is jointly sponsored by PacifiCorp (or the Company), Staff of the Public
3 Utility Commission of Oregon (Staff), the Citizens' Utility Board of Oregon (CUB), the
4 Industrial Customers of Northwest Utilities (ICNU), Wal-Mart Stores, Inc. and Sam's
5 West, Inc. (Wal-Mart), and Fred Meyer Food Stores and Quality Food Centers, Divisions
6 of The Kroger Co. (Kroger). Intervenor Sequoia Partners LLC (Sequoia) supports this
7 testimony, but has not provided an individual witness. In this Joint Testimony, the
8 settling parties are referred to collectively as the Parties.

9 **Q. Please state your names.**

10 A. Please see Exhibit Joint Testimony/101 for the list of Staff witnesses providing
11 testimony. Staff witness qualifications are set forth in Exhibit Joint Testimony/102.
12 Bryce Dalley, Joelle Steward, and William Griffith are testifying on behalf of
13 PacifiCorp. Their qualifications are set forth at PPL/1100, Exhibit Joint Testimony/103,
14 and PPL/1700 respectively. Bob Jenks, whose qualifications are set forth at Exhibit
15 Joint Testimony/104, is testifying on behalf of CUB. Michael Early, whose
16 qualifications are set forth at Exhibit Joint Testimony/105, is testifying on behalf of
17 ICNU. Steve W. Chriss, whose qualifications are set forth at Exhibit Joint
18 Testimony/106, is testifying on behalf of Wal-Mart. Finally, Neal Townsend, whose
19 qualifications are set forth at Exhibit Joint Testimony/107, is testifying on behalf of
20 Kroger.

21 **Q. What is the purpose of your testimony?**

22 A. Our testimony describes and supports the Stipulation among PacifiCorp, Staff, CUB,
23 ICNU, Wal-Mart, Kroger, and Sequoia filed July 12, 2010 (the Stipulation). The
24 Stipulation resolves all issues related to PacifiCorp's filing for a general rate revision in

1 this proceeding, including issues related to revenue requirement, cost of capital, rate
2 spread, and rate design. Our testimony supports all provisions of the Stipulation.

3 **Q. Have all parties to this docket joined in the Stipulation?**

4 A. No, but no party objects to the Stipulation. The Parties provided the Stipulation to others
5 in the case and invited them to join the settlement by signing and filing a copy of the
6 Stipulation.

7 **Background**

8 **Q. Please describe PacifiCorp's original revenue requirement increase request.**

9 A. On March 1, 2010, PacifiCorp filed revised tariff sheets for Oregon reflecting a price
10 increase of approximately \$130.9 million or 13.1 percent. Based on the suspension
11 period of the filing, the effective date of the revised tariffs sheets is January 1, 2011. In
12 its filing, PacifiCorp used a historic base period of 12-months ended June 2009, with
13 normalizing and pro forma adjustments to calculate a 2011 calendar year future test
14 period.

15 **Q. Did the Parties conduct a thorough examination of the Company's filing?**

16 A. Yes. The Parties conducted extensive discovery on PacifiCorp's filing. Prior to entering
17 into a settlement in principle among the Parties on June 10, 2010, the Company provided
18 responses to more than 300 data requests.

19 **Q. How did the Parties arrive at the Stipulation?**

20 A. Administrative Law Judge Hardie's Prehearing Conference Memorandum noticed a
21 settlement conference in this docket on June 7, 2010. The conference was open to all
22 parties. This conference and subsequent discussions among the Parties resulted in this
23 Stipulation.

1 **Q. Did Staff prepare and distribute to all parties a comprehensive settlement position**
2 **prior to the settlement conference?**

3 A. Yes. On May 27, 2009, Staff provided a settlement packet consisting of Staff-proposed
4 adjustments and work papers and spreadsheets that calculated the financial effect of each
5 Staff adjustment and summarized the combined effects of all of Staff's proposals.

6 **Q. The Parties settled this proceeding prior to Staff and intervenors filing opening**
7 **testimony. How does the Commission evaluate a proposed settlement at this stage of**
8 **the proceeding?**

9 A. The Commission noted in Order No. 09-422 that when parties settle at an "early stage in
10 the proceeding, the Commission looks first to see whether all parties support the
11 settlement." Order No. 09-422 at 8. The Commission approaches the proposed
12 settlement with a high degree of confidence if all parties support it. *Id.* In this case, all
13 active parties to the docket are signatories to the Stipulation and no party objects to the
14 Stipulation. The Commission can therefore approach this settlement "with a high degree
15 of confidence."

16 **Q. Have the Parties provided the Commission with sufficient evidence to determine**
17 **that the Stipulation is reasonable?**

18 A. Yes. As the Commission noted in Order No. 09-422, "general rate case issues typically
19 reflect judgments along a continuum of outcomes and rarely can be reduced to one 'right'
20 number in any cost category." The Parties provide testimony and evidence showing that
21 the Stipulation results in a level of revenue increase and additional terms that are within
22 the continuum of reasonable outcomes in this case. On this basis, the Parties ask the
23 Commission to approve the Stipulation.

1 **Q. How is your testimony organized?**

2 A. We first outline the terms of the Stipulation, including an explanation of the agreed-upon
3 adjustments to the Company's proposed revenue requirement. We then each provide an
4 individual statement on the Stipulation, explaining how we determined that the
5 Stipulation produces a fair result and why we support its approval.

6 **Rate of Return**

7 **Q. Please describe the Parties' agreement on cost of capital.**

8 A. The Parties agree that the Company's overall rate of return (ROR) should remain
9 unchanged from the 8.08 percent approved by the Commission in Docket UE 210. As
10 was the case in UE 210, the stipulating Parties in this proceeding do not agree on the
11 values for individual cost of capital components that result in the ROR of 8.08 percent.
12 The Parties do not agree on values for the various components of capital cost and capital
13 structure but do agree that, for Oregon regulatory purposes, the Company's overall ROR
14 and notional values of individual cost of capital components used to derive this ROR
15 should remain unchanged from the 8.08 percent approved by the Commission in Docket
16 UE 210, PacifiCorp's last general rate case.

17 **Q. Why is an ROR of 8.08 percent an appropriate result in this case?**

18 A. The Prehearing Conference Report issued March 18, 2010, indicated that, because the
19 Company's ROR was recently litigated in Docket UE 210, the Commission expected the
20 parties to demonstrate good cause as to why ROR should be changed (increased or
21 decreased) as an outcome in this proceeding. The Stipulation obviates this issue by
22 adopting the currently authorized ROR. While the Parties agree that the Company's
23 overall ROR should be set at 8.08 percent, they do not agree on the values for individual
24 cost of capital components. Without accepting any values for the individual cost of

capital components, for Oregon regulatory purposes the Parties have agreed to the notional values for cost of capital components as specified in Order No. 10-022 and shown in Exhibit A.

Q. What is the purpose of the “notional” cost of capital values?

A. These are the values that will be used for Oregon regulatory matters until the Commission authorizes different levels.

Revenue Requirement Increase

Q. What is the revenue requirement increase to which the Parties agree?

A. The Parties agree to a revenue requirement increase of \$84.6 million in base rates, which in conjunction with the other terms in the Stipulation, represents a settlement of all revenue requirement issues in this case. Exhibit A to the Stipulation includes an agreed-upon calculation of the \$84.6 million increase in base rates based on resolution of adjustments proposed by the Parties, as described in further detail later in this Joint Testimony.

Q. When will the rates to recover the stipulated revenue requirement increase go into effect?

A. Rates will go into effect on January 1, 2011, which is the end of the full statutory suspension period applicable to the Company’s filing. The Stipulation does not accelerate the date of the rate increase resulting from the Company’s filing. In addition, the Company will not file another general rate case prior to March 1, 2011.

Calculation of Stipulated Revenue Requirement

Q. How did the Parties calculate the agreed upon revenue requirement increase?

A. For purposes of supporting this Stipulation, the Parties agreed to incorporate specific adjustments to the Company’s proposed revenue requirement to reduce it to the stipulated

1 level. However, the Parties expressly agreed that their acceptance of adjustments for
2 purpose of settlement is not binding in future proceedings and does not imply agreement
3 on the merits of the adjustments.

4 **Q. What is the Parties' agreement with respect to these specific adjustments?**

5 A. The stipulated revenue requirement increase begins with the \$130.9 million originally
6 filed non-power cost revenue requirement increase as shown in Exhibit A of the
7 Stipulation.

8 First, the stipulated revenue requirement reflects the stipulated 8.08 percent ROR
9 described earlier in the testimony. This adjustment reduces the revenue requirement
10 increase by \$20.3 million.

11 Second, the stipulated revenue requirement takes into account a decrease to
12 Administrative & General (A&G) costs to reflect an adjustment to the Company's
13 property and liability insurance expense. This adjustment results in a revenue
14 requirement decrease of \$2.0 million.

15 Third, the stipulated revenue requirement takes into account an update to the
16 Populus to Terminal transmission line investment. This update is described in more
17 detail below and will result in a reduction to revenue requirement of at least \$0.5 million.

18 Fourth, the stipulated revenue requirement takes into account miscellaneous
19 Operations and Maintenance (O&M) and A&G adjustments including the areas of wages,
20 benefits, pensions, incentives, and non-labor escalations. This adjustment decreases
21 revenue requirement by \$20.9 million.

22 Fifth, the stipulated revenue requirement reflects a \$2.5 million revenue credit to
23 resolve all issues associated with the sale of Oregon-allocated renewable energy
24 certificates (REC) prior to the Commission's approval of the Company's application in

1 Docket UP 260¹ on June 8, 2010. The revenue requirement impact of these additional
2 revenues is a \$2.6 million decrease.

3 The total of these adjustments reduces PacifiCorp's original filed revenue
4 requirement by \$46.3 million and produces the agreed upon revenue requirement increase
5 of \$84.6 million.

6 **Capital Additions**

7 **Q. Does the Stipulation address the prudence of certain resources?**

8 A. Yes. The Parties agree that the following are prudent capital additions that should be
9 included in the Company's rate base: the Populus to Terminal transmission line,
10 McFadden Ridge I wind resource, Dunlap wind resource, and the pollution control
11 equipment at the Dave Johnston Unit 3 power plant.

12 **Q. Does the Stipulation include additional provisions relevant to the Populus to**
13 **Terminal transmission line?**

14 A. Yes. The Populus to Terminal transmission line consists of two sections—the Terminal
15 to Ben Lomond section, which is now in service, and the Populus to Ben Lomond
16 section, which is currently scheduled to be in service in November 2010. The Parties
17 agree in the Stipulation that the costs associated with the Terminal to Ben Lomond
18 section of the line should be included in the Company's Oregon rate base. The Parties
19 also agree that the costs associated with the Populus to Ben Lomond section should be
20 included in the Company's Oregon rate base if it is in service by January 1, 2011. If the
21 section is not in service by January 1, 2011, the Parties agree once the Company has

¹ Docket UP 260 is PacifiCorp's application requesting approval of the sale of Oregon-allocated RECs ineligible for Oregon's renewable portfolio standard.

1 certified that the section is in service, the section will be included in the Company's
2 Oregon rate base through Schedule 80.

3 **Q. Please explain the provision in the Stipulation relating to the capital costs associated**
4 **with the Populus to Terminal transmission line.**

5 A. The stipulated revenue requirement in this case includes a reduction of \$500,000 on an
6 Oregon-allocated basis for anticipated cost savings in the capital costs associated with the
7 Populus to Terminal transmission line. Accordingly, the rates in Exhibit D to the
8 stipulation reflect this reduction as will the compliance filing for this case. Any
9 incremental cost savings in excess of the stipulated \$500,000 reduction that are reflected
10 in the final accounting after the line is placed in service will be incorporated in rates in
11 one of two ways. If the final accounting occurs before the compliance filing, then the
12 incremental savings will be reflected in the compliance filing. If the final accounting
13 occurs after the compliance filing, then the Company will make a subsequent compliance
14 filing of Schedule 80 to reflect the incremental savings.

15 **The Klamath Project**

16 **Q. Does Senate Bill 76 (SB 76), passed by the Oregon Legislature in 2009, address the**
17 **Company's recovery of costs associated with the Klamath Hydroelectric Project**
18 **(Klamath Project)?**

19 A. Yes. As is discussed in further detail in PacifiCorp witness Dean S. Brockbank's
20 testimony, PPL/600, SB 76 authorizes the Commission to provide for the recovery of
21 Oregon's share of undepreciated amounts that the Company prudently invested in the
22 Klamath dams. ORS 757.734(2). Amounts eligible for recovery under SB 76 include the
23 Company's return of investment and return on investment in the Klamath dams, amounts

1 spent by PacifiCorp in seeking relicensing before July 14, 2009, and amounts spent by
2 PacifiCorp for settlement of the issues related to relicensing or removal of the dams. *Id.*

3 **Q. Why did PacifiCorp request new depreciation schedules for the Klamath Project**
4 **dams?**

5 A. ORS 757.734(1) requires the Commission to determine a new depreciation schedule
6 under ORS 757.140 for each of the four dams of the Klamath Project (J.C. Boyle Dam,
7 Copco 1 Dam, Copco 2 Dam, and Iron Gate Dam), based upon the assumption that the
8 dams will be removed in 2020. ORS 757.734(1) further requires that the Commission
9 determine the depreciation schedules within six months of execution of the Klamath
10 Hydroelectric Settlement Agreement (KHSAs). The revenue requirement in the initial
11 filing in this case reflects accelerated depreciation schedules proposed by the Company
12 and is consistent with the depreciation schedule proposed by Staff in UE 219. The
13 Parties agree that, pursuant to ORS 757.734(1), the revenue requirement in this case to
14 be effective January 1, 2011, will reflect the depreciation schedules adopted in Docket
15 UE 219.

16 **Q. Did the Company's initial filing also include costs associated with the Klamath**
17 **Project relicensing and settlement process?**

18 A. Yes. Mr. Brockbank discusses costs incurred by the Company for relicensing and for
19 settlement process costs associated with the Klamath Project. His testimony also
20 explains PacifiCorp's position that these costs have provided customer benefits.

1 **Q. Does the Stipulation address costs associated with the Klamath Project relicensing**
2 **and settlement process?**

3 A. Yes. The Stipulation provides that the costs associated with the Klamath Project
4 relicensing and settlement process should be included in the Company's Oregon rate base
5 as filed in the Company's application.

6 **Renewable Energy Certificates**

7 **Q. Please explain the Parties' agreement with respect to RECs.**

8 A. As discussed above in the section explaining the calculation of the stipulated revenue
9 requirement, the stipulated revenue requirement includes a \$2.5 million revenue credit to
10 resolve all issues associated with the sale of Oregon-allocated RECs prior to January
11 1,2010.

12 **Q. Does the Stipulation explain how the Company will implement the Commission's**
13 **decision approving the Company's application in Docket UP 260?**

14 A. Yes. The Company agrees to commence sales of Oregon-allocated RECs that are
15 ineligible for compliance with Oregon's Renewable Portfolio Standard (RPS). The
16 Company will record the net proceeds of such sales in the Company's property sales
17 balancing account.

18 **Q. How do the Parties propose that the net proceeds associated with sales of 2010**
19 **Oregon-allocated RPS-ineligible RECs be amortized?**

20 A. The Parties agree to support amortization of these proceeds through the Property Sales
21 Balancing Account Adjustment, Schedule 96, beginning on January 1, 2011, concurrent
22 with the rate change in this case.

23 **Q. Did Parties discuss whether the Company should sell Oregon-allocated RECs that**
24 **are eligible for the RPS?**

1 A. Yes, the Parties agreed to seek a policy determination from the Commission on the sale
2 of Oregon-allocated, RPS-eligible RECs generated in 2011. The Stipulation provides
3 that within 45 days of execution, the Company will initiate a docket seeking a
4 Commission decision on whether the Company should sell Oregon-allocated, RPS-
5 eligible RECs generated in 2011. The Company's filing will describe the risks and
6 benefits of selling such RECs rather than banking them for purposes of RPS compliance.

7 **Q. If Oregon-allocated, RPS-eligible RECs generated in 2011 are sold, how will the**
8 **proceeds be recorded?**

9 A. The net proceeds associated with the sale of Oregon-allocated, RPS-eligible RECs
10 generated in 2011 will be recorded in the Company's property sales balancing account
11 for future amortization to customers.

12 **Tax Treatment of Post-Retirement Medical Benefits**

13 **Q. Please explain the background relevant to the Parties' agreement on the tax**
14 **treatment of post-retirement medical benefits.**

15 A. The Stipulation explains that PacifiCorp filed an application for an accounting order
16 related to changes in the tax treatment of post-retirement medical benefits resulting from
17 the Patient Protection and Affordable Care Act (the Act), signed into law on March 23,
18 2010, as modified by the Health Care and Education Reconciliation Act, signed into law
19 on March 30, 2010. The Commission opened Docket UM 1479 to evaluate the
20 Company's application. The application requests authorization to record a regulatory
21 asset for an adjustment to the Company's deferred income tax asset related to post-
22 retirement benefits in March 2010, for tax benefits previously accrued that will no longer
23 be realized as a result of the Act.

24 **Q. How did the Parties agree the Company's application would be resolved?**

1 A. The Parties agree that Docket UM 1479 will be resolved separately from this Stipulation,
2 and that PacifiCorp may seek to begin amortizing any regulatory asset arising from that
3 docket in its next rate case.

4 **Self-Insurance for Property Losses and Liability**

5 **Q. Did the Parties come to agreement on how the Company should replace the**
6 **Company's current captive insurance coverage with MidAmerican Energy Holdings**
7 **Company (MEHC) that will expire March 31, 2011?**

8 A. Yes. The Parties agree that PacifiCorp should establish monthly accruals and associated
9 reserve balances for transmission and distribution property losses, non-transmission and
10 distribution property losses, and third-party liability insurance. These self-insurance
11 accruals will begin on April 1, 2011, as a replacement for the MEHC coverage.

12 **Q. How will the Company calculate the monthly accrual amounts?**

13 A. The accrual amounts to which the Parties agreed are set forth in Exhibit B to the
14 Stipulation. The Oregon-allocated monthly accrual amounts for property-related losses
15 are based on a 10-year average of property losses escalated by the Consumer Price Index
16 to the calendar year 2011 test period. The Oregon-allocated monthly accrual for third-
17 party liability insurance is based on an annual average of historical insurance claim
18 payments from April 2005 through December 2009.

19 **Q. How do the Parties propose addressing costs in excess of the self-insured reserve**
20 **balances?**

21 A. The Parties agree that PacifiCorp may file deferrals for property and liability costs in
22 excess of the self-insured reserve balances. Each deferral request would be evaluated
23 individually on its merits.

24 **Rate Spread and Rate Design**

1 **Q. Does the Stipulation set forth the rate spread agreed to by the Parties?**

2 A. Yes. Exhibit C to the Stipulation contains the agreed rate spread.

3 **Q. What was the Parties' goal in developing the proposed rate spread?**

4 A. First, the goal was to assign cost recovery based on the Company's functionalized cost of
5 service study. However, because some Parties were concerned that assigning costs based
6 strictly on the cost of service study would lead to unacceptably large rate increases for
7 some rate classes, the Parties agreed to use the Rate Mitigation Adjustment (RMA) to
8 reduce those impacts. The Parties developed the proposed rate spread with a goal of
9 reducing rate mitigation for some rate schedule classes, while balancing the impacts on
10 customers.

11 **Q. How does the agreed rate spread further this goal?**

12 A. While the agreed rate spread increases the size of the overall RMA, it reduces the current
13 RMA flowing to Agricultural Pumping Schedule 41 and Small General Service Schedule
14 23. It also reduces the RMA amounts currently flowing from residential customers and
15 General Service customers in Schedules 28 and 30 to other customer classes. These
16 changes assure that the affected rate schedules' net rates more closely reflect their cost of
17 service. At the same time, the Parties have agreed to increase the Schedule 48 RMA
18 credit from \$7.7 million to \$9.5 million in order to reduce the impact of the rate increase
19 on Schedule 48 customers. Lastly, the RMA surcharge for lighting schedules has
20 increased, however, lighting customers will see no overall rate increase as a result of this
21 settlement.

22 **Q. What changes do the Parties propose to the Company's rate design?**

23 A. First, the Parties agree that residential rates will be designed to change the current three-
24 block rate to a two-block inverted rate with a 1000 kWh inversion point. Second, the

1 Parties agree that the Bonneville Power Administration residential exchange credit will
2 be applied to the first 1000 kWhs of monthly consumption. Finally, the Parties agree to
3 an increase in the residential basic service charge of \$1.00 to \$9.00 per month. The
4 Parties' agreed rate design is set forth in Exhibit D to the Stipulation.

5 **Q. What changes do the Parties propose to Schedule 200?**

6 A. The Parties agree that Schedule 200 demand charges applicable to Schedule 30 customers
7 should be increased to \$1.25 per kW. PacifiCorp agrees to confer with interested Parties
8 on the level of demand charges for different customer classes prior to its next general rate
9 case. The focus of these discussions will be how best to achieve the goal of eliminating
10 intra-class subsidies in Schedule 200.

11 **Residential Line Extension Allowance**

12 **Q. Does the Stipulation address the issues raised in the intervention of Sequoia?**

13 A. Yes. Sequoia is a residential housing developer and its intervention seeks an increase in
14 the residential line extension allowance. To address this issue, PacifiCorp has agreed
15 that, within thirty days following approval of the Stipulation by the Commission,
16 PacifiCorp will make a filing to revise its Oregon residential line extension allowance
17 tariff. PacifiCorp has also agreed to serve the tariff filing on Sequoia, provide Sequoia
18 with the data and analysis supporting PacifiCorp's proposed tariff revisions and support a
19 procedural schedule that allows Sequoia an opportunity to respond to PacifiCorp's
20 proposed tariff revisions.

21 **Other Terms of Stipulation**

22 **Q. Do the terms of the Stipulation apply to other cases?**

23 A. No. The Stipulation represents a compromise in the positions of the Parties made for this
24 case only. By entering into the Stipulation, none of the Parties are deemed to have

1 approved, admitted, or consented to the facts, principles, methods, or theories employed
2 in arriving at the terms of the Stipulation, other than those specifically identified in the
3 body of the Stipulation. No Party has agreed that any provision of the Stipulation is
4 appropriate for resolving issues in any other proceeding, except as specified in the
5 Stipulation.

6 **Q. If the Commission rejects any part of the Stipulation, are the Parties entitled to**
7 **reconsider their participation in the Stipulation?**

8 A. Yes. The Stipulation provides that if the Commission rejects all or any material portions
9 of the Stipulation, any Party that is disadvantaged by such action shall have the rights
10 provided by OAR 860-014-0085, including the right to withdraw from the Stipulation,
11 and shall be entitled to seek reconsideration or appeal of the Commission's Order.

12 **Reasonableness of the Stipulation**

13 **Q. Have the Parties evaluated the overall fairness of the Stipulation?**

14 A. Yes. Each Party has reviewed the revenue requirement adjustments contained in the
15 Stipulation, as well as the resulting revenue requirement level. The Parties agree that the
16 Stipulation results in fair, just, and reasonable rates and should be adopted.

17 **Staff**

18 **Q. Please explain why Staff believes that the Commission should approve the**
19 **Stipulation.**

20 A. After a thorough review and analysis of the Company's filing, including the review of
21 PacifiCorp's responses to Staff's 244 data requests as well as other Parties' data requests,
22 Staff prepared a proposed settlement package as an aid to discussion for the settlement
23 conference. Staff's and other Parties' proposals were thoroughly discussed during the
24 settlement meetings where a reasonable compromise of the issues raised by all Parties

1 was reached. Staff believes that the stipulation results in fair, just, and reasonable rates.
2 Staff's summary testimony in support of the stipulation from each of the Staff analysts
3 who reviewed the Company's filing can be found in Exhibit Joint Testimony 101/Staff
4 Summary Testimony.

5 **PacifiCorp**

6 **Q. Does the proposed revenue increase in the Stipulation represent a reasonable result**
7 **in this case?**

8 A. Yes. The Company believes that its full proposed revenue increase in this case is well
9 supported and reasonable. By extension, the Company believes that its direct testimony
10 provides the Commission with a record on which to approve the reduced level of revenue
11 increase agreed to in the Stipulation.

12 **Q. What was the Company's most important consideration in evaluating the**
13 **Stipulation?**

14 A. The Company's need for a general rate case, and therefore its analysis of the proposed
15 Stipulation, was driven by its significant investment in the system. Since the Company's
16 last general rate case, it has added an additional \$470 million Oregon-allocated net
17 electric plant in service. This additional net electric plant in service reflects a number of
18 new investments, the most significant of which is the Populus to Terminal transmission
19 line. The Company's requested revenue requirement also includes two new cost-
20 effective wind resources (McFadden Ridge I and Dunlap) and air pollution control
21 equipment at the Dave Johnston Unit 3 power plant. In connection with these resource
22 additions, the Company's filing also included additional depreciation and O&M expense.
23 All the Parties agree that these investments are prudent and should be included in the
24 Company's Oregon rate base.

1 **Q. Have you evaluated the increase in revenue requirement that would result from**
2 **adding those prudent investments to rate base, along with adjustments to revenue**
3 **associated with reductions in Oregon loads?**

4 **A.** Yes. As the chart below demonstrates, \$79.8 million of the \$84.6 million stipulated
5 revenue requirement increase (or approximately 94 percent) is attributable to these large
6 rate base additions and to changes in Oregon loads.

UE 217 Revenue Requirement		
(\$ Millions)		
1	Populus to Terminal Transmission Investment	28.8
2	Change in Revenues (Load Reduction)	17.8
3	Pollution Control Upgrades	14.1
4	Dunlap Wind Project	6.9
5	Other Transmission Investment	4.6
6	Hydro Investment	3.9
7	McFadden Ridge Wind Project	1.4
8	Steam Turbine Upgrades	2.3
9	Other Revenue Requirement Components	4.8
Total Stipulated Revenue Requirement Increase		84.6

7
8
9 **Q. Does the Company's direct testimony provide support for the finding that the**
10 **Populus to Terminal transmission line is a prudent investment?**

11 **A.** Yes. PacifiCorp witness John A. Cupparo, PPL/400, explains how the Populus to
12 Terminal transmission line will provide significant benefits to PacifiCorp's customers in
13 Oregon and other states by enhancing system reliability and improving transfer capability
14 in the short term and increasing incremental capacity in the long term. PacifiCorp
15 witness Darrell T. Gerrard, PPL/500, further discusses the benefits associated with this
16 transmission line, the analyses that support the Company's decision to invest in the line,
17 and the Company's procurement process for the line.

1 **Q. With respect to the finding of prudence requested by the Parties in the Stipulation,**
2 **does the Company's direct testimony explain why the Dunlap wind resource is**
3 **prudent?**

4 A. Yes. Stefan A. Bird's direct testimony, PPL/800, demonstrates the prudence of the
5 Dunlap wind resource, a 111 MW wind energy generation facility located in Wyoming
6 on a site that studies show will result in a desirable wind resource. The Dunlap resource
7 is expected to be in service on October 1, 2010. As explained in Mr. Bird's testimony,
8 this resource is the Company's cost-based benchmark alternative and one of the two
9 resources included in the 2009R RFP Final Shortlist that was approved by the
10 Commission. The Dunlap wind resource is therefore cost effective. In addition, Dunlap
11 benefits customers because it is a renewable resource that complies with future
12 requirements of Oregon's RPS.

13 **Q. Please explain how the Company's direct testimony shows that the McFadden**
14 **Ridge I wind resource is prudent.**

15 A. Mark R. Tallman's direct testimony, PPL/900, demonstrates the prudence of the
16 McFadden Ridge I wind resource, a 28.5 MW wind energy generation facility that is
17 adjacent to the existing High Plains wind resource in Wyoming. The McFadden Ridge I
18 resource was placed in service on September 29, 2009. As explained in Mr. Tallman's
19 testimony, this resource is cost effective. In addition, McFadden Ridge I benefits
20 customers because it is a renewable resource that complies with future requirements of
21 Oregon's RPS.

1 **Q. Does the Company's direct testimony address the prudence of the air pollution**
2 **control equipment for the Dave Johnston Unit 3 power plant?**

3 A. Yes. Chad A. Teply testifies to the need for the pollution control investments in the
4 Dave Johnston Unit 3 power plant at PPL/700. Mr. Teply explains that investing in the
5 scrubbers will remove the net output constraint that is currently applicable to the facility
6 as a result of Wyoming SO₂ emissions limits. Mr. Teply also discusses the benefits to
7 customers resulting from continued operation of the plant. Additionally, during
8 discovery, the Company provided Parties with analysis showing that it was cost-
9 effective to install the scrubbers rather than retire or phase out the unit. The pollution
10 control investments are currently in service and providing benefits to customers.

11 **Q. What considerations informed the Company's agreement on rate of return?**

12 A. As the Commission is aware, this is an area of contentiousness in any fully litigated
13 general rate case proceeding. In order to reach an overall acceptable settlement, the
14 Company was willing to agree to no change in its authorized rate of return. By
15 accepting this rate of return, the Company avoided further controversy over the
16 Commission's ruling in its March 18, 2010 Prehearing Conference Memorandum,
17 described above, a ruling that the Company disputed in its Supplemental Testimony and
18 Supplemental Pre-Trial Brief.

19 **Q. Did PacifiCorp consider any other issues when evaluating whether to enter into the**
20 **proposed Stipulation?**

21 A. Yes. The Company recognizes that settlement can replace the cost and risk of litigation
22 with efficiency and certainty, and also values the intangible aspects of settled outcomes,
23 including good will from other parties. For these reasons and the reasons discussed
24 above, the Company was willing to accept a revenue increase for calendar year 2011 that

1 was lower than it requested, in return for an all-party Stipulation supporting the proposed
2 revenue requirement increase of \$84.6 million, effective January 1, 2011.

3 **Q. What is your overall view of the Stipulation?**

4 A. In the Company's view, the terms of the Stipulation balance the overall impact to
5 customers in the near term while allowing the Company to recover its prudent
6 investments in electric plant. The level of revenue increase proposed in the Stipulation is
7 supported when merely viewing these specific costs in isolation of other Company costs.
8 As a result, the Company recommends that the Commission accept the proposed
9 Stipulation as a reasonable resolution of the Company's proposed rate increase.

10 **CUB**

11 **Q. Please explain why CUB believes that the Commission should approve the**
12 **Stipulation.**

13 A. CUB believes that the Stipulation is a reasonable outcome of the case. While the rate
14 increase will make a difficult economic situation worse for many PacifiCorp customers, it
15 is being driven by capital investments which will be used to provide utility service for the
16 next several decades. These investments include the Populus to Terminal transmission
17 line, the McFadden Ridge I wind resource, the Dunlap wind resource, and the pollution
18 control equipment at the Dave Johnston Unit 3 power plant. While CUB recognizes each
19 of these investments is individually prudent, CUB believes a utility has the responsibility
20 to manage its capital investments in such a manner as to ensure that rate increases are
21 manageable for customers. Individual capital investments that are prudent as individual
22 items may not be reasonable when stacked on top of each other. CUB encourages
23 PacifiCorp to better manage the timing of its future capital investments to avoid having
24 several large capital projects hit customers' bills in the same test year.

1 CUB is disappointed that the Stipulation is based on increasing the Rate
2 Mitigation Adjustment (RMA) from \$15.3 million to \$16.0 million. The RMA was
3 originally designed to prevent rate shock, which could occur by requiring all classes of
4 customers to pay rates based on the Company's cost of service study. The RMA has
5 been used in recent years not to prevent rate shock, but to prevent the rates of large
6 customers from increasing more than those of the average customer in percentage terms.
7 However, because large customers pay smaller distribution costs and PacifiCorp's rate
8 increases have been driven by investments in generation and transmission, this use of the
9 RMA requires larger and larger subsidies. In this docket, for example, the RMA credit
10 received by Schedule 48 is increasing from \$7.7 million to \$9.5 million. CUB was able
11 to agree to this increase in the RMA only because it was combined with a reduction in the
12 RMA subsidies that are paid by residential customers from \$8 million to \$7.5 million. In
13 addition, focusing the RMA on the percentage rate increase for customers ignores the fact
14 that residential customers already pay significantly higher rates than most other classes,
15 reflecting the allocation of distribution costs to residential customers. In this case,
16 residential customers who are expected to pay \$7.5 million in RMA subsidies will see an
17 average increase of 0.473 cents/kWh, while Schedule 48 customers who will receive a
18 RMA credit of \$9.5 million will see an average rate increase of 0.438 cents/kWh.

19 CUB believes that the proposed rate design for residential customers is
20 reasonable. Under this design, residential rates would be based on two blocks of usage
21 rather than three, and the highest block (above 1000 kWh/month) is set near the marginal
22 cost of energy in order to send better price signals to customers and to the energy
23 efficiency professionals who help customers evaluate the cost effectiveness of various
24 energy efficiency investments.

1 Overall, CUB believes that the settlement is reasonable. The rate increase
2 associated with the settlement is driven by capital investments which will be used to
3 benefit customers. While the settlement continues the use of RMA subsidies, it makes
4 progress towards reducing the subsidies paid by residential customers. Finally the rate
5 design should encourage investment in residential energy efficiency which will benefit
6 both the PacifiCorp system and the environment.

7 ICNU

8 **Q. Please explain why ICNU believes that the Commission should approve the**
9 **Stipulation.**

10 A. ICNU believes that this settlement is a reasonable compromise of the positions of the
11 Parties. It is in the interests of ICNU's members to avoid litigation when possible and to
12 ensure no further rate related filings until March 1, 2011. While this settlement represents
13 a significant rate increase that will harm customers in the current difficult economic
14 circumstances, ICNU hopes that this will allow PacifiCorp to manage its costs and allow
15 for a period of rate stability. ICNU believes that the settlement results in a revenue
16 requirement increase that will produce sufficient, fair, just and reasonable rates.

17 **Q. Please describe ICNU's analysis of the Company's rate filing and the reasons for**
18 **ICNU's support of the Stipulation.**

19 A. ICNU witness Randall Falkenberg reviewed resource prudence issues, and issues related
20 to PacifiCorp's treatment of renewable energy credits. ICNU witness Donald
21 Schoenbeck reviewed rate spread and design issues. ICNU witness Michael Gorman
22 reviewed cost of capital issues. ICNU witness Greg Meyer reviewed administrative and
23 general and operations and maintenance issues. ICNU's witnesses conducted extensive
24 analysis and discovery of the Company's filing. This analysis supports the stipulated rate

1 increase at an average basis as a fair and reasonable resolution of the issues in this
2 proceeding.

3 Based on existing legal and regulatory standards and mandates that apply to
4 PacifiCorp, ICNU views much of the rate increase as “unavoidable.” Many of the cost
5 increases associated with this rate increase are the result of the Company’s decision to
6 make early investments in renewable energy, which are ultimately required by Senate
7 Bill 838, Oregon’s renewable portfolio standard (“RPS”). Other significant investments
8 are the result of the Company’s investments to serve its load in Utah. Although a portion
9 of the overall rate increase is unrelated to service to Oregon ratepayers, the Commission
10 has previously authorized the Company to allocate a portion of their costs to Oregon
11 under the Revised Protocol, which is PacifiCorp’s interstate cost allocation methodology.
12 ICNU is not challenging the Revised Protocol in this proceeding, but reserves the right to
13 raise issues of interstate cost allocation in the future.

14 The analysis of ICNU witness Don Schoenbeck demonstrated that PacifiCorp’s
15 filed rate spread unnecessarily harms, and allocates too many costs to, industrial
16 customers. Industrial loads are significantly declining in Oregon and are not causing
17 PacifiCorp to increase its costs or make new investments. ICNU’s position of supporting
18 industrial customers receiving the near-average increase is for this case only as we
19 believe the data supports a different rate design. Supporting the Stipulation in this case is
20 in the interest of reaching a compromise.

Wal-Mart

Q. Please explain why Wal-Mart believes that the Commission should approve the Stipulation.

A. Settlements in general are a product of give-and-take between numerous parties with diverse interests. The settlement process, if successful, greatly aids in administrative efficiency, which can reduce costs to all parties and ratepayers. This stipulation balances the interests of all of the Parties, results in reasonable rates, and is in the public interest.

Kroger

Q. Please explain why Kroger believes that the Commission should approve the Stipulation.

A. The Stipulation results in a reasonable rate increase to the Company that takes into account the financial needs of the Company and its ratepayers. The rate spread set forth in the Stipulation represents a balancing of the factors used by the Commission to set rates, including cost-of-service, fairness, economic conditions in the service territory, gradualism, and rate stability. The rate design component of the Stipulation is also reasonable. Rates should be designed to correctly reflect costs and to provide for revenue collection within customer classes that is fair and reasonable. The rate design in the Stipulation takes appropriate steps in the direction of aligning rate components with customer-related, demand-related, and energy-related costs and expresses a commitment toward moving toward cost-based rate design in future proceedings. Taken together, the Stipulation produces reasonable rates. Kroger recommends that the Commission approve the Stipulation in its entirety.

1 **Conclusion**

2 **Q. What action do you recommend the Commission take with respect to the**
3 **Stipulation?**

4 A. For the reasons discussed above, we recommend that the Commission find that this
5 Stipulation is in the public interest and would produce rates that are fair, just,
6 reasonable, and sufficient. Accordingly, we recommend that the Commission adopt this
7 Stipulation in its entirety.

8 **Q. What do the Parties recommend?**

9 A. The Parties recommend that the Commission adopt the Stipulation and include the terms
10 and conditions in its order in this case.

11 **Q. Does this conclude your testimony in support of the Stipulation?**

12 A. Yes.

13

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:

PACIFICORP, dba PACIFIC POWER's

Request for a General Rate Revision.

Exhibit Joint Testimony/101

Staff Summary Testimony

July 2010

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Deborah Garcia. I am a Senior Revenue Requirement Analyst in
4 the Electric & Natural Gas Revenue Requirements section of the Public Utility
5 Commission of Oregon. My business address is 550 Capitol Street NE,
6 Suite 215, Salem, Oregon 97301-2551.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**
8 **EXPERIENCE.**

9 A. My Witness Qualification Statement is found in Exhibit Joint Testimony/102.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. The purpose of my testimony is to two-fold. First, I explain Staff's intent in
12 providing summary testimony in support of the UE 217 Stipulation. Next, I
13 include each Staff Witness's summary testimony, including my own.

14 **Q. WHY DID STAFF CHOOSE TO PROVIDE SUMMARY TESTIMONY IN**
15 **SUPPORT OF THE STIPULATION FROM THE STAFF MEMBERS WHO**
16 **REVIEWED PACIFICORP'S FILING?**

17 A. In this proceeding, Staff and the other Parties were able to reach a stipulated
18 agreement in advance of filing testimony. This testimony identifies which areas
19 of PacifiCorp's filing each Staff person reviewed and confirms that their findings
20 lead to support of the stipulation.

21

1 **Q. IS THIS THE PROCEDURE THAT STAFF HAS FOLLOWED IN SUPPORT**
2 **OF OTHER STIPULATIONS IN THE PAST?**

3 A. No. Previously, Staff's revenue requirement summary witness has added
4 general information to the stipulating parties' joint testimony about why Staff is
5 in support. However, the Commissioners have requested Staff, along with the
6 other Parties to a stipulation, provide additional detail in the record.

7 **Q, PLEASE PROVIDE A TABLE THAT LISTS THE STAFF WITNESSES AND**
8 **INCLUDE THE PAGE NUMBER WHERE EACH TESTIMONY SUMMARY**
9 **BEGINS.**

10 A. All Witness Qualifications are located in Exhibit Joint Testimony/102:

Witness	Page Number
Deborah Garcia	2
Steve Storm	4
Dustin Ball	8
Mike Dougherty	9
Ed Durrenberger	11
Ming Peng	12
Judy Johnson	13
Paul Rossow	13
Matthew Muldoon	14
Irina Phillips	15
George Compton	16

11 **Q. PLEASE RESTATE YOUR NAME AND OCCUPATION.**

12 A. My name is Deborah Garcia. I am employed as a Senior Revenue
13 Requirement Analyst in the Electric and Natural Gas Division.

1 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

2 A. I created a model designed to analyze and verify PacifiCorp's proposed
3 revenue requirement related to its proposed 2011 calendar test year. The test
4 year was calculated by applying a series of positive and negative adjustments
5 to the Company's adjusted results of operations for the 12-month period ending
6 June 30, 2009 (base year). Using the same model, I also verified the revenue
7 requirement resulting from the stipulation in this case.

8 I reviewed the following Company-proposed specific positive and negative
9 adjustments to the base year: Miscellaneous General Expense; Wages &
10 Salaries; Removal of Non-Recurring Entries; Removal of New Tariff Riders;
11 Oregon Intervenor Funding; Interest True-Up; Plant Held for Future Use; and,
12 Removal of Rolling Hills. I also reviewed the level of Advertising included in
13 the 2011 test year to ensure compliance with OAR 860-026-0022(3).¹

14 To inform my analysis of the above areas, I issued data requests and
15 reviewed the Company's responses, as well as the responses to data requests
16 submitted by other Parties that were related to those areas. I also had multiple
17 telephone conversations with PacifiCorp staff for purposes of clarification.

18 **Q. AS A RESULT OF YOUR REVIEW, DID YOU PROPOSE ANY CHANGES**
19 **TO THE COMPANY'S TEST YEAR?**

20 A. Yes. I proposed a reduction to the test year revenue requirement associated
21 with labor-related expense including wages and salaries, number of full time
22 equivalent positions, overtime, incentives and corresponding payroll tax.

¹ OAR 860-026-0022, Presumptions of Reasonableness of Advertising Expenses in Utility Rate Cases (3) defines the level of advertising presumed just and reasonable for rate-making purposes.

1 **Q. DO YOU SUPPORT THE MISCELLANEOUS O&M REDUCTIONS**
2 **INCLUDED IN THE STIPULATED ADJUSTMENT WHICH DECREASES**
3 **REVENUE REQUIREMENT BY \$20.9 MILLION?**

4 A. Yes. The stipulated adjustment includes a reduction to labor-related expenses
5 that results in a fair and reasonable level to be included in rates.

6 **Q DO YOU PROPOSE ANY ADJUSTMENTS TO ANY OTHER AREAS OF**
7 **THE COMPANY'S 2011 TEST YEAR RESULTS OF OPERATIONS?**

8 A. No.

9 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

10 A. My name is Steve Storm. I am employed as Program Manager of the
11 Economic and Policy Analysis Section.

12 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

13 A. I reviewed those portions of PacifiCorp's filing pertaining to the Company's
14 proposed costs of capital, including the cost of common equity and capital
15 structure. Jorge Ordonez conducted Staff's review of the Company's proposed
16 costs of long-term debt and of preferred stock.

17 **Q. DO YOU SUPPORT THE 8.08 PERCENT RATE OF RETURN (ROR) IN**
18 **THIS STIPULATION, WHICH DECREASES THE COMPANY'S REVENUE**
19 **REQUIREMENT BY \$20.3 MILLION?**

20 A. Yes. Staff submitted 83 data requests related to PacifiCorp's cost of capital and
21 conducted substantial analysis on the Company's cost of capital and capital
22 structure. With respect to the cost of common equity and capital structure, I

1 developed information on comparable electric utilities and estimates of the
2 forward-looking costs of common equity for each comparable company under
3 multiple scenarios of potential future rates of growth. With respect to
4 PacifiCorp's cost of long-term debt and cost of preferred stock, Mr. Ordonez
5 developed independent analyses of the cost of the Company's embedded and
6 pro forma long-term debt relative to the 2011 test year and of the embedded
7 cost of the Company's preferred stock.

8 **Q. THE STIPULATED ROR AND NOTIONAL VALUES² OF THE COST OF**
9 **CAPITAL COMPONENTS, INCLUDING CAPITAL STRUCTURE, ARE THE**
10 **SAME AS THOSE AUTHORIZED IN ORDER NO. 10-022 ISSUED JANUARY**
11 **26, 2010. WHAT HAS CHANGED SINCE THAT TIME?**

12 A. This proceeding's Prehearing Conference Report issued March 18, 2010,
13 stated that the Commission "will be looking for evidence of a material change in
14 the markets, a change in circumstances, or some other good cause before it
15 will be inclined to change the Company's existing 10.125 percent ROE." This
16 notional value of ROE was included in Order No. 10-022, issued January 26,
17 2010.

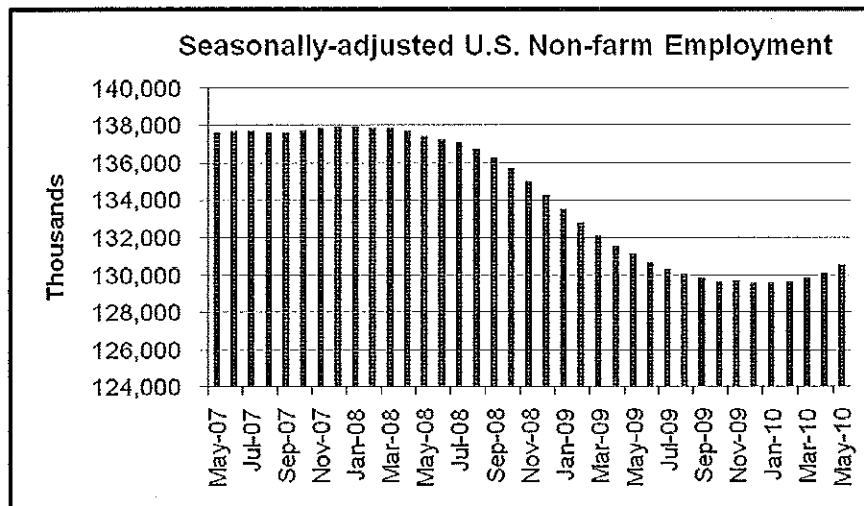
18 To assess for "change" I considered a measure of interest rates and two
19 monthly measures of U.S. economic activity: (1) real personal income less
20 transfer payments and (2) non-farm payroll employment. These latter two
21 measures are the monthly series emphasized by the National Bureau of

² Notional, in this context, does not mean "fanciful" or "not based on fact." I refer to the values as notional to indicate that the Parties do not agree on the specific numbers underlying the rate of return of 8.08 percent, but understand that establishing values is necessary for regulatory purposes and that these values will be used for Oregon regulatory purposes.

Economic Research's (NBER) Business Cycle Dating Committee in determining business cycle turning points.³

Current market costs of debt appear to be similar to those prevailing in January 2010, as measured by yields on Moody's seasoned Baa corporate bonds. June yields through the 24th include a daily low of 6.15 percent and a daily high of 6.37 percent; this range is very similar to the 6.13 to 6.39 percent range for January, 2010. This is indicative of relevant credit markets not having materially changed between the months of January and June, 2010.

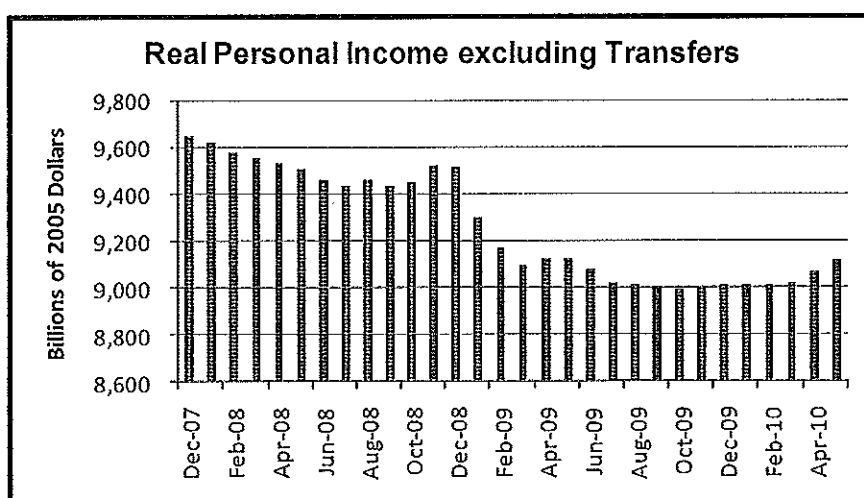
Parties filed the Docket No. UE 210 Stipulation on September 25, 2009. This was the 22nd month of the recession which began December, 2007, and the level of seasonally adjusted U.S. non-farm employment continued to decline through December, 2009. This measure of national economic health has, as of this writing, increased in every month of 2010, as shown in the following chart:



Source: Bureau of Labor Statistics

³ See NBER's October 31, 2003 statement at <http://www.nber.org/cycles/recessions.html>.

1 The second monthly series emphasized by the NBER's Business Cycle
2 Dating Committee is real personal income excluding transfer payments, on a
3 seasonally-adjusted annual rate (SAAR) basis. As indicated in the following
4 chart, this measure appears to have "bottomed-out" in October, 2009, and
5 has increased every month since (with the exception of February, 2010).



6 Source: Bureau of Economic Analysis

7 The nascent U.S. economic recovery suggested by these two monthly
8 data series does not, in the context of an all party settlement of revenue
9 requirement issues in Docket No. UE 217, make the same 8.08 percent rate
10 of return in Docket No. UE 210 obsolete with respect to the establishment of
11 rates that are fair and just for this proceeding's future test year of 2011. While
12 some level of uncertainty as to the "when" of recovery appears to have been
13 resolved, I view this as insufficient change to recommend an ROR differing
14 from the current 8.08 percent.

1 Q. DO YOU SUPPORT THE USE OF THE SAME NOTIONAL VALUES OF
2 THE COST OF CAPITAL COMPONENTS, INCLUDING CAPITAL
3 STRUCTURE, IN THIS STIPULATION AS WERE USED BY THE
4 STIPULATING PARTIES IN DOCKET NO. UE 210?

5 A. Yes. These values are included in the following table:

Stipulated ROR and Notional Values of Capital Cost Components			
Capital Component	Percent of Capitalization	Component Cost	Weighted Cost
Long-term Debt	48.7%	5.960%	2.90%
Preferred Stock	0.3%	5.410%	0.02%
Common Equity	51.0%	10.125%	5.16%
Total / Rate of Return	100.0%		8.08%

7 Q. PLEASE STATE YOUR NAME AND OCCUPATION.

8 A. My name is Dustin Ball. I am employed as a Senior Financial Analyst,
9 Corporate Analysis and Water Regulation Section, in the Economic Research
10 and Financial Analysis Division.

11 Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?

12 A. I reviewed PacifiCorp's A&G expenses, insurance costs, pension and benefit
13 expenses, and taxes other than income.

14 Q. DO YOU SUPPORT THE MISCELLANEOUS A&G REDUCTIONS
15 INCLUDED IN THE STIPULATED ADJUSTMENT WHICH DECREASES
16 REVENUE REQUIREMENT BY \$20.9 MILLION?

17 A. Yes. Included in this adjustment were decreases associated with medical and
18 dental benefits, FAS 87 pension expense, FAS 106 post retirement benefits,

1 PacifiCorp's 401(k) plan, and workers compensation insurance, an allowance
2 for low claims insurance bonus and various meals and entertainment
3 expenses. The stipulated adjustment represents a fair and reasonable level of
4 expenses to be included in rates.

5 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

6 A. My name is Michael Dougherty. I am the Program Manager for the Corporate
7 Analysis and Water Regulation Section.

8 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

9 A. I reviewed PacifiCorp's Transmission & Distribution Operations and
10 Maintenance (O&M) expenses, the revenue credit concerning the 2008 and
11 2009 sales of Oregon-allocated Renewable Energy Certificates (RECs) that
12 were ineligible for compliance with Oregon's Renewable Portfolio Standard
13 (RPS), and Information Technology capital expenses.

14 **Q. DO YOU SUPPORT THE STIPULATED MISCELLANEOUS O&M**
15 **REDUCTIONS CONCERNING TRANSMISSION AND DISTRIBUTION**
16 **EXPENSES?**

17 A. Yes. Included in the \$20.9 million adjustment were decreases associated with
18 transmission and distribution O&M costs including meals and entertainment
19 expenses, escalation expenses, and Construction Work in Progress (CWIP)
20 write-off expenses. The adjustment amounts are embedded in the \$20.9
21 million adjustment decrease to revenue requirement.
22

**Q. DO YOU SUPPORT THE \$2.6 MILLION REVENUE CREDIT
CONCERNING RPS NON-ELIGIBLE RECS?**

A. Yes. The \$2.6 million revenue credit reflects the 2008 and 2009 gains from the sale of Oregon-allocated RECs ineligible for compliance with Oregon's RPS that were sold prior to the Commission's approval of the Company's application in Docket UP 260 on June 8, 2010. I specifically requested data concerning these sales and agree that \$2.6 million is the correct amount to be applied as a revenue credit. I also support PacifiCorp's agreement to commence sales of Oregon-allocated RECs that are ineligible for compliance with Oregon's RPS; to record the net proceeds of such sales in the Company's property sales balancing account; and to begin amortization of these proceeds through the Property Sales Balancing Account Adjustment, Schedule 96, beginning on January 1, 2011, concurrent with the rate change in this case. This treatment is consistent with Commission Order No. 10-210 (UP 260).

**Q. DO YOU SUPPORT THE PARTIES' AGREEMENT TO SEEK A POLICY
DETERMINATION FROM THE COMMISSION ON THE SALE OF
OREGON-ALLOCATED, RPS-ELIGIBLE RECS GENERATED IN 2011?**

A. Yes. I support the Parties' agreement to seek a policy determination from the Commission on the sale of Oregon-allocated, RPS-eligible RECs generated in 2011. Staff from both the Electric Rates and Planning and Corporate Analysis sections will fully participate in the docket.

1 **Q. DID YOU RECOMMEND AN ADJUSTMENT TO THE COMPANY'S**
2 **INFORMATION TECHNOLOGY CAPITAL EXPENSES?**

3 A. No.

4 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

5 A. My name is Ed Durrenberger. I am employed as a Senior Resource and
6 Market Analyst in the Electric and Natural Gas Division.

7 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

8 A. I reviewed PacifiCorp's Pro Forma Plant Additions to Steam Plant, Hydro Plant,
9 Other Plant, Distribution and General Plant as well as Non-Labor Plant
10 operating and maintenance (O&M) costs.

11 **Q. DO YOU SUPPORT THE ADJUSTMENTS TO PLANT ADDITIONS AND**
12 **O&M COSTS?**

13 A. Yes. I reviewed pro forma capital additions and non-labor O&M as noted above
14 and proposed adjustments in some of these categories. Although not all of the
15 adjustments that I proposed were adopted in their entirety, I had an opportunity
16 to represent my position in the settlement conference and to collaborate with
17 other parties in developing the overall adjustment to pro forma capital additions
18 to rates and to non-labor O&M. I agree that the stipulation signed by all parties
19 represents a resolution that provides for a reasonable level of capital costs and
20 expenses to be included in rates.

21

1 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

2 A. My name is Ming Peng. I am employed as a Senior Economist in the Economic
3 and Policy Analysis Section of the Economic Research and Financial Analysis
4 Division.

5 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

6 A. I reviewed the depreciation expense and depreciation reserve portions of the
7 Company's filing as documented by witness R. Bryce Dalley in Exhibit
8 PPL/1100.

9 **Q. DO YOU SUPPORT THE REVENUE REQUIREMENT IN THE**
10 **STIPULATION?**

11 A. Yes. Along with this docket, UE 219 is ongoing for the purpose of deriving
12 new depreciation schedules with respect to the Klamath Dams. The new
13 depreciation schedules, pursuant to Oregon Revised Statute 757.734(1), are
14 to be effective January 1, 2011, and reflected in rates resulting from the
15 Company's current general rate case proceeding, Docket No. UE 217. The
16 revenue requirement stipulated to in UE 217 results in the same revenue
17 requirement for the test period as that which would occur from the
18 depreciation schedule Staff recommends be specified in UE 219. While staff
19 does not support the depreciation rates used by the company in UE 217,
20 nevertheless the final dollar amount is the same as if the correct depreciation
21 schedule (from UE 219) were used.

22

1 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

2 A. My name is Judy Johnson. I am employed as the Manager of Revenue
3 Requirement in the Electric and Natural Gas Section of the Utility Program.

4 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

5 A. I reviewed PacifiCorp's revenues, irrigation load control, BPA residential
6 Exchange, amortization expense, Amortization reserve, Environmental
7 settlement, customer advances for construction, plant retirements, customer
8 accounts expense, and working capital.

9 **Q. DO YOU SUPPORT THE STIPULATED ADJUSTMENTS IN THESE**
10 **AREAS?**

11 A. Yes. The stipulated adjustments represent a fair and reasonable level of
12 expenses to be included in rates.

13 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

14 A. My name is Paul Rossow. I am employed as a Utility Analyst in the Revenue
15 Requirements Section under the Electric and Natural Gas Division of the Utility
16 Program.

17 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

18 A. I reviewed PacifiCorp's Other Revenues including Wheeling Revenues,
19 Memberships and Subscriptions, Uncollectible Expense, Materials and
20 Supplies, Miscellaneous Deferred Debits, Pro Forma General Plant Additions,
21 and Pro Forma Intangible Plant Additions excluding Information Technology.

22 **Q. DID YOU PROPOSE ANY ADJUSTMENTS?**

1 A. My proposed adjustments were subsumed by other Staff adjustments in a
2 collaborative effort to avoid double-counting, thereby ensuring that Staff-
3 proposed adjustment levels were appropriate.

4 **Q. DO YOU SUPPORT THE STIPULATION?**

5 A. Yes. Following my rigorous review of the Company's filing and responses to
6 data requests related to the above areas, I find that the stipulated revenue
7 requirement appropriately reflects the revenues, expenses, and rate base
8 additions I reviewed.

9 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

10 A. My name is Matthew Muldoon. I am employed as a Senior Economist in the
11 Economic Research and Financial Analysis Division of the Utility Program.

12 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

13 A. I reviewed PacifiCorp's test year revenue, billing determinants and
14 transmission costs. My review included 20 detailed data requests focusing on
15 transmission costs which addressed both direct purchasing by PacifiCorp as
16 well as contracts with other parties for the engineering, procurement of
17 materials, and construction (EPC) of electric transmission.

18 **Q. DO YOU SUPPORT POPULUS TO TERMINAL TRANSMISSION LINE**
19 **STIPULATION PROVISIONS INCLUDING:**

20 **1. REVENUE REQUIREMENT WILL REFLECT AN OREGON ALLOCATED**
21 **\$500,000 FOR ANTICIPATED COST REDUCTIONS.**

1 **2. AFTER THE LINE IS IN SERVICE PACIFICORP WILL UPDATE THE**
2 **REVENUE REQUIREMENT TO REFLECT ACTUAL COSTS IF THE**
3 **UPDATE REDUCES REVENUE REQUIREMENT MORE THAN AN**
4 **OREGON ALLOCATED \$500,000.**

5 A. Yes. Following rigorous investigation, I find these provisions are reasonable
6 and ensure Oregon ratepayers will realize at least an Oregon allocated
7 \$500,000 in transmission revenue requirement savings.

8 **Q. PLEASE STATE YOUR NAME AND OCCUPATION.**

9 A. My name is Irina Phillips. I am employed as an Economist in the Economic and
10 Policy Analysis Section of the Economic Research and Financial Analysis
11 Division.

12 **Q. WHAT AREAS OF PACIFICORP'S FILING DID YOU REVIEW?**

13 A. I reviewed PacifiCorp's weather-normalization methodology and the
14 Company's 2011 test year load forecast. I issued 16 data requests regarding
15 these areas and reviewed multiple Company responses to data requests in
16 these areas submitted by other Parties. I also reviewed the Company's inter-
17 jurisdictional allocation factors.

18 **Q. AS A RESULT OF YOUR REVIEW, DO YOU PROPOSE ANY CHANGES**
19 **TO THE COMPANY'S WEATHER-NORMALIZATION METHODOLOGY,**
20 **AS USED IN DEVELOPING THE COMPANY'S 2011 TEST YEAR LOAD**
21 **FORECAST?**

22 A. No.

1 Q. DO YOU PROPOSE ANY CHANGES TO THE COMPANY'S INTER-
2 JURISDICTIONAL ALLOCATION FACTORS, AS APPLIED TO THE 2011
3 TEST YEAR?

4 A. No.

5 Q DO YOU PROPOSE ANY ADJUSTMENTS TO THE COMPANY'S 2011
6 TEST YEAR LOAD AND CUSTOMERS' SALES FORECAST?

7 A. No.

8 Q. PLEASE STATE YOUR NAME AND OCCUPATION.

9 A. My name is George R. Compton. I am a Senior Economist, employed three-
10 quarter time by the Economic Research & Financial Analysis Division (ERFA).
11 I represent the OPUC staff (Staff) in this docket regarding the subjects of rate
12 spread and rate design.⁴

13 Q. DO YOU SUPPORT THE RATE SPREAD AND RATE DESIGN ELEMENTS
14 OF THE STIPULATION?

15 A. I do.

16 Q. WITH FEW EXCEPTIONS, THE STIPULATION REGARDING THOSE
17 SUBJECTS REAFFIRMED WHAT PACIFICORP HAD PROPOSED IN ITS
18 ORIGINAL APPLICATION IN THIS DOCKET. WHAT WERE NOTABLE
19 EXCEPTIONS IN YOUR ESTIMATION?

⁴ "Rate spread" refers to the assignment of respective portions of the overall utility revenue requirement to the various customer schedules. "Rate design" refers to the individual tariff pricing components which combine to recover the customer schedules' assigned revenue targets.

1 A. The main exceptions were in the RMA (rate mitigation adjustment) and the
2 residential rate design.

3 **Q. PLEASE EXPLAIN THE RMA EXCEPTION.**

4 A. Historically, the RMA has served two functions—avoiding super-large
5 increases for certain schedules and allowing all or most of the major
6 schedules to receive the same percentage rate increase. Both functions were
7 manifest in PacifiCorp's original application. The stipulation reduces the
8 operation of the second function—meaning that most schedules have final
9 spread outcomes that come closer to their cost-of-service results.

10 **Q. PLEASE EXPLAIN THE RESIDENTIAL RATE DESIGN EXCEPTION.**

11 A. Rate simplicity is fostered by going from a three-block inverted rate design to
12 a two-block inverted design. Both structures have the tail-block beginning at
13 1000 kWhs per month. Limiting the BPA credit (Schedule 98) to the first 1000
14 kWhs of consumption accomplishes the following two objectives: 1) Staff
15 believes that the credit should not go to an unlimited amount of consumption.
16 One thousand kWhs is a magnitude that is fairly close to the average monthly
17 consumption, and lines up with what has long been the tail-block demarcation
18 point. 2) The 1000 kWh limit allows the conservation-promoting price signal
19 (i.e., the gap between the tail-block rate and the preceding rate) to be
20 stronger than otherwise. The Staff's ongoing focus on the 1000 kWh price
21 signal is due to the observation that for the large majority of residential
22 customers, basic non-space-conditioning consumption accounts for
23 something less than 1000 kWhs per month. Winter and summer space-

1 conditioning will typically take usage beyond that level, with that incremental
2 demand constituting important drivers behind the utility's need for adding
3 expensive capacity resources.

4 **Q. DOES THAT CONCLUDE STAFF'S TESTIMONY IN SUPPORT OF THE**
5 **JOINT STIPULATION?**

6 **A. Yes.**

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:

PACIFICORP, dba PACIFIC POWER's

Request for a General Rate Revision.

Exhibit Joint Testimony/102

Qualifications of Staff Witnesses

July 2010

WITNESS QUALIFICATION STATEMENT

NAME: Deborah A. Garcia

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Revenue Requirement Analyst

ADDRESS: 550 Capitol St NE, Suite 215, Salem, Oregon 97308-2148

EDUCATION:

- Western Utility Rate School, San Diego, California. (2002)
- National Association of Regulatory Commissioners' Annual Regulatory Studies Program. (2000)
- National Association of Regulatory Utility Commissioners' Annual Regulatory Studies Program at Michigan State University. (2000)
- Certificate in Mediation Training (1994)
- College-level coursework in financial accounting, business law, business management, and economics.

EXPERIENCE:

Sr. Revenue Requirement Analyst --Public Utility Commission of Oregon - Lead accounting witness for revenue requirement in various proceedings. (2007 - Present)

Utility Analyst -- Public Utility Commission of Oregon - Focus on utility policies, natural gas purchased gas adjustment issues, utility territory allocation issues, consumer issues, tariff review, promotional concessions, rate case review & witness, and rulemakings. (2002 - 2007)

Research Analyst -- Public Utility Commission of Oregon - Focus on SB 1149 implementation, rulemaking, various utility and electric service supplier policies, including certification of electric service suppliers, tariff review, rate case review & witness. (2000 -2002)

Compliance Specialist -- Public Utility Commission of Oregon - Handled consumer complaints, liaison between the public, regulated utilities and various Commission staff, reviewed proposed tariffs, administrative rules, and policies with an emphasis on potential impact to consumers. Identified trends, services, and policies where no statute, rule or precedent applied and recommended appropriate action. (1992 – 2000)

WITNESS QUALIFICATION STATEMENT

NAME: Steven T. Storm

EMPLOYER: Public Utility Commission of Oregon

TITLE: Program Manager, Economic and Policy Analysis

ADDRESS: 550 Capitol Street, NE Suite 215, Salem, Oregon 97301-2148

EDUCATION:

- M.B.A. University of Oregon; Eugene, Oregon
- A.B. (Economics); Harvard; Cambridge, Massachusetts

EXPERIENCE:

Employed by the Public Utility Commission of Oregon since October 2007, I am currently Program Manager of the Economic and Policy Analysis Section. My responsibilities include leading a team of analysts engaged in economic and financial research and providing technical support on a wide range of policy issues involving electric, natural gas, and telecommunications utilities. I have testified before the Commission on policy and technical issues in multiple dockets.

Prior regulatory experience includes four years in which my responsibilities included developing responses to data requests regarding the financial analysis of new products and services at US WEST Communications.

OTHER EXPERIENCE:

I was a self-employed financial planner for eight years following an 18 year career in management positions engaged in pricing and cost analysis; financial analysis, planning and management; and strategic planning in the publishing and telecommunications industries. I managed the pricing (rate spread and rate design) and cost accounting functions in the Directory department of Pacific Northwest Bell and its successor company, US WEST Direct for 5 years. I was responsible for departmental budgeting and management reporting functions for three years at US West Direct and was responsible for corporate financial planning, analysis, and management reporting for one year at Electric Lightwave.

Additional experience includes seven years in capital budgeting, financial analysis, and strategic planning functions at US West Communications.

WITNESS QUALIFICATION STATEMENT

NAME: Dustin Ball

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Financial Analyst

ADDRESS: 550 Capitol Street NE, Suite 215, Salem, Oregon 97308-2148.

EDUCATION:

Bachelor of Science, Business focusing in Accounting, Western Oregon University
(2003)

EXPERIENCE:

Employed with the Oregon Public Utility Commission since August 2007. I am a Senior Financial Analyst for the Economic Research & Financial Analysis Division.

Employed by the Oregon Real Estate Agency as a Financial Investigator in the Regulations Division from January 2006 to August 2007.

Employed by the Oregon Department of Revenue as an Income Tax Auditor, in the Personal Tax and Compliance Section from January 2004 to January 2006.

Licensed Tax Consultant in the State of Oregon.

WITNESS QUALIFICATION STATEMENT

NAME: Michael Dougherty

EMPLOYER Public Utility Commission of Oregon

TITLE: Program Manager, Corporate Analysis and Water Regulation

ADDRESS: 550 Capitol St. NE, Suite 215 Salem, Oregon 97308-2148

EDUCATION:

- Master of Science, Transportation Management, Naval Postgraduate School, Monterey CA
- Bachelor of Science, Biology and Physical Anthropology, City College of New York

EXPERIENCE:

Employed with the Oregon Public Utility Commission from June 2002 to present, currently serving as the Program Manager, Corporate Analysis and Water Regulation. Also serve as Lead Auditor for the Commission's Audit Program.

Performed a five-month job rotation as Deputy Director, Department of Geology and Mineral Industries, March through August 2004.

Employed by the Oregon Employment Department as Manager - Budget, Communications, and Public Affairs from September 2000 to June 2002.

Employed by Sony Disc Manufacturing, Springfield, Oregon, as Manager - Manufacturing, Manager - Quality Assurance, and Supervisor - Mastering and Manufacturing from April 1995 to September 2000.

Retired as a Lieutenant Commander, United States Navy. Qualified naval engineer.

Member, National Association of Regulatory Commissioners Staff Sub-Committee on Accounting and Finance.

WITNESS QUALIFICATION STATEMENT

NAME: Ed Durrenberger

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Utility Analyst

ADDRESS: 550 Capitol St. NE, Suite 215, Salem, Oregon 97308-2148

EDUCATION:

B.S. Mechanical Engineering
Oregon State University, Corvallis, Oregon

EXPERIENCE:

I have been employed at the Oregon Public Utility Commission of since February of 2004. My current responsibilities include staff research, analysis and technical support on a wide range of electric and natural gas cost recovery issues with an emphasis on electricity and fuel costs.

OTHER EXPERIENCE:

I worked for over twenty years in industrial boiler plant engineering, maintenance and operations. In this capacity I managed plant operations, fuel supplies and utilities, environmental compliance issues and all aspects of boiler machinery design, installation and repair.

I have also worked as a Production Manager and Machine Shop Manager in an ISO certified high tech equipment manufacturing plant that served the silicon wafer fabrication and biomedical business sectors.

WITNESS QUALIFICATION STATEMENT

NAME: Ming Peng

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Economist

ADDRESS: 550 Capitol St. NE, Suite 215, Salem, Oregon 97308-2148

EDUCATION:

- Depreciation studies -Society of Depreciation Professionals - 2008
- Certified Rate of Return Analyst (CRRRA)
Society of Utility and Regulatory Financial Analysts - 2002
- NARUC Annual Regulatory Studies Program
Michigan State University, East Lansing - 1999
- Master of Science, Agricultural Economics
University of Idaho, Moscow - 1990
- Bachelor of Science, Statistics
People's University of China, Beijing - 1983

EXPERIENCE:

Senior Economist - Public Utility Commission of Oregon Review utility filings; testify as an expert witness in numerous proceedings on issues related to depreciation, cost of debt capital, financial and risk analysis on merger and acquisition dockets, electricity load and price forecasting, sampling design for revenue issues. Work functions have also included weather normalization, public utility auditing, interest rate reporting, and market competition survey and analysis for telecom industry. (1999 – Present)

Industry Analyst - Weyerhaeuser Company Forecasted product demand, price trends, and price elasticity. Established the process (specific methods and techniques) for market, investment and economic analyses. Activities included using a wide variety of analytical techniques. (1996-1998)

Economist (Natural Resources) - Idaho Department of Water Resources - Conducted economic research. Developed analysis in evaluating policy and planning alternatives;

determined the financial and economic feasibility of proposed natural resource projects using economic modeling and investment analysis. (1992-1996)

WITNESS QUALIFICATION STATEMENT

NAME: Judy A. Johnson

EMPLOYER: Public Utility Commission of Oregon

TITLE: Program Manager – Rates and Tariffs

ADDRESS: 550 Capitol St. NE, Suite 215, Salem, Oregon 97308-2148

EDUCATION:

- MBA with an emphasis in Statistics
Eastern Washington University, Cheney, Washington
- BA in Accounting
Eastern Washington University, Cheney, Washington

EXPERIENCE:

I have been employed by the Oregon Public Utility Commission since March of 1995. My current position is Program Manager of Rates & Tariffs. I was previously a Senior Analyst for the Revenue Requirements Section. (3/95 - Present)

I was employed by Avista Corporation, an electric and natural gas utility located in Spokane, Washington. The majority of my employment was spent in the Rates and Regulatory Affairs Department as a Senior Rate Analyst. I have prepared testimony and exhibits in numerous electric and natural gas rate cases, primarily in the area of results of operations and cost of service. (6/77 - 2/95)

WITNESS QUALIFICATION STATEMENT

NAME: Paul Rossow

EMPLOYER: Public Utility Commission of Oregon

TITLE: Utility Analyst

ADDRESS: 550 Capitol Street NE, Suite 215, Salem, Oregon 97308-2148.

EDUCATION:

Professional Accounting and Computer Application Diplomas
Trend College of Business 1987

EXPERIENCE:

I have been employed with the Public Utility Commission of Oregon as a Utility Analyst since October of 2002. Current responsibilities include research issues relating to energy utilities. I have actively participated in regulatory proceedings in Oregon, including UE 147, UE 167, UE 170, UE 179, UE 180, UE 197, UE 210, UE 213, UE 215, UG 152, UG 153, UG 181, and UG 186.

I have attended the Utility Rate School sponsored by the Committee on Water of the National Association of Regulatory Utility Commissioners in May of 2005 and the Institute of Public Utilities sponsored by the National Association of Regulatory Utility Commissioners at Michigan State University in August of 2005.

WITNESS QUALIFICATION STATEMENT

NAME: Matthew Muldoon

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Economist

ADDRESS: 550 Capitol Street NE, Suite 215, Salem, Oregon 97308-2148

EDUCATION:

- Masters of Business Administration with Finance Certificate
Portland State University
- Bachelor of Arts
University of Chicago

EXPERIENCE: I have been employed by the OPUC from April of 2008 to the present. My current responsibilities include financial and rate analysis in the Economic Research and Financial Analysis Division of the OPUC's Utility Program, with a focus on electric transmission and wind integration. I participate in regional and sub-regional planning including the Northern Tier Transmission Group (NTTG) Management, Transportation Use and Cost Allocation Committees, Western Electricity Coordinating Council (WECC) Planning Coordination, Market Interface and Variable Generation Committees and the joint Columbia Grid and NTTG Wind Integration Study Team (WIST).

From 2002 to 2008 I was Executive Director of the Acceleration Transportation Rate Bureau, Inc. (ARB), where I developed new rate structures for surface transportation and created metrics to ensure program success within regulated processes.

I was Vice President of Operations for Willamette Traffic Bureau, Inc. from 1993 to 2002, where I managed tariff rate compilation and analysis. I also developed new information systems and did sensitivity analysis for transportation rate modeling.

I have prepared, presented, and defended formal testimony in contested hearings before the ICC, STB, WUTC and ODOT, and prepared and presented Staff testimony in the BPA WP-10 transmission and generation rate cases. More recently I have analyzed proposed transmission projects in integrated resource plans and rate cases.

WITNESS QUALIFICATION STATEMENT

NAME: Irina Phillips

EMPLOYER: Oregon Public Utility Commission

TITLE: Economist

ADDRESS: 550 Capitol St. NE, Suite 215, Salem, Oregon 97308-2148

EDUCATION:

- Master of Science, Economics
Oregon State University, Corvallis, OR
- Bachelor of Science, Economics and Management
St. Petersburg State University of Economics and Finance, St. Petersburg,
Russia

EXPERIENCE:

Provided testimony or comments in a variety of OPUC dockets, including UM 1431, UE 213, and UG 186. Assisted in Staff review of Integrated Resource Plans (LC48 and LC50).

Between 2005 and 2009, worked as an Adjunct Instructor for Linn-Benton Community College, Albany, OR and Western Oregon University, Monmouth, OR

Between 1996 and 1999, worked as a Financial Analyst for Gillette International LLC, Russian Office, St. Petersburg, Russia

Between 1991 and 1994, worked as a Senior and Chief Accountant for Korex, Fiton and Tandem companies, St. Petersburg, Russia

WITNESS QUALIFICATION STATEMENT

NAME: George R. Compton

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Economist (3/4)

ADDRESS: 550 Capital Street NE, Suite 215, Salem, Oregon 97308-2148

EDUCATION:

- Doctor of Philosophy, Economics (1976)
University of California, Los Angeles (UCLA) – Westwood, CA
- Master of Science, Statistics (1968)
Brigham Young University (BYU) – Provo, UT
- Bachelor of Science, Mathematics and Psychology (1963)
Brigham Young University – Provo, UT

EXPERIENCE:

I have been employed in utility regulation since receiving my Ph.D. in 1976. My primary employer was the Division of Public Utilities, within Utah's Department of Commerce (formerly Business Regulation). I also consulted for a couple of years, early in that period. I testified frequently during my career on rate design, cost-of-service, cost-of-equity, and various policy matters affecting electric, gas, and telephone utilities. While in Utah I also taught economics part-time for about ten years at BYU. Prior to my utility regulatory career I worked in aerospace for eleven years at McDonnell Douglas (now Boeing) in Southern California. I joined the OPUC staff soon after "retiring" to Oregon at the end of 2006. Principal cases of my involvement here have included the IRP/CO2 Risk Guideline (UM 1302), the AVISTA General Rate Case (UG 181), the 2008 PGE General Rate Case (UE 197), the 2009 PacifiCorp General Rate Case (UE 210), and the 2009 Idaho Power Rate Cases (UE 213 & 214).

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:

PACIFICORP, dba PACIFIC POWER's

Request for a General Rate Revision.

Exhibit Joint Testimony/103

Qualifications of Witness Joelle Steward

July 2010

Q. Please state your name, business address and present position with PacifiCorp, dba Pacific Power & Light Company.

A. My name is Joelle Steward. My business address is 825 NE Multnomah St., Suite 2000, Portland, OR 97232. I am employed by PacifiCorp as Regulatory Manager for Oregon.

Q. Briefly describe your education and business experience.

A. I have a Bachelor's degree in political science from the University of Oregon and a Masters degree in public affairs, with a concentration in energy policy, from the Humphrey Institute at the University of Minnesota. I have attended several utility-related seminars and training opportunities including the Center for Public Utilities Rate Design Workshop in 2000 and the National Association of Regulatory Utility Commissioner's Annual Regulatory Studies Program in 2001.

Between 1999 and March 2007, I was employed as a Regulatory Analyst with the Washington Utilities and Transportation Commission (WUTC). Specifically, my work at the WUTC covered demand-side management, low income issues, service quality, reliability, resource planning, cost of service, rate spread, rate design and other analyses of general rate case and tariff filings involving electric and natural utilities regulated by the WUTC.

In March 2007, I became employed by PacifiCorp in my present position.

Q. Have you appeared as a witness in previous regulatory proceedings?

A. Yes. I appeared as a witness in proceedings in Washington and Oregon.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:

PACIFICORP, dba PACIFIC POWER's

Request for a General Rate Revision.

Exhibit Joint Testimony/104

Qualifications of Witness Bob Jenks

July 2010

WITNESS QUALIFICATION STATEMENT

NAME: Bob Jenks

EMPLOYER: Citizens' Utility Board of Oregon

TITLE: Executive Director

ADDRESS: 610 SW Broadway, Suite 308
Portland, OR 97205

EDUCATION: Bachelor of Science, Economics
Willamette University, Salem, OR

EXPERIENCE: Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, and UM 1209. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

MEMBERSHIP: Oregon Energy Planning Council
National Association of State Utility Consumer Advocates
Board of Directors, Environment Oregon Research and Policy Center
Telecommunications Policy Committee, Consumer Federation of America
Electricity Policy Committee, Consumer Federation of America

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:

PACIFICORP, dba PACIFIC POWER's

Request for a General Rate Revision.

Exhibit Joint Testimony/105

Qualifications of Witness Michael Early

July 2010

QUALIFICATIONS OF MICHAEL EARLY

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Michael B. Early and I am the Executive Director of Industrial Customers of Northwest Utilities ("ICNU"). My business address is 333 S.W. Taylor Street, Suite 400, Portland, Oregon, 97204.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND.

A. I received a B.S. from the University of Illinois in 1973, an M.A. from Harvard University in 1975, and a J.D. from Northwestern University in 1978.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.

A. Early in my professional career I represented investor-owned utilities before the Federal Energy Regulatory Commission on electric rate matters. Since 1984, I have represented industrial customers in the Northwest on electric supply, transmission, and rate matters. I became the Executive Director of ICNU in September 2005.

Q. PLEASE DESCRIBE ICNU.

A. ICNU is an incorporated, non-profit association of large industrial electric customers in the Pacific Northwest, with offices in Portland, Oregon. ICNU's PacifiCorp members include companies in the pulp and paper, metal manufacturing, high technology and food processing industries.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:

PACIFICORP, dba PACIFIC POWER's

Request for a General Rate Revision.

Exhibit Joint Testimony/106

Qualifications of Witness Steve W. Chriss

July 2010

Steve W. Chriss

Manager, State Rate Proceedings

Wal-Mart Stores, Inc.

Business Address: 2001 SE 10th Street, Bentonville, AR, 72716-0550

Business Phone: (479) 204-1594

EXPERIENCE

July 2007 – Present

Wal-Mart Stores, Inc., Bentonville, AR

Manager, State Rate Proceedings

June 2003 – July 2007

Public Utility Commission of Oregon, Salem, OR

Senior Utility Analyst (February 2006 – July 2007)

Economist (June 2003 – February 2006)

January 2003 - May 2003

North Harris College, Houston, TX

Adjunct Instructor, Microeconomics

June 2001 - March 2003

Econ One Research, Inc., Houston, TX

Senior Analyst (October 2002 – March 2003)

Analyst (June 2001 – October 2002)

EDUCATION

2001	Louisiana State University	M.S., Agricultural Economics
1997-1998	University of Florida	Graduate Coursework, Agricultural Education and Communication
1997	Texas A&M University	B.S., Agricultural Development
		B.S., Horticulture

TESTIMONY

2010

Indiana Utility Regulatory Commission Cause No. 43374: Verified Petition of Duke Energy Indiana, Inc. Requesting the Indiana Utility Regulatory Commission to Approve an Alternative Regulatory Plan Pursuant to Ind. Code § 8-1-2.5-1, *ET SEQ.*, for the Offering of Energy Efficiency Conservation, Demand Response, and Demand-Side Management Programs and Associated Rate Treatment Including Incentives Pursuant to a Revised Standard Contract Rider No. 66 in Accordance with Ind. Code §§ 8-1-2.5-1 *ET SEQ.* and 8-1-2-42 (a); Authority to Defer Program Costs Associated with its Energy Efficiency Portfolio of Programs; Authority to Implement New and Enhanced Energy Efficiency Programs, Including the Powershare® Program in its Energy Efficiency Portfolio of Programs; and Approval of a Modification of the Fuel Adjustment Clause Earnings and Expense Tests.

Public Utility Commission of Texas Docket 37744: Application of Entergy Texas, Inc. for Authority to Change Rates and to Reconcile Fuel Costs.

South Carolina Docket 2009-489-E: Application of South Carolina Electric & Gas Company for Adjustments and Increases in Electric Rate Schedules and Tariffs.

Kentucky Public Service Commission Case 2009-00459: In the Matter of General Adjustments in Electric Rates of Kentucky Power Company.

Virginia State Corporation Commission Case PUE-2009-00125: For acquisition of natural gas facilities Pursuant to § 56-265.4:5 B of the Virginia Code.

Arkansas Public Service Commission Docket 10-010-U: In the Matter of a Notice of Inquiry Into Energy Efficiency.

Connecticut Department of Public Utility Control Docket No. 09-12-05: Application of the Connecticut Light and Power Company to Amend its Rate Schedules.

Arkansas Public Service Commission Docket No. 09-084-U: In the Matter of the Application of Entergy Arkansas, Inc. For Approval of Changes in Rates for Retail Electric Service.

Missouri Public Service Commission Docket No. ER-2010-0036: In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.

Public Service Commission of Delaware Docket No. 09-414: In the Matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Charges.

2009

Virginia State Corporation Commission Case No. PUE-2009-00030: In the Matter of Appalachian Power Company for a Statutory Review of the Rates, Terms, and Conditions for the Provision of Generation, Distribution, and Transmission Services Pursuant to § 56-585.1 A of the Code of Virginia.

Public Service Commission of Utah Docket No. 09-035-15: In the Matter of the Application of Rocky Mountain Power for Approval of its Proposed Energy Cost Adjustment Mechanism.

Public Service Commission of Utah Docket No. 09-035-23: In the Matter of the Application of Rocky Mountain Power for Authority To Increase its Retail Electric Utility Service Rates in Utah and for Approval of Its Proposed Electric Service Schedules and Electric Service Regulations.

Colorado Public Utilities Commission Docket No. 09AL-299E: Re: The Tariff Sheets Filed by Public Service Company of Colorado with Advice Letter No. 1535 – Electric.

Arkansas Public Service Commission Docket No. 09-008-U: In the Matter of the Application of Southwestern Electric Power Company for Approval of a General Change in Rates and Tariffs.

Corporation Commission of the State of Oklahoma Docket No. PUD 200800398: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma.

Public Utilities Commission of Nevada Docket No. 08-12002: In the Matter of the Application by Nevada Power Company d/b/a NV Energy, filed pursuant to NRS §704.110(3) and NRS §704.110(4) for authority to increase its annual revenue requirement for general rates charged to all classes of customers, begin to recover the costs of acquiring the Bighorn Power Plant, constructing the Clark Peak, Environmental Retrofits and other generating, transmission and distribution plant additions, to reflect changes in cost of service and for relief properly related thereto.

New Mexico Public Regulation Commission Case No. 08-00024-UT: In the Matter of a Rulemaking to Revise NMPRC Rule 17.7.2 NMAC to Implement the Efficient Use of Energy Act.

Indiana Utility Regulatory Commission Cause No. 43580: Investigation by the Indiana Utility Regulatory Commission, of Smart Grid Investments and Smart Grid Information Issues Contained in 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. § 2621(d)), as Amended by the Energy Independence and Security Act of 2007.

Louisiana Public Service Commission Docket No. U-30192 *Phase II (February 2009)*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

South Carolina Public Service Commission Docket No. 2008-251-E: In the Matter of Progress Energy Carolinas, Inc.'s Application For the Establishment of Procedures to Encourage Investment in Energy Efficient Technologies; Energy Conservation Programs; And Incentives and Cost Recovery for Such Programs.

2008

Colorado Public Utilities Commission Docket No. 08A-366EG: In the Matter of the Application of Public Service Company of Colorado for approval of its electric and natural gas demand-side management (DSM) plan for calendar years 2009 and 2010 and to change its electric and gas DSM cost adjustment rates effective January 1, 2009, and for related waivers and authorizations.

Public Service Commission of Utah Docket No. 07-035-93: In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations, Consisting of a General Rate Increase of Approximately \$161.2 Million Per Year, and for Approval of a New Large Load Surcharge.

Indiana Utility Regulatory Commission Cause No. 43374: Petition of Duke Energy Indiana, Inc. Requesting the Indiana Utility Regulatory Commission Approve an Alternative Regulatory Plan for the Offering of Energy Efficiency, Conservation, Demand Response, and Demand-Side Management.

Public Utilities Commission of Nevada Docket No. 07-12001: In the Matter of the Application of Sierra Pacific Power Company for authority to increase its general rates charged to all classes of electric customers to reflect an increase in annual revenue requirement and for relief properly related thereto.

Louisiana Public Service Commission Docket No. U-30192 *Phase II*: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Colorado Public Utilities Commission Docket No. 07A-420E: In the Matter of the Application of Public Service Company of Colorado For Authority to Implement and Enhanced Demand Side Management Cost Adjustment Mechanism to Include Current Cost Recovery and Incentives.

2007

Louisiana Public Service Commission Docket No. U-30192: Ex Parte, Application of Entergy Louisiana, LLC for Approval to Repower Little Gypsy Unit 3 Electric Generating Facility and for Authority to Commence Construction and for Certain Cost Protection and Cost Recovery.

Public Utility Commission of Oregon Docket No. UG 173: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON Staff Request to Open an Investigation into the Earnings of Cascade Natural Gas.

2006

Public Utility Commission of Oregon Docket No. UE 180/UE 181/UE 184: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY Request for a General Rate Revision.

Public Utility Commission of Oregon Docket No. UE 179: In the Matter of PACIFICORP, dba PACIFIC POWER AND LIGHT COMPANY Request for a general rate increase in the company's Oregon annual revenues.

Public Utility Commission of Oregon Docket No. UM 1129 *Phase II*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

2005

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I Compliance*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

Public Utility Commission of Oregon Docket No. UX 29: In the Matter of QWEST CORPORATION Petition to Exempt from Regulation Qwest's Switched Business Services.

2004

Public Utility Commission of Oregon Docket No. UM 1129 *Phase I*: Investigation Related to Electric Utility Purchases From Qualifying Facilities.

ENERGY INDUSTRY PUBLICATIONS AND PRESENTATIONS

Chriss, S. (2006). "Regulatory Incentives and Natural Gas Purchasing – Lessons from the Oregon Natural Gas Procurement Study." Presented at the 19th Annual Western Conference, Center for Research in Regulated Industries Advanced Workshop in Regulation and Competition, Monterey, California, June 29, 2006.

Chriss, S. (2005). "Public Utility Commission of Oregon Natural Gas Procurement Study." Public Utility Commission of Oregon, Salem, OR. Report published in June, 2005. Presented to the Public Utility Commission of Oregon at a special public meeting on August 1, 2005.

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Chriss, S., M. Dwyer, and B. Pulliam (2002). "Impacts of Lifting the Ban on ANS Exports on West Coast Crude Oil Prices: A Reconsideration of the Evidence." Presented at the 22nd USAEE/IAEE North American Conference, Vancouver, BC, Canada, October 6-8, 2002.

Contributed to chapter on power marketing: "Power System Operations and Electricity Markets," Fred I. Denny and David E. Dismukes, authors. Published by CRC Press, June 2002.

Contributed to "Moving to the Front Lines: The Economic Impact of the Independent Power Plant Development in Louisiana," David E. Dismukes, author. Published by the Louisiana State University Center for Energy Studies, October 2001.

Dismukes, D.E., D.V. Mesyanzhinov, E.A. Downer, S. Chriss, and J.M. Burke (2001). "Alaska Natural Gas In-State Demand Study." Anchorage: Alaska Department of Natural Resources.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 217

In the Matter of:

PACIFICORP, dba PACIFIC POWER's

Request for a General Rate Revision.

Exhibit Joint Testimony/107

Qualifications of Witness Neal Townsend

July 2010

Resume

Neal Townsend
Energy Strategies, LLC
215 S. State Street, Suite 200
Salt Lake City, Utah 84111

Work Experience:

Senior Consultant, Energy Strategies (2001 – Present)

Rate Analyst, Utah Division of Public Utilities (1997 – 2001)

Other

Systems Engineer, Morton Thiokol, Inc.

Assistant Engineer, Schafer Engineering

Graduate/Research Assistant, University of New Mexico

Education:

University of New Mexico, Masters of Business Administration, 1996

University of Texas, Austin, B.S., Mechanical Engineering, 1984

Regulatory Testimony:

State of Kentucky

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
2009-00548	Application of Kentucky Utilities Company for an Adjustment of Base Rates	Rate Spread, Rate Design
2009-00549	Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Base Rates	Rate Spread, Rate Design

State of Michigan

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
U-15645	In the Matter of the Application of Consumers Energy Company for Authority to Increase Its Rate for the Generation and Distribution of Electricity and Other Relief	Rate Spread, Class Cost of Service

State of Utah

<u>Docket #</u>	<u>Title</u>	<u>Activity</u>
09-035-23	In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Retail Electric Utility Service Rates in Utah and for Approval of its Proposed Electric Service Schedules and Electric Service Regulations	Rate Design/ Decoupling
09-035-T08	In the Matter of Rocky Mountain Power Advice No. 09-08, seeking an Adjustment to the DSM Tariff Rider, Schedule 193	Support of Stipulation
04-035-42	In the Matter of the Application of PacifiCorp For Approval of its Proposed Electric Rate Schedules and Electric Service Regulations	Derivation of Prudence Disallowance
03-035-14	In the Matter of the Application of PacifiCorp For Approval of an IRP Based Avoided Cost Methodology For QF Projects Larger than 1 MW	Derivation of Methodology for Establishing QF Avoided Cost Pricing
99-057-20	In the Matter of the Application of Questar Gas Company for an Increase In Rates and Charges	Revenue Requirement and Class Cost of Service Modeling, Proposed CO ₂ Plant Disallowance Mechanism

99-035-10	In the Matter of the Application of PacifiCorp For Approval of its Proposed Electric Rate Schedules and Electric Service Regulations	Interjurisdictional Cost Allocation and Class Cost of Service Modeling
98-057-12	In the Matter of the Application of Questar Gas Company for Approval of a Natural Gas Processing Agreement	Assessment of Application, Revenue Requirement Modeling

State of West Virginia

<u>Case #</u>	<u>Title</u>	<u>Activity</u>
09-1352-E-42T	Monongahela Power Company and the Potomac Edison Company, both d/b/a Allegheny Power Rule 42T Tariff Filing to Increase Rates and Charges	Rate Spread, Rate Design