



Oregon

John A. Kitzhaber, MD. Governor

Public Utility Commission

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June 27, 2011

Via Electronic Filing and U.S. Mail

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 2148
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**RE: Docket No. UE 227 – In the Matter of PACIFICORP, dba PACIFIC
POWER 2012 Transition Adjustment Mechanism.**

Enclosed for electronic filing in the above-captioned docket is the Public
Utility Commission Staff's Reply Testimony.

/s/ Kay Barnes

Kay Barnes

Regulatory Operations Division

Filing on Behalf of Public Utility Commission Staff

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c: UE 227 Service List (parties)

CASE: UE 227
WITNESS: Brian Bahr

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 200

Reply Testimony

June 27, 2011

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

3 A. My name is Brian Bahr. I am a Utility Analyst for the Corporate Analysis and
4 Water Regulation Section of the Public Utility Commission of Oregon. My
5 business address is 550 Capitol Street NE Suite 215, Salem, Oregon 97301-
6 2551.

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

9 A. My Witness Qualification Statement is found in Exhibit Staff/201.

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

11 A. The purpose of this testimony is to describe my adjustments to PacifiCorp's
12 Coal Fuel Burn Expense as listed in Exhibit PPL (TAM)/101, Duvall/1.

13 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

14 A. The following table summarizes my adjustments to PacifiCorp's Coal Fuel Burn
15 Expense.

16 **Staff Adjustment – Oregon Allocated**

	Exhibit PPL(TAM)/101; Duvall/1	Staff	Adjustment
Fuel Consumed - Coal	\$187,287,505	\$186,845,908	\$441,597

17 **Q. PLEASE SUMMARIZE THE ANALYSES SUPPORTING YOUR**
18 **RECOMMENDED ADJUSTMENTS.**

19 A. I reviewed 2010 line item costs concerning affiliate coal mines Bridger Coal
20 Company (BCC) and Deer Creek Mine (Deer Creek). This review resulted in
21

1 the identification of costs (bonus amounts, meals and entertainment, and
2 donations) that staff recommends as adjustments. I removed 50 percent of
3 meals and entertainment expenses,¹ 50 percent of bonuses,² and 100 percent
4 of donations.³ Because coal costs are included in PacifiCorp Account 501,
5 these adjustments are consistent with Commission policy concerning these
6 types of adjustments.

7 **Q. DID YOU PERFORM LOWER OF COST OR MARKET (LCM) ANALYSES**
8 **FOR PACIFICORP'S THREE AFFILIATE MINES?**

9 A. Yes. I performed LCM analyses for BCC, which supplies coal to the Jim
10 Bridger plant; Deer Creek, which supplies coal to the Carbon, Hunter, and
11 Huntington plants; and Trapper, which supplies coal to the Craig plant. In all
12 three analyses, the affiliate coal costs were lower than the calculated market
13 costs. As a result, I do not have LCM adjustments for the fuel burn expenses
14 of the three affiliate mines.

15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes.

¹ In UE 197, the Commission adopted Staff's principal that costs for meals and entertainment are discretionary and should be shared equally by ratepayers and shareholders. (Order 09-020 at 20-21)

² In UE 210, the Commission stated: "We find that the Joint Parties have also adequately supported their position with respect to bonus and incentive payments. Pacific Power explained the purpose behind its bonus and incentive programs in detail, and the evidence shows that the stipulated adjustments to these programs generally reflect Staff's proposal (and ICNU's original similar proposal) that 100 percent of officer bonuses and 50 percent of annual incentive plan bonuses be removed from rates. This sharing arrangement has traditionally been supported by the Commission, and we see no reason to deviate from that tradition here." (Order 10-022 at 10-11)

³ Commission Order 87-406 states at pp. 40-41, "Since community affairs expenditures are discretionary, the funds could be retained by the business's owners. . . . Owners of unregulated businesses, rather than their customers, make community affairs contributions." Also see Order 91-186 at 16.

CASE: UE 227
WITNESS: Brian Bahr

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 201

Witness Qualification Statement

June 27, 2011

WITNESS QUALIFICATION STATEMENT

NAME: BRIAN BAHR

EMPLOYER: PUBLIC UTILITY COMMISSION OF OREGON

TITLE: UTILITY ANALYST, CORPORATE ANALYSIS AND WATER REGULATION

ADDRESS: 550 CAPITOL ST. NE, SALEM, OR 97308-2148

EDUCATION: Bachelor of Science, Accountancy, Brigham Young University, Provo UT

EXPERIENCE: Employed with the Public Utility Commission of Oregon from March 2011 to present, currently serving as Utility Analyst, Corporate Analysis and Water Regulation.

Employed by Modern Seouf Plastics in Alexandria, Egypt as a Managerial Intern from January 2010 to June 2010. Assisted in variety of duties including supervision of production facilities and staff, market analysis, budget forecasting, sales, and office administration.

Employed by PricewaterhouseCoopers LLP in New York City as a Financial Assurance Associate from October 2007 to November 2009. Performed audits of various financial institutions, including investment banks, hedge funds, and insurance companies.

Employed by TESRA, SA in Antofagasta, Chile as a Project Management Assistant from September 2005 to April 2006. Assisted in design process and implementation of rail road crossing and other civil engineering projects.

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CERTIFICATE OF SERVICE

UE 227

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 27th day of June, 2011 at Salem, Oregon.

Kay Barnes

Kay Barnes
Public Utility Commission
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