

McDowell Rackner & Gibson PC



KATHERINE MCDOWELL
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August 22, 2013

VIA ELECTRONIC FILING AND FIRST CLASS MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 1088
Salem, OR 97308-1088

Re: Docket UE 264

Attention Filing Center:

Enclosed for filing in Docket UE 264 are an original and two copies of PacifiCorp's Supplement to List of Exhibits to be Entered into the Record. A copy of this filing has been served on all parties to this proceeding as indicated on the enclosed service list.

Please contact this office with any questions.

Very truly yours,

A handwritten signature in black ink, appearing to be "K. McDowell", written over a horizontal line.

Katherine McDowell

Enclosures
cc: Service List

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UE 264**

4 PACIFICORP, dba PACIFIC POWER
5 2014 Transition Adjustment Mechanism

**PACIFICORP'S SUPPLEMENT TO LIST
OF EXHIBITS TO BE ENTERED INTO
THE RECORD**

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8 In accordance with the August 7, 2013, Memorandum issued by Administrative
9 Law Judge (ALJ) Shani Pines, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company)
10 submitted its List of Exhibits to Be Entered into the Record (List of Exhibits) on August 15,
11 2013. At the time that PacifiCorp submitted its List of Exhibits, the Company requested
12 leave to file additional cross-examination exhibits consisting of data responses that the
13 Company was to receive from Staff of the Public Utility Commission of Oregon (Staff) and
14 the Industrial Customers of Northwest Utilities (ICNU) on August 19, 2013. PacifiCorp
15 received the responses from Staff and ICNU on August 19, 2013, and hereby files the
16 responses as cross-examination exhibits. No party has objected to PacifiCorp's request
17 for leave to file additional cross-examination exhibits.

18 Additionally, ICNU filed an excerpt of PacifiCorp Response to OPUC Data Request
19 9, Attachment 9-2 as Exhibit ICNU/202 (Excerpt of Confidential PacifiCorp Coal Inventory
20 Policies & Procedures, Section VII, effective 1/1/2013). The Company requested that
21 ICNU file the complete document contained within Attachment 9-2, rather than just the
22 excerpt; however, ICNU declined to do so. ICNU nonetheless indicated that it does not
23 object to PacifiCorp filing the complete document, and PacifiCorp hereby files the
24 complete document as a cross examination exhibit.

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1 Therefore, in addition to the exhibits contained in PacifiCorp's List of Exhibits filed
2 on August 15, 2013, PacifiCorp requests that the following exhibits be entered into the
3 record:

4 **CROSS EXAMINATION EXHIBITS**

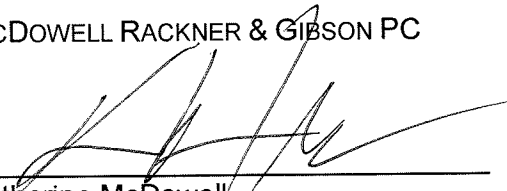
5 Exhibit PAC/702C CONFIDENTIAL PacifiCorp Response to OPUC Data Request 9,
6 Attachment 9-2, dated July 9, 2013 (OPUC Docket UE 264).

7 Exhibit PAC/703 ICNU Response to PacifiCorp Data Request 1 and Attachments,
8 dated August 19, 2013 (OPUC Docket UE 264).

9 Exhibit PAC/704 OPUC Response to PacifiCorp Data Requests 1 and 2, dated August
10 19, 2013 (OPUC Docket UE 264).

11
12 DATED: August 22, 2013

13 MCDOWELL RACKNER & GIBSON PC

14 
15 Katherine McDowell
16 McDowell Rackner & Gibson PC

17 Sarah Wallace
18 PacifiCorp d/b/a Pacific Power

19 Attorneys for PacifiCorp
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**THIS EXHIBIT IS
CONFIDENTIAL AND WILL
BE PROVIDED IN A
SEPARATELY SEALED
ENVELOPE PURSUANT TO
GENERAL PROTECTIVE
ORDER NO. 10-069**

PACIFICORP DATA REQUEST NO. 1 TO ICNU:

Please identify the value of each NPC adjustment ICNU proposes in this case and provide the underlying calculations. If ICNU grosses up its calculations for revenue requirement components, please explain the basis for doing so and indicate whether ICNU has ever previously grossed up adjustments in the TAM in this manner.

RESPONSE TO PACIFICORP DATA REQUEST NO. 1:

ICNU objects to this data request to the extent it requests work product privilege material. Notwithstanding this objection, ICNU responds as follows:

Please see the attachment to this response for the value of each ICNU adjustment in this proceeding on both a net power cost-only basis and also adjusted for revenue sensitive items.

Among other reasons, it is appropriate to include an adjustment for the impact of revenue sensitive items as a reduction in the amount of NPC collected through Oregon rates because PacifiCorp filed this TAM with a general rate case, and the adjustment will ultimately lead to a reduction in revenue related expenses.

In recent TAM cases, ICNU has reported its adjustments on an NPC only basis. ICNU reserves the right to add additional issues as it sees fit.

5. Each of the preceding general objections is incorporated by reference in each specific response below.

Description	System NPC	Cost Difference	RR Difference	OR Jurisdiction	Bridger Mine		Total OR Adj
					ROI	Corrections	
PAC Filing:	\$1,457,190,370		0.97021				
PAC Bridger Heat Rate Correction	\$1,455,907,845	-\$1,282,525	-\$1,321,904.19	-\$326,338			-\$326,338
ICNU Bridger Fuel Cost	1,446,765,208	-\$10,425,161	-\$10,745,262.85	-\$2,652,683	-\$4,732,615	\$550,000	-\$6,835,298
ICNU Bridger Heat Rate	1,452,584,086	-\$3,323,759	-\$3,425,814.12	-\$845,731			-\$845,731
Remove 2011 Wind Shape	\$1,452,549,615	-\$4,640,755	-\$4,783,247.78	-\$1,180,840			-\$1,180,840
ICNU Study -HR, Fuel Wind Shape	\$1,438,773,249	-\$18,417,121	-\$18,982,613.11	-\$4,686,238	-\$4,732,615	\$550,000	-\$8,868,853
Total Company		Total OR Adj					
ICNU Bridger Fuel Cost		-\$27,687,844		-\$6,835,298			
ICNU Bridger Heat Rate		-\$3,323,759		-\$845,731			
Remove 2011 Wind Shape		-\$4,640,755		-\$1,180,840			
		-\$35,652,358		-\$8,861,869			

Description	System NPC	Cost Difference	Bridger Mine			Total OR Adj
			OR Jurisdiction	ROI	Corrections	
PAC Filing:	\$1,457,190,370		0.24687			
PAC Bridger Heat Rate Correction	\$1,455,907,845	-\$1,282,525	-\$316,617			-\$316,617
ICNU Bridger Fuel Cost	1,446,765,208	-\$10,425,161	-\$2,573,660	-\$4,732,615	\$550,000	-\$6,756,275
ICNU Bridger Heat Rate	1,452,584,086	-\$3,323,759	-\$820,536			-\$820,536
Remove 2011 Wind Shape	\$1,452,549,615	-\$4,640,755	-\$1,145,663			-\$1,145,663
ICNU Study -HR, Fuel Wind Shape	\$1,438,773,249	-\$18,417,121	-\$4,546,635	-\$4,732,615	\$550,000	-\$8,729,250
Total Company			OR Jurisdiction			
ICNU Bridger Fuel Cost		-\$27,367,743				-\$6,756,275
ICNU Bridger Heat Rate		-\$3,323,759				-\$820,536
Remove 2011 Wind Shape		-\$4,640,755				-\$1,145,663
		-\$35,332,257				-\$8,722,474

ICNU NPC Adjustment Summary (\$Millions)

	Total Company	OR Jurisdiction
ICNU Bridger Fuel Cost	-\$27.4	-\$6.8
ICNU Bridger Heat Rate	-\$3.3	-\$0.8
Remove 2011 Wind Shape	-\$4.6	-\$1.1
	<hr/> -\$35.3	<hr/> -\$8.7

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Date: August 19, 2013

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FROM: John Crider
Senior Utility Analyst

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 264
PACIFCORP's First Set of Data Requests to Staff
Dated August 5, 2013 – Due August 19, 2013
Data Request No. 1-2

Data Request No. 1:

1. Please identify the value of the NPC adjustment Staff proposes to O&M costs associated with coal from the Bridger and Deer Creek mines and provide the underlying calculation.

Response to Data Request No. 1:

1. The value of Staff's proposed coal cost adjustment in this case is negative \$0.46 million on an Oregon-allocated basis.

The underlying calculation is the GRID analysis provided in response to Staff Data Request No. 10. Staff requested that the Company calculate the impact of the Bridger and Deer Creek mine O&M adjustments on the unit price of coal for the respective mines, and then use these adjusted prices in the GRID model to calculate the effect on NPC. The decrease in the unit coal cost of approximately \$0.01/MMBtu resulted in a NPC reduction of \$0.46 million on an Oregon-allocated basis.

August 19, 2013

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Enclosed are OPUC Staff Responses to PacifiCorp's First Set of Data Requests
No. 1-2.in UE 264.

Kay Barnes
PUC Utility Program,
(503) 378-5763
Fax: (503) 373-7752

cc: Michael Weirich, Dept of Justice, Michael.weirich@state.or.us

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Data Request No. 2:

2. Is Staff's position that the Commission should review the ongoing prudence of the Company's coal supply from its affiliate mines on a long-term (i.e., multiple-year) basis, rather than on a year-by-year basis as coal supply costs fluctuate in annual NPC updates? Does Staff support PacifiCorp preparing a long-term fuel plan for its affiliate mines to facilitate such a review?

Response to Data Request No. 2:

2. It is Staff's position that PacifiCorp can simultaneously satisfy the Commission's prudence standard and affiliate transaction standard (i.e., OAR 860-027-0048) by comparing its affiliate mine fuel plan to other alternative fuel plans, including market alternatives, which are known to be available at the times when the Company is deciding whether to continue or extend operations at the affiliate mines. Market alternatives could include reliance on short-term single-year coal contracts or long-term multiple-year coal contracts.

If a multi-year cost-based affiliate mine fuel plan is the most reasonable plan when compared to other alternatives, including the market alternatives, then the affiliate mine fuel plan would likely satisfy both the Commission's prudence standard and affiliate transaction "lower of cost or market" standard in a future rate proceeding or proceedings. In other words, the "market" in the "lower of cost or market" standard should be the most reasonable market alternative that was available to the company at the time it made its decision to continue or extend operations at the affiliate mines.

Staff does not support the concept that the prudence standard or the affiliate transaction standard should only be applied once at the time the decisions to open the mine or create the affiliate are first made. Staff supports ongoing application of these standards.

Staff also does not support a definition of the "market" comparator in the "lower of cost or market" standard that introduces hindsight into the test. Staff supports definitions of "market" that align with the market alternatives that were known, or should have been known, to be available at the times when the Company was deciding whether to continue or extend operations at the affiliate mines.

Staff supports PacifiCorp periodically (e.g., no less than once every three years) preparing a fuel supply plan that compares affiliate mine fuel supply to other alternative fuel supply options, including market alternatives, to facilitate the implementation of the Commission's prudence and affiliate transaction standards in future rate proceedings.

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 264 on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below:

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DATED: August 22, 2013.


Katherine McDowell