

# McDowell Rackner & Gibson PC



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September 10, 2010

## VIA ELECTRONIC AND U.S. MAIL

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**

On behalf of the Joint Parties, pursuant to ALJ Hardie’s Ruling of August 27, 2010, enclosed for filing in this docket are the original and one copy of the Responses to Bench Request Nos. 1-3.

A copy of this filing was served on all parties to this proceeding as indicated on the attached Certificate of Service.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Katherine A. McDowell', written over a horizontal line.

Katherine A. McDowell

cc: Service List

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## CERTIFICATE OF SERVICE

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

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DATED: September 10, 2010



Katherine McDowell

### **Bench Request 1**

The chart at Joint Testimony/100, Joint Parties/17 provides a helpful roadmap to the stipulating parties' proposed increase in Pacific Power's revenue requirement. Items 5 (Other Transmission Investment), 6 (Hydro Investment), 8 (Steam Turbine Upgrades), and 9 (Other Revenue Requirement Components), are not explicitly described in the stipulation or in the supporting joint testimony, despite representing approximately 18 percent of the proposed revenue requirement increase. Please point to pre-filed testimony and/or exhibits that would allow the Commission to understand what each of these line items represents.<sup>2</sup> Alternatively, the parties are directed to provide supplemental testimony sufficient to allow the Commission to understand what each of these items represents.

### **Response to Bench Request 1**

Please refer to Exhibit A, page 1 for a list of the Stipulated Adjustments to Oregon Allocated Results which reflects the basis of the revenue requirement settlement among the parties. The chart referenced in this Bench Request is sponsored solely by PacifiCorp to provide the Commission with an additional analysis to further support the revenue requirement increase agreed in the Stipulation. With this clarification, PacifiCorp provides the following response:

Item 5 (Other Transmission Investment) reflects the Oregon revenue requirement (costs plus return on rate base, depreciation expense, and associated tax components) of three transmission capital projects included in the Company's filing. Details for each of these projects are included in the pre-filed testimony and exhibits of Company witness R. Bryce Dalley as outlined below.

1. Three Peaks 345 kV Substation – Refer to page 8.6.22 of Exhibit PPL/1102 for a description of the project. In addition, page 8.6.8, line 1 of the same exhibit reflects the cost, in-service date, and Oregon allocation percentage associated with this capital project.
2. 90<sup>th</sup> South Camp Williams 345 kV Double Circuit Line – Refer to page 8.6.22 of Exhibit PPL/1102 for a description of the project. In addition, page 8.6.8, line 2 of the same exhibit reflects the cost, in-service date, and Oregon allocation percentage associated with this capital project.
3. Oquirrh 345-138 kV Substation - Refer to pages 8.6.22 and 8.6.23 of Exhibit PPL/1102 for a description of the project. In addition, page 8.6.8, line 3 of the

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<sup>2</sup> For "Hydro Investment," for example, Pacific Power's pretrial brief notes that the Company's filing includes hydro investments to conform to relicensing agreements for the Lewis River and North Umpqua hydro systems. See Pretrial Brief at 4 (Mar 1, 2010). Testimony addressing these upgrades may well be found in the Stipulating Parties' pre-filed testimony, but given the size of the application, the Commission would benefit from the parties' assistance in locating that testimony.

same exhibit reflects the cost, in-service date, and Oregon allocation percentage associated with this capital project.

Item 6 (Hydro Investment) reflects the Oregon revenue requirement (costs plus return on rate base, depreciation expense, and associated tax components) of the Klamath Hydroelectric relicensing and settlement process costs. These costs are discussed in detail in the pre-filed testimony and exhibits of Company witness Dean S. Brockbank (Exhibits PPL/600 through PPL/602). In addition, refer to page 8.6.5, line 1 of Exhibit PPL/1102 for the cost, in-service date, and Oregon allocation percentage associated with these costs.

Item 8 (Steam Turbine Upgrades) reflects the Oregon revenue requirement (costs plus return on rate base, depreciation expense, and associated tax components) of two generation capital improvement projects included in the Company's filing. Details for both of these projects are included in the pre-filed testimony and exhibits of Company witness R. Bryce Dalley as outlined below.

1. Hunter Unit 1 (301) Turbine Upgrade – Refer to page 8.6.14 of Exhibit PPL/1102 for a description of the project. In addition, page 8.6.3, line 3 of the same exhibit reflects the cost, in-service date, and Oregon allocation percentage associated with this capital project.
2. Huntington Unit 1 Turbine Upgrade – Refer to page 8.6.14 of Exhibit PPL/1102 for a description of the project. In addition, page 8.6.3, line 4 of the same exhibit reflects the cost, in-service date, and Oregon allocation percentage associated with this capital project.

Item 9 (Other Revenue Requirement Components) reflects the combined Oregon revenue requirement impact of all remaining aspects of the Company's filing not included in the other categories shown on the chart. These components include revenues, operation and maintenance expenses, depreciation expense, taxes, and rate base balances. This amount is calculated as the difference between the sum of Items 1 through 8 (\$79.8m) and the total amount of the stipulated increase to revenue requirement (\$84.6m).

**Bench Request 2**

What is the total dollar amount allocated to the Oregon jurisdiction for Klamath relicensing and settlement costs under the stipulation?<sup>3</sup> Is this amount included in the chart at Joint Testimony/100, Joint Parties/17?

**Response to Bench Request 2**

Approximately \$18.5 million of Oregon-allocated rate base and approximately \$2.0 million of Oregon-allocated amortization expense related to the Klamath relicensing and settlement process costs are reflected in the stipulation. The Oregon revenue requirement of these costs is approximately \$3.9 million. This amount is reflected as item 6 (Hydro Investment) in the chart at Joint Testimony/100, Joint Parties/17. Please refer to PacifiCorp's response to Bench Request 1 for specific references to pre-filed testimony and exhibits related to these costs.

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<sup>3</sup> "The Stipulating Parties agree that all costs of the Klamath Project relicensing and settlement process will be included in the Pacific Power's Oregon-allocated rate base as filed in the Company's application for the purposes of this docket." Stipulation at 3.

**Bench Request 3**

The stipulation states, that “[t]he Parties agree that [Pacific Power] may file deferrals for property and liability costs in excess of the self-insured reserve balances, and that each deferral request will be evaluated individually on its merits.”<sup>4</sup> Under this provision, do the Stipulating Parties agree to support any such requests for deferrals, or are they simply acknowledging Pacific Power’s right to file requests under ORS 757.259 and Commission rules?

**Response to Bench Request 3**

This term in the stipulation simply acknowledges that Pacific Power retains the right to file requests under ORS 757.259 and Commission rules. As noted, any future filing of a deferral by Pacific Power would be evaluated on its own merits. The stipulation does not require the parties to support any such requests for deferral.

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<sup>4</sup> Stipulation at 5.