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April 16, 2012

VIA ELECTRONIC AND U.S. MAIL

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

**Re: UE 247 – In the Matter of Idaho Power Company 2011 Annual Power Supply
Expense True-Up**

Attention Filing Center:

Enclosed in the above-referenced docket are an original and five copies of Idaho Power Company's Supplemental Testimony and Exhibits of Courtney Waites.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service. Please contact me with any questions.

Please contact me with any questions.

Very truly yours,

A handwritten signature in cursive script that reads "Wendy McIndoo".

Wendy McIndoo
Office Manager

Enclosures

cc: Service List

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

DOCKET NO. UE 247

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO IMPLEMENT A POWER)
COST ADJUSTMENT TARIFF SCHEDULE)
FOR ELECTRIC SERVICE TO CUSTOMERS)
IN THE STATE OF OREGON.)
)
2011 ANNUAL POWER SUPPLY EXPENSE)
TRUE-UP)

IDAHO POWER COMPANY
SUPPLEMENTAL DIRECT TESTIMONY
OF
COURTNEY WAITES

April 16, 2012

1 **Q. Please state your name and business address.**

2 A. My name is Courtney Waites. My business address is 1221 West Idaho Street,
3 Boise, Idaho 83702.

4 **Q. Are you the same Courtney Waites that previously filed direct testimony in this**
5 **matter?**

6 A. Yes.

7 **Q. What is the scope and purpose of your supplemental direct testimony?**

8 A. My supplemental direct testimony will first explain a correction in the deferral
9 calculation based on an error found in the quantification of actual power costs
10 collected in rates by customer class. Next, I will explain the revision to the
11 calculation of the Annual Power Supply Expense True-up with use of the 2011
12 Oregon Results of Operations ("ROO") report to determine the deferral deadbands
13 and the Earnings Test components. However, as I will show later in my testimony,
14 neither of these revisions will change the deferral amount proposed to be added to
15 the Annual Power Supply Expense True-Up Balancing Account ("True-Up Balancing
16 Account"). With this testimony I am also filing revised Exhibits 201, 202, and 203.

17 **Q. Please explain the correction you are making.**

18 A. On a monthly basis, the Company determines the power costs collected in rates
19 based on actual sales. This calculation requires the actual kilowatt-hour sales by
20 customer class. The actual sales by customer class are then multiplied by the
21 Combined Rate for each customer class to determine the actual power costs
22 collected in rates by customer class. The total collection of all customer classes is
23 measured against the forecasted collections to determine the Oregon Allocated
24 Power Cost Deviation. An error was found in the categorization of actual sales by
25 customer class; some kilowatt-hours were added to the incorrect customer class
26 resulting in an erroneous calculation of actual power costs collected in rates. When

1 corrected, the total power costs collected in rates increases approximately \$1.9
2 million (see Exhibit 201), reflecting an additional customer benefit of approximately
3 \$82,000 prior to any other recommended revisions.

4 **Q. Please explain the revision to the calculation of the Annual Power Supply**
5 **Expense True-Up you are making.**

6 A. Order No. 09-373 clarifies which year's ROO report should be relied upon in
7 calculating the deferral deadbands and the Earnings Test components of the Power
8 Cost Adjustment Mechanism ("PCAM"). As directed in Order No. 09-373, the
9 Company's initial February filing included the quantification of the dollar balance
10 proposed to be added to the True-Up Balancing Account based on the 2010 ROO
11 report. The results represented a preliminary estimate at the time, with this final
12 determination being filed now that the 2011 ROO report has been completed.

13 **Q. What are the power supply expense deadbands based on the 2011 ROO**
14 **report?**

15 A. Using the Company's authorized Return on Equity ("ROE") in effect in 2011 and the
16 Company's 2011 Oregon rate base of \$106,512,527, the Upper Deadband of 250
17 basis points equals \$2,229,150 and the Lower Band of 125 Basis Points equals a
18 negative \$1,114,575 (see Exhibit 202).

19 **Q. Does the use of the 2011 ROO report impact any other areas of the initial**
20 **filing?**

21 A. Yes. In addition to changing the deadbands, the 2011 ROO report computes the
22 Oregon allocation percentage used to calculate Oregon's share of the excess net
23 power supply expenses and customer benefits from the sale of SO₂ Allowances and
24 Renewable Energy Credits ("REC"). However, the Oregon allocation percentage of
25 4.60 percent has not changed from the 2010 ROO report so an update to the Oregon
26 allocation percentage is not required. Exhibit 201, the Oregon PCAM Quantification

1 for 2011, reflects the revised deadbands and the revised deferral amount based on
2 the correction described above.

3 **Q. How do the corrections you describe above impact the amount you proposed**
4 **be added to the True-up Balancing Account?**

5 A. The total customer benefit of REC sales of \$279,605.17 (see Exhibit 106 of my
6 Direct Testimony in this case) does not impact the proposed amount to be added to
7 the True-Up Balancing Account because the benefit will be applied as a credit to the
8 power cost deferral currently in amortization. The customer benefit of \$930.95 (see
9 Exhibit 105 of my Direct Testimony in this case) from the SO₂ Allowance sales is
10 added to the Oregon Allocated Power Cost Deviation creating a deviation of
11 \$2,729,661.56 which is below the Lower Deadband of negative \$1,114,575.
12 However, before any amounts are approved for inclusion in the True-Up Balancing
13 Account, the Commission will first apply an earnings test.

14 **Q. Has the Company performed an Earnings Test based on the 2011 ROO?**

15 A. Yes. The Company has performed an Earnings Test based on the Type I 2011
16 Oregon Results of Operations (see Exhibit 203), which was prepared as directed by
17 the Commission Staff in its letter dated March 2, 2011 (see Exhibit 104 of my Direct
18 Testimony in this case). Because the Company's earnings are still below the
19 earnings test threshold of plus or minus 100 basis points of its 2011 authorized ROE,
20 the deferral amount of negative \$1,511,292.88 is not eligible to be added to the True-
21 Up Balancing Account. Adding a deferral of negative \$1,511,292.88 to the True-Up
22 Balancing Account would only further reduce the Company earnings.

23 **Q. Does this conclude your testimony?**

24 A. Yes, it does.
25
26

Idaho Power/201
Witness: Courtney Waites

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

Oregon PCAM Quantification
January 2011 through December 2011

April 16, 2012

2011 PCAM
Twelve Months Ended December 31, 2011

| | | January | January YTD | February | February YTD | March | March YTD | April | April YTD | May | May YTD | June |
|---|---------------|-----------------|-----------------|----------------|-----------------|------------------------|------------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| OREGON PCAM (Schedule 56) | | | | | | | | | | | | |
| ACTUAL POWER COSTS | | | | | | | | | | | | |
| Actual NPSE Costs | | | | | | | | | | | | |
| Actual Sales - Includes Unbilled | MWh | 1,174,512 | 1,174,512 | 1,027,094 | 2,201,606 | 1,039,313 | 3,240,919 | 927,956 | 4,168,875 | 996,407 | 5,165,282 | 1,120,231 |
| Fuel | \$ | 13,106,421.83 | 13,106,421.83 | 9,169,230.28 | 22,275,652.11 | 7,471,279.33 | 29,746,931.44 | 7,122,623.28 | 36,869,554.72 | 5,260,791.48 | 42,120,346.20 | 7,193,463.35 |
| Purchased Power | \$ | 5,217,592.43 | 5,217,592.43 | 2,410,479.42 | 7,628,061.85 | 2,419,871.62 | 10,047,933.47 | (11,747,344) | 10,036,166.03 | 1,713,865.74 | 11,750,071.77 | 8,344,454.40 |
| Avoided Energy-Oregon Solar Plot | \$ | 81.78 | 81.78 | 77.08 | 158.86 | 132.93 | 291.79 | 95.11 | 386.90 | 107.66 | 494.56 | 149.31 |
| Surplus Sales | \$ | (12,245,769.97) | (12,245,769.97) | (7,129,463.70) | (19,375,233.67) | (9,558,816.59) | (28,934,100.26) | (6,221,929.22) | (35,156,029.48) | (7,849,904.32) | (43,005,934.00) | (6,303,298.52) |
| Total Non-OF | \$ | 6,078,296.07 | 6,078,296.07 | 4,450,293.08 | 10,528,589.15 | 332,467.29 | 10,861,056.44 | 889,041.73 | 11,750,098.17 | (888,119.84) | 10,864,978.53 | 6,634,768.84 |
| OF - Includes Net Metering | \$ | 4,906,459.09 | 4,906,459.09 | 5,405,969.92 | 10,312,448.91 | 5,322,390.69 | 15,634,839.60 | 8,011,433.22 | 23,646,272.82 | 11,380,851.50 | 35,027,124.32 | 12,518,091.26 |
| Total Actual Power Costs Incurred | \$ | 10,984,755.16 | 10,984,755.16 | 9,856,282.90 | 20,841,038.06 | 5,664,857.98 | 26,495,896.04 | 8,900,474.95 | 35,396,370.99 | 10,496,731.86 | 45,892,102.85 | 19,152,859.80 |
| Actual Power Cost per Unit | \$/MWh | \$9.35 | \$9.35 | \$9.60 | \$9.47 | \$5.44 | \$8.18 | \$9.59 | \$8.49 | \$10.53 | \$8.88 | \$7.10 |
| POWER COSTS COLLECTED IN RATES | | | | | | | | | | | | |
| Actual Sales | MWh | 1,174,512 | 1,174,512 | 1,027,094 | 2,201,606 | 1,039,313 | 3,240,919 | 927,956 | 4,168,875 | 996,407 | 5,165,282 | 1,120,231 |
| Combined Rate (Recover in Rates) | \$/MWh | 18.63 | 18.63 | 18.53 | 18.58 | 18.87 | 18.68 | 18.29 | 18.59 | 18.75 | 18.62 | 18.08 |
| Total Power Costs Collected in Rates | \$ | 21,881,158.56 | 21,881,158.56 | 19,032,051.82 | 40,913,210.38 | 19,611,836.31 | 60,525,046.69 | 16,972,315.24 | 77,497,361.93 | 18,682,631.25 | 96,179,993.18 | 20,253,776.48 |
| CHANGE FROM FORECAST | | | | | | | | | | | | |
| Actual Power Cost per Unit | \$/MWh | \$9.35 | \$9.35 | \$9.60 | \$9.47 | \$5.44 | \$8.18 | \$9.59 | \$8.49 | \$10.53 | \$8.88 | \$7.10 |
| Combined Rate (Recover in Rates) | \$/MWh | 18.63 | 18.63 | 18.53 | 18.58 | 18.87 | 18.68 | 18.29 | 18.59 | 18.75 | 18.62 | 18.08 |
| Actual Increase (Decrease) Over Forecast Rate | \$/MWh | (9.28) | (9.28) | (8.93) | (9.12) | (13.43) | (10.50) | (8.70) | (10.10) | (8.22) | (9.74) | (10.98) |
| Deviation from Forecast | \$ | (10,886,403.40) | (10,886,403.40) | (8,175,768.92) | (20,072,172.32) | (13,956,978.33) | (34,029,150.65) | (6,071,840.29) | (42,100,990.94) | (8,186,899.39) | (50,287,890.33) | (1,100,916.68) |
| Oregon Allocation | % | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% |
| Oregon Allocated Power Cost Deviation (before DB) | \$ | (501,234.56) | (501,234.56) | (823,319.93) | (923,319.93) | (1,565,340.93) | (1,565,340.93) | (1,936,645.58) | (1,936,645.58) | (2,313,242.96) | (2,313,242.96) | (2,313,242.96) |
| Deadband - Over 250 Basis Points | \$ | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 |
| Deadband - Under 125 Basis Points | \$ | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) |
| True-Up (+) | \$ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| True-Up (-) | \$ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| OREGON DEFERRAL before sharing | \$ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Portion of True-up Change Allowed | % | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| OREGON DEFERRAL - w/ SHARING (90/10) | \$ | 0.00 | 0.00 | 0.00 | 0.00 | (40,518,947.47) | (40,518,947.47) | (739,863.66) | (739,863.66) | (1,078,801.29) | (1,078,801.29) | (1,078,801.29) |
| Interest Rate | % | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% |
| Interest Accrued to date | \$ | 0.00 | 0.00 | 0.00 | 0.00 | (4,087.83) | (4,087.83) | (9,940.07) | (9,940.07) | (18,117.12) | (18,117.12) | (18,117.12) |
| Total Deferred Balance | \$ | 0.00 | 0.00 | 0.00 | 0.00 | (40,917,773.30) | (40,917,773.30) | (749,803.73) | (749,803.73) | (1,096,918.41) | (1,096,918.41) | (1,096,918.41) |

| June YTD | July YTD | August | September YTD | October YTD | November | November YTD | December | December YTD | Annual |
|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|------------------|------------------|
| 6,285,513 | 7,830,115 | 1,476,175 | 1,218,037 | 10,524,327 | 982,164 | 11,506,491 | 1,167,826 | 13,734,221 | 13,734,221 |
| 49,313,809.55 | 61,085,018.79 | 17,047,588.15 | 12,225,420.93 | 90,358,027.87 | 11,651,880.48 | 102,009,706.36 | 16,037,612.88 | 130,945,675.63 | 130,945,675.63 |
| 20,094,526.17 | 35,210,959.01 | 15,606,936.21 | 5,028,770.99 | 55,846,666.21 | 2,739,114.08 | 58,585,780.29 | 4,217,595.83 | 66,568,203.61 | 66,568,203.61 |
| 643.87 | 1,074.80 | 568.26 | 529.34 | 2,172.40 | 415.13 | 2,587.53 | 434.84 | 3,374.74 | 3,374.74 |
| (51,900,232.52) | (57,876,410.42) | (6,673,802.31) | (12,570,11.88) | (79,128,224.59) | (13,511,423.02) | (92,639,647.61) | (9,436,865.77) | (110,882,329.53) | (110,882,329.53) |
| 17,499,247.07 | 38,420,642.18 | 23,981,200.31 | 4,676,709.40 | 67,078,641.89 | 879,786.68 | 67,958,428.57 | 10,818,757.78 | 86,634,924.45 | 86,634,924.45 |
| 47,545,215.58 | 60,259,027.87 | 11,163,108.81 | 10,036,174.13 | 81,458,310.81 | 9,251,097.53 | 90,709,408.34 | 6,829,842.09 | 107,394,227.08 | 107,394,227.08 |
| 65,044,962.65 | 98,679,670.05 | 35,144,399.12 | 14,712,883.53 | 148,539,952.70 | 10,130,894.21 | 158,667,836.91 | 17,648,599.87 | 194,019,151.53 | 194,019,151.53 |
| \$10.35 | \$12.60 | \$23.81 | \$12.08 | \$14.11 | \$10.31 | \$13.79 | \$15.11 | \$14.13 | \$14.13 |
| 6,285,513 | 7,830,115 | 1,476,175 | 1,218,037 | 10,524,327 | 982,164 | 11,506,491 | 1,167,826 | 13,734,221 | 13,734,221 |
| \$18.52 | \$18.57 | \$19.08 | \$19.34 | \$18.73 | \$18.68 | \$18.56 | \$17.24 | \$18.45 | \$18.45 |
| 116,433,769.66 | 145,395,422.20 | 28,160,265.41 | 23,557,122.06 | 197,102,809.67 | 17,834,449.12 | 214,937,258.79 | 20,138,850.09 | 253,339,382.22 | 253,339,382.22 |
| \$10.35 | \$12.60 | \$23.81 | \$12.08 | \$14.11 | \$10.31 | \$13.79 | \$15.11 | \$14.13 | \$14.13 |
| \$18.52 | \$18.57 | \$19.08 | \$19.34 | \$18.73 | \$18.68 | \$18.56 | \$17.24 | \$18.45 | \$18.45 |
| (51,389,807.01) | (46,705,752.15) | 6,984,133.71 | (8,944,238.53) | (48,565,856.97) | (7,703,564.91) | (56,269,421.88) | (2,490,250.22) | (59,320,230.69) | (59,320,230.69) |
| 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% |
| (2,363,885.12) | (2,148,464.60) | (1,827,194.45) | (2,234,029.42) | (2,588,393.41) | (2,588,393.41) | (2,588,393.41) | (2,614,179.10) | (2,728,730.61) | (2,728,730.61) |
| 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 | 2,229,149.70 |
| (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) | (1,114,574.85) |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (1,249,310.27) | (1,033,889.75) | (1,249,310.27) | (1,033,889.75) | (1,119,454.57) | (1,473,816.56) | (1,473,816.56) | (1,498,604.25) | (1,614,155.76) | (1,614,155.76) |
| (1,249,310.27) | (1,033,889.75) | (1,249,310.27) | (1,033,889.75) | (1,119,454.57) | (1,473,816.56) | (1,473,816.56) | (1,498,604.25) | (1,614,155.76) | (1,614,155.76) |
| 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% | 90% |
| (1,124,379.25) | (930,500.77) | (641,357.64) | (1,007,509.11) | (1,326,436.70) | (1,326,436.70) | (1,326,436.70) | (1,399,643.83) | (1,452,740.19) | (1,452,740.19) |
| 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% | 8.061% |
| (22,659.05) | (21,877.24) | (17,233.28) | (30,455.74) | (44,551.69) | (44,551.69) | (44,551.69) | (49,864.28) | (58,552.69) | (58,552.69) |
| (1,147,038.30) | (952,376.01) | (658,590.92) | (1,037,964.85) | (1,370,986.39) | (1,370,986.39) | (1,370,986.39) | (1,399,508.10) | (1,511,292.89) | (1,511,292.89) |

Idaho Power/202
Witness: Courtney Waites

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

Determination of Power Supply Expense Deadbands
Based on Idaho Power 2011 Results of Operation

April 16, 2012

**Determination of Oregon PCAM Deadbands
Based on Idaho Power 2011 Results of Operations**

| | (A) | (B) |
|---------------------------------------|------------------------|-------------------------|
| | Total System | Oregon |
| (1) Rate Base | \$2,462,148,292 | \$106,512,527 |
| (2) % Equity in cap structure | 50.983% | 50.983% |
| (3) Equity in rate base | \$1,255,277,064 | \$54,303,281 |
| (4) 100 basis points | 1.000% | 1.000% |
| (5) Resulting return (NOI Effect) | \$12,552,771 | \$543,033 |
| (6) Net-to Gross Factor | 1.64200 | 1.64200 |
| (7) Revenue requirement | \$20,611,649 | \$ 891,660 |
| | | |
| (8) Upper Band of Basis Points | 250 | \$2,229,149.70 |
| (9) Lower Band of Basis Points | 125 | (\$1,114,574.85) |

Idaho Power/203
Witness: Courtney Waites

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

Statement of Operations
January 2011 through December 2011

April 16, 2012

**IDAHO POWER COMPANY
STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011**

OPUC JURISDICTION

| DESCRIPTION | ACTUAL ALLOCATION | TYPE I ADJUSTMENTS | ADJUSTED TOTAL - TYPE I | TYPE II ADJUSTMENTS | ADJUSTED TOTAL - TYPE I & II |
|--------------------------------------|-------------------|--------------------|-------------------------|---------------------|------------------------------|
| | | | | | |
| OPERATING REVENUES | | | | | |
| Retail Sales Revenues | 42,466,390 | 0 | 42,466,390 | (2,920,988) | 39,545,402 |
| Sales for Resale | 86,586 | 0 | 86,586 | (86,586) | 0 |
| Opportunity Sales | 4,582,339 | 0 | 4,582,339 | (2,235,665) | 2,346,674 |
| Other Operating Revenues | 4,688,314 | (2,515,131) | 2,173,183 | 18,180 | 2,191,362 |
| Total Operating Revenue | 51,823,629 | (2,515,131) | 49,308,498 | (5,225,059) | 44,083,439 |
| OPERATING EXPENSES | | | | | |
| Operation & Maintenance Expense | 35,658,483 | (4,120,710) | 31,537,773 | (1,553,683) | 29,984,090 |
| Depreciation Expense | 4,689,777 | 0 | 4,689,777 | 125,052 | 4,814,829 |
| Amortization Expense | 273,660 | 17,165 | 290,825 | 22,518 | 313,343 |
| Taxes Other Than Income Taxes | 1,959,217 | (0) | 1,959,217 | (66,904) | 1,892,313 |
| Regulatory Debits/Credits | 28,099 | 0 | 28,099 | 0 | 28,099 |
| Provision for Deferred Income Taxes | 305,867 | 1,558,703 | 1,864,570 | (13,720) | 1,850,850 |
| Investment Tax Credit Adjustment | (48,620) | 0 | (48,620) | (411) | (49,031) |
| Federal Income Tax | (3,448,452) | 3,514,916 | 66,463 | (1,124,696) | (1,058,233) |
| State Income Taxes | (74,468) | 229,312 | 154,844 | (225,422) | (70,578) |
| Total Operating Expenses | 39,343,562 | 1,199,385 | 40,542,947 | (2,837,266) | 37,705,681 |
| OPERATING NET INCOME | 12,480,067 | (3,714,516) | 8,765,551 | (2,387,793) | 6,377,758 |
| Add: IERCO Operating Income | 275,650 | 0 | 275,650 | 3,007 | 278,657 |
| CONSOLIDATED OPERATING INCOME | 12,755,717 | (3,714,516) | 9,041,201 | (2,384,786) | 6,656,415 |
| RATE OF RETURN EARNED | 11.892% | | 8.488% | | 6.204% |
| IMPLIED RETURN ON EQUITY | 17.833% | | 11.157% | | 6.677% |

COST OF CAPITAL - DEC 31, 2011

| | ACTUAL STRUCTURE | EMBEDDED COST | WEIGHTED COST |
|-----------------|------------------|---------------|---------------|
| Long Term Debt | 49.017% | 5.712% | 2.800% |
| Preferred Stock | 0.000% | 0.000% | 0.000% |
| Common Equity | 50.983% | 10.175% | 5.187% |
| Total | 100.000% | | 7.988% |

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing documents n
Docket UE 247 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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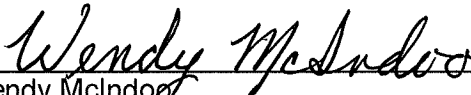
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DATED: April 16, 2012



Wendy McIndoo
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