PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
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June 14, 2013

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Oregon Public Utility Commission
550 Capitol Street NE, Ste 215
Salem, OR 97301-2551

Attn: Filing Center

RE: Docket UE 267 – Five-Year Cost of Service Opt-Out Program
Opening Testimony of PacifiCorp

In accordance with the May 6, 2013 Prehearing Conference Memorandum in the above-referenced docket, PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) encloses for filing the opening testimony and exhibits of Joelle R. Steward and Gregory N. Duvall. CDs containing the workpapers are also provided.

The Company requests that all data requests on this matter be sent to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

Please contact Joelle Steward, Director of Pricing, Cost of Service and Regulatory Operations, at (503) 813-5542 for questions on this matter.

Sincerely,

William R Griffith /JS

William R. Griffith
Vice President, Regulation

Enclosure

Cc: Service List – UE 267

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of Direct Testimony and Exhibits on the parties listed below via electronic mail and/or US mail in compliance with OAR 860-001-0180.

Docket UE-267

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Dated this 14th day of June.

Carrie Meyer
Supervisor, Regulatory Operations

Docket No. UE 267
Exhibit PAC/100
Witness: Joelle R. Steward

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

PACIFICORP

Opening Testimony of Joelle R. Steward

June 2013

Q. Please state your name, business address, and present position with PacifiCorp d/b/a Pacific Power (PacifiCorp or Company).

A. My name is Joelle R. Steward. My business address is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232. My present position is Director, Pricing, Cost of Service, and Regulatory Operations.

Q. Briefly describe your education and professional experience.

A. I have a Bachelor of Arts degree in Political Science from the University of Oregon and a Masters of Public Affairs from the Hubert Humphrey Institute of Public Policy at the University of Minnesota. Between 1999 and March 2007, I was employed as a Regulatory Analyst with the Washington Utilities and Transportation Commission. I joined the Company in March 2007 as the Regulatory Manager responsible for all regulatory filings and proceedings in Oregon. I assumed my current position in February 2012, in which I direct the work of the cost of service, pricing, and regulatory operations groups.

Q. What is the purpose of your testimony?

A. My testimony describes the Company's proposed Five-Year Cost of Service Opt-Out program for qualifying direct access customers. Exhibit PAC/101 contains the proposed tariff Schedule 296, Transition Adjustment – Five-Year Cost of service Opt-Out.

Q. What other Company witnesses are filing opening testimony in this proceeding?

A. Gregory N. Duvall, PacifiCorp's Director, Net Power Costs, is also filing opening testimony in this proceeding. Mr. Duvall's testimony explains how the Company calculates transition adjustments and the customer opt-out charge for Schedule 296.

BACKGROUND

Q. Why is the Company proposing the Five-Year Cost of Service Opt-Out program (Five-Year Program)?

A. In Order No. 12-500 in docket UM 1587, the Public Utility Commission of Oregon (Commission) directed the Company "to file a tariff offering to provide a five-year opt-out program that allows a qualified customer to go to direct access and pay fixed transition charges for the next five years, and then to be no longer subject to transition adjustments."[1] The Commission also indicated the Company may tailor its program to protect other customers from cost shifting and limit the program to large, sophisticated customers.[2]

Consistent with these directives, the Company filed Advice No. 13-004 on February 28, 2013, to implement Schedule 296, Transition Adjustment, Five-Year Cost of Service Opt-Out. This tariff offering will allow a customer to fully transition off of cost-based supply service from the Company after five years, at which point the customer will no longer pay or receive a transition adjustment or pay Schedule 200 Base Supply Service rates.

Q. Briefly describe the Company's current supply service options.

A. Consistent with the Commission's rules, the Company has three supply service options for direct access eligible customers:

1. Cost-based supply service from the Company through Schedule 201, Cost-

[1] *In re Public Utility Commission of Oregon Investigation into Issues Relating to Direct Access*, Docket UM 1587, Order No. 12-500, 10 (Dec. 30, 2012).
[2] *Id*. at 9.

Based Net Power Costs. This is the default service for customers.

2. Minimum one-year opt-out through Schedule 294, Transition Adjustment. All nonresidential customers are eligible for this option. Supply service for the opt-out period can be from either (a) the Company through daily market based rates through Schedule 220, Standard Offer Supply Service, or (b) an Electricity Service Supplier (ESS), with submission of a Direct Access Service Request form. Each November 15, the Company posts and files the final Schedule 294 Transition Adjustments for this option for the following calendar year, in compliance with the final order in the Transition Adjustment Mechanism (TAM) and current market forecast prices. The election window for customers is open for one week beginning November 15.
3. Multi-year opt-out for supply service from an ESS through Schedule 295, Transition Adjustment One-Time Multi-Year Cost of Service Opt-Out. This option is a minimum three-year commitment for service through an ESS. Large nonresidential customers who meet minimum size requirements are eligible for this option. Each November 15, the Company posts and files the final Schedule 295 Transition Adjustments for this option for the three-year period beginning with the next calendar year, in compliance with the final order in the TAM and current market forecast prices. The annual election window for this option is open for three weeks beginning November 15.

Under all options, rates include Schedule 200, Base Supply Service. Schedule 200 covers the capital, operating, and maintenance expenses that are not part of net power costs for the Company's generation fleet.

PROGRAM DESCRIPTION

Q. Please describe Exhibit PAC/101.

A. Exhibit PAC/101 is the proposed tariff Schedule 296 to implement the five-year transition to opt out of cost-based supply service. The Company proposes to begin implementation of the Five-Year Program with the direct access window commencing November 15, 2014[3]. Therefore, the values for the Transition Adjustments and Consumer Opt-Out Charges proposed in this filing are not specified.

Q. What customers will be eligible for the Five-Year Program?

A. The Company proposes to make the Five-Year Program available to: (1) large nonresidential consumers who currently receive service under Delivery Service Schedules 47/747 or 48/748; and (2) consumers who receive service under Delivery Service Schedules 30/730, 47/747 or 48/748 under a single corporate name with meters that each have more than 200 kilowatts of billing demand at least once in the previous 13 months and that total to at least 2 megawatts (MW). These eligibility criteria are consistent with the Company's current three-year cost of service opt-out program in Schedule 295. Keeping the eligibility criteria for the new Five-Year Program consistent with the current three-year opt-out program will minimize customer confusion and administrative costs. A customer

[3] The Company's initial tariff filing proposed a direct access window commencing November 15, 2013. However, based on the procedural schedule set for this docket, the Company changed the date to November 15, 2014.

electing the Five-Year Program must take service from an ESS for all points of delivery.

Q. Is the Company proposing a cap on the total load that would be served under the Five-Year Program?

A. Yes. The Company proposes to cap the total load that will be accepted in the Five-Year Program at 175 average MW (aMW), which is approximately 1.5 million megawatt-hours. This cap is relatively proportional to the cap for Portland General Electric Company's multi-year opt-out programs and is equal to approximately one-half of qualifying load, based on 2012 data. Setting a cap will reduce the potential burden on nonparticipating customers when customers on Schedule 296 reach their fifth year of participation and cease paying generation-related fixed costs under Schedule 200, Base Supply Service.

Q. Please explain the Transition Adjustments included in Schedule 296.

A. The Transition Adjustments are the estimated differences between the value of the electricity that is freed up when a customer chooses to leave cost-based supply service and Schedule 201 cost-based rates. Mr. Duvall's testimony describes the calculation of the five-year Transition Adjustments.

Before each direct access election window, the Company will post five-year Transition Adjustments related to net power costs, in compliance with the final order in the TAM and current market prices. Customers participating in the Five-Year Program through Schedule 296 will continue to pay Schedule 200, Base Supply Service, rates during the five-year transition period consistent with the treatment of customers participating in other direct access programs through

Schedules 294 and 295. After a continuous five-year period, customers participating in the Five-Year Program through Schedule 296 will no longer pay or receive Transition Adjustments.

Q. Please explain the Customer Opt-Out Charge on Schedule 296.

A. The Consumer Opt-Out Charge is a valuation of the fixed generation costs incurred by the Company to serve customers, offset by the value of the freed-up power made available by the departing customers for years six through 20. The Consumer Opt-Out Charge is necessary to minimize cost shifting to nonparticipating customers when customers in this program cease paying Base Supply Service in Schedule 200 after five years. Mr. Duvall explains the calculation of the Customer Opt-Out Charge.

Before each direct access election window, the Company will post on its website the Consumer Opt-Out Charge related to generation costs. The Consumer Opt-Out Charge may be subject to change, as authorized by the Commission, to reflect changes in Schedule 200 approved subsequent to the direct access election window. The Consumer Opt-Out Charge approved for the cohort of customers electing service during each direct access enrollment period will apply during the five-year transition period for that cohort of customers. After five years of continuous participation, customers on Schedule 296 will no longer be subject to the Consumer Opt-Out Charge or to charges in Schedule 200, Base Supply Service, and they will not receive or pay Transition Adjustments. Revenue from the Consumer Opt-Out Charge will be recorded in a regulatory asset to be amortized to all nonparticipating customers subject to Schedule 200, Base Supply Service.

Q. Please summarize which rate schedules will be applicable to customers electing the Five-Year Program.

A. Customers electing the Five-Year Program will be subject to the following rate schedules during the five-year transition period:

- The applicable Direct Access Delivery Service rate schedule (Schedules 730, 747, or 748).
- Schedule 200, Base Supply Service.
- Other applicable adjustment schedules.
- Schedule 296, Five-Year Cost of Service Opt Out.

Following the five-year transition period, customers will be no longer be subject to Schedule 200 and Schedule 296. These customers will also no longer be subject to any other adjustment schedules related to supply service, unless otherwise ordered by the Commission. Once the five-year transition period has elapsed, the Company anticipates moving customers to new direct access delivery service schedules, Schedules 830, 847 and 848. These schedules will be similar to the current Schedules 730, 747, and 748, with the exception that Base Supply Service charges will not be included.

Q. Would a customer be eligible to return to cost-based supply service after the five-year transition period on Schedule 296?

A. No. Consistent with ORS 757.603, a customer electing this option will not be eligible to return to cost-based supply service from the Company.[4]

Q. When is the election window for customers to choose Schedule 296?

A. Consistent with the Company's current three-year opt-out program, the election window for the five-year period beginning January 1 of the subsequent calendar year will commence based on the announcement date defined in OAR 860-038-0275, which is currently November 15. The election window will be open for a period consistent with the three-year opt-out program, currently three weeks. The Company will post the indicative Transition Adjustments and Consumer Opt-Out Charge on its website consistent with OAR 860-038-0275(3).

Q. Does this conclude your opening testimony?

A. Yes.

[4] ORS 757.603 authorizes the Commission to "prohibit or otherwise limit the use of a cost-of-service rate by retail electricity consumers who have been served through direct access . . . ."

Docket No. UE 267
Exhibit PAC/101
Witness: Joelle R. Steward

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

PACIFICORP

Exhibit Accompanying Opening Testimony of Joelle R. Steward

Proposed Schedule 296
Transition Adjustment, Five-Year Cost of Service Opt-Out

June 2013

(N)

Available

In all territory served by the Company in the State of Oregon.

Applicable

To Large Nonresidential Consumers who have chosen to opt-out of the Company's Cost-Based Supply Service Schedule 201 for a five-year period and who currently receive Delivery Service under Schedules 47, 48, 747, or 748 or Consumers who receive service under Delivery Service Schedules 30, 47 and/or 48 or 730, 747 and/or 748 under a single corporate name with meters of more than 200 kW of billing demand at least once in the previous thirteen months that total to at least 2 MW.

Total Eligible Load

A total of 175 aMW will be accepted under this schedule.

Transition Adjustment

The Transition Adjustments for each five-year period are listed below by applicable enrollment period. At the end of the applicable five-year period, consumers who have elected this option will no longer be subject to transition adjustments.

The annual Transition Adjustment amounts are shown below for each Delivery Service rate schedule, by voltage level, for Heavy Load Hours (HLH) and Light Load Hours (LLH). Adjustments are expressed on a cents per kilowatt-hour basis.

Consumer Opt-Out Charge

The Consumer Opt-Out Charge will be applicable for the five-year enrollment period. At the end of the applicable five-year period, consumers who have elected this option will no longer be subject to the consumer opt-out charge, the transition adjustments or to charges in Schedule 200, Base Supply Service.

Energy Supply

The Consumer must elect to purchase energy from an ESS (Direct Access Service) for all of the Consumer's Points of Delivery under this schedule. Consumers electing this option will not be eligible to return to cost-based supply service from the Company. By electing this option, the consumer is giving up the right granted under state law to receive electricity from the Company at a rate based on the cost of electric generating resources owned whole or in part by the Company.

(N)

(continued)

(N)

Notification of Transition Adjustment and Consumer Opt-Out Charges

Based on the announcement date defined in OAR 860-038-275, the Company will post on its website (www.pacificpower.net) the transition adjustment and consumer opt-out charge for each eligible Delivery Service schedule shown on Schedule 201 for each applicable delivery voltage level for Nonresidential Consumers for the five-year period from January 1 of the calendar year subsequent to the announcement date. The consumer opt–out charge may be subject to later adjustments pursuant to commission-approved rate changes related to Schedule 200, Base Supply Service.

Balancing Account

The Company will accrue in this account, the costs, resulting from changes in the forward price curve that occurred during the open enrollment window, the load actually participating in Direct Access as compared to the assumed level of participation in the simulations, and any executed energy transactions resulting from significant load departure, if such costs exceed $250,000. The Company shall accrue interest on the transition adjustment balances, whether positive or negative, at the Company's authorized rate of return. Amounts in this account will be recovered through an adjustment schedule from all consumers eligible for direct access.

(N)

(continued)

(N)

Adjustments for Consumers Electing This Option During the November 2014 Open Enrollment Period for Service Beginning January 1, 2015

The Monthly Billing will be the Transition Adjustments, as specified below by Delivery Service Schedule, and the Consumer Opt-Out Charge.

Transition Adjustments (cents/kWh)

	730 Secondary		730 Primary	
	HLH	LLH	HLH	LLH
2013	tbd	tbd	tbd	tbd
2014	tbd	tbd	tbd	tbd
2015	tbd	tbd	tbd	tbd
2016	tbd	tbd	tbd	tbd
2017	tbd	tbd	tbd	tbd

	747, 748 Secondary		747, 748 Primary		747, 748 Transmission	
	HLH	LLH	HLH	LLH	HLH	LLH
2013	tbd	tbd	tbd	tbd	tbd	tbd
2014	tbd	tbd	tbd	tbd	tbd	tbd
2015	tbd	tbd	tbd	tbd	tbd	tbd
2016	tbd	tbd	tbd	tbd	tbd	tbd
2017	tbd	tbd	tbd	tbd	tbd	tbd

Consumer Opt-Out Charge (cents/kWh) – tbd

(N)

Docket No. UE 267
Exhibit PAC/200
Witness: Gregory N. Duvall

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

PACIFICORP

Opening Testimony of Gregory N. Duvall

June 2013

Q. Please state your name, business address, and present position with PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company).

A. My name is Gregory N. Duvall. My business address is 825 NE Multnomah Street, Suite 600, Portland, Oregon 97232. My present position is Director, Net Power Costs.

Q. Briefly describe your education and professional experience.

A. I received a degree in Mathematics from University of Washington in 1976 and a Masters of Business Administration from University of Portland in 1979. I was first employed by PacifiCorp in 1976 and have held various positions in resource and transmission planning, regulation, resource acquisitions and trading. From 1997 through 2000, I lived in Australia where I managed the Energy Trading Department for Powercor, a PacifiCorp subsidiary at that time. After returning to Portland, I was involved in direct access issues in Oregon and was responsible for directing the analytical effort for the Multi-State Process (MSP). I currently direct the work of the load forecasting group, the net power cost group, and the renewable compliance area.

Q. What is the purpose of your testimony in this case?

A. My testimony supports the calculation of the tariff rates for the Company's proposed Five-Year Cost of Service Opt-Out program (Five-Year Program), which will be offered as Schedule 296. First, I provide a brief explanation of charges for electricity supply service. Then I describe the calculation of the transition adjustments and consumer opt-out charge applicable to customers electing the Five-Year Program. I also explain two modifications to the calculation that have been made since the Company's original proposal was filed in Advice No. 13-004.

Q. Please identify the other Company witness providing testimony in this docket.

A. Joelle R. Steward, Director of Pricing, Cost of Service, and Regulatory Operations, describes how the Five-Year Program will work and presents the Company's proposed Schedule 296.

Q. Please provide some background on the Five-Year Program.

A. In Order 12-500 in docket UM 1587, the Commission directed the Company to file a tariff that allows a qualified customer to go to direct access for electricity supply service and pay fixed transition charges for the next five years, and then to be no longer subject to transition adjustments.[1] In its order, the Commission acknowledged concerns raised by the Company in the docket and allowed the Company to tailor its program to fit its circumstances, including protecting other customers from cost-shifting and limiting participation to large, sophisticated customers.[2]

Q. What are the components of electricity supply service?

A. There are two components: Net Power Costs and Base Supply Service. Cost-Based Net Power Costs are collected through Schedule 201 and are defined as the sum of fuel expenses, wholesale purchase power expenses and wheeling expenses, less wholesale sales revenue. Base Supply Service costs are collected

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[1] *In re Public Utility Commission of Oregon Investigation of Issues Relating to Direct Access*, Docket UM 1587, Order No. 12-500 (Dec. 30, 2012).
[2] *Id*. at 9.

through Schedule 200 and include the capital, operating, and maintenance expenses that are not part of Net Power Costs for the Company's generation fleet. As described in more detail by Ms. Steward, the Company's existing direct access programs allow for nonresidential customers to opt out of cost-based net power cost rates in Schedule 201 and instead pay market-based rates, either based on daily market prices or as contracted with an Electricity Service Supplier (ESS). Customers who choose direct access receive or pay a transition adjustment, which is a credit or surcharge reflecting the forecasted difference between regulated net power costs and value of the freed-up energy. With either option, customers continue to pay Base Supply Service rates under Schedule 200, which reflect the fixed costs associated with the Company's generation assets.

Q. What is the intent of the Company's Five-Year Program tariff?

A. The Company's proposed Five-Year Program is designed to allow a customer to fully transition off of cost-based supply service while minimizing potential cost shifting to nonparticipating customers.

Q. What rates for electricity supply service will be applied to customers who choose to participate in the Five-Year Program?

A. During the first five years, participating customers will be subject to Transition Adjustments and the Consumer Opt-Out Charge as specified in Schedule 296, as well as Base Supply Service rates in Schedule 200. After five years of continuous participation, customers on Schedule 296 will no longer be subject to the Consumer Opt-Out Charge or to charges in Schedule 200, Base Supply Service, and they will not receive or pay Transition Adjustments.

Q. How are the Transition Adjustments calculated?

A. The Transition Adjustments are the estimated difference between regulated net power costs in Schedule 201 and the incremental value of the electricity that is freed-up when a customer chooses to leave cost-based supply service. The Company's production cost model, GRID, is used to calculate the value of freed-up energy. First, a base GRID study is prepared to project the Company's net power costs over a five-year period using the best available cost assumptions. A second study is then prepared which duplicates the first, except that a certain amount of Oregon load is removed, shaped based on load profiles for the eligible schedules. The GRID model is allowed to rebalance the Company's resources around the reduced load and determine the adjusted net power costs. For example, as a result of the reduced load the GRID model may make additional wholesale market sales, reduce market purchases, or reduce generation from its thermal resources.

The difference in net power costs between the two GRID runs is the value of energy freed-up by eligible customers leaving the system. This value is compared to projected Schedule 201 rates to calculate the Transition Adjustments. The Transition Adjustments are expressed as a dollar per megawatt-hour rate by year and by heavy load hours (HLH) and light load hours (LLH). The Company calculated sample five-year transition adjustments, which are presented in Exhibit PAC/201. To calculate the sample transition adjustments, the Company removed

175 average megawatts of Oregon load[3], representing the maximum program participation, and cost-based rates in Schedule 201 were escalated at the same rate of increase projected for total net power costs.

Q. Has the Company made any modifications to the sample five-year transition adjustments calculation since its compliance filing in Advice No. 13-004?

A. Yes, the Company has made two changes. First, the Company spread the value of the transition adjustments between the monthly HLH and LLH periods, based on the ratio of HLH to LLH prices for the Mid-Columbia market hub in the Company's Official Forward Price Curve used in the study. Second, the transition adjustments were grossed up to account for the line losses incurred between the Company's generation resources and the customer's meter. Both of these changes more closely align the calculation of the five-year transition adjustments with the existing one- and three-year calculations.

Q. How is the Consumer Opt-Out Charge calculated?

A. The Consumer Opt-Out Charge is a valuation of the fixed generation costs incurred by the Company to serve customers, offset by the value of the freed-up power made available by the departing customers for years six through 20. First, Transition Adjustments and Base Supply Service rates are projected for years six through 20. The Transition Adjustments are calculated in the same way as described previously for years one through five. The current Base Supply Service rates are also projected for years six through 20—in this case the current rates

[3] The Company used 175 average megawatts to calculate the sample transition adjustment in this case. In future filings the Company expects to use 25 average megawatts to calculate the 5-year transition adjustment, similar to Schedules 294 and 295.

were kept flat in real terms by escalating them at an average annual rate of inflation. The Consumer Opt-Out Charge is calculated by combining the net present value of the projected Transition Adjustments and Base Supply Service rates for years six through twenty and converting the result to a five-year nominal levelized payment stream using the Company's discount rate.[4] This is done separately for the HLH and LLH periods. Exhibit PAC/201 contains a sample five-year Consumer Opt-Out Charge calculation.

Q. Why is a Consumer Opt-Out Charge necessary?

A. The Consumer Opt-Out Charge is necessary to minimize cost shifting to nonparticipating customers when customers in this program cease paying Base Supply Service in Schedule 200 after five years. In essence, departing customers are charged a five-year levelized payment to cover the fixed costs they would otherwise have paid for from years six through twenty. As shown in Exhibit PAC/202, the Company estimates that without this charge, in 2014 dollars, approximately $141 million in costs could be shifted to nonparticipating customers.

Q. Does this conclude your opening testimony?

A. Yes.

[4] The Company's after-tax weighted average cost of capital.

Docket No. UE 267
Exhibit PAC/201
Witness: Gregory N. Duvall

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

PACIFICORP

Exhibit Accompanying Opening Testimony of Gregory N. Duvall

Example Calculation of Schedule 296 Transition Adjustments and Customer Opt-Out Charge

June 2013

Exhibit PAC/201
Schedule 30 Primary/Secondary
Schedule 296 - Five Year Cost of Service Opt-Out Program
Example Calculation
Assuming Average Market Prices for Electricity and Natural Gas

Year	Schedule 201 - Net Power Costs in Rates	NPC Impact of 175 aMW Leaving System		Transition Adjustment				Schedule 200 - Base Supply		Customer Opt Out Charge	
		HLH	LLH	HLH		LLH				HLH	LLH
	(a)	(b)		(c)				(d)		(e)	
	(a)=Sch Avg	(b)=GRID Study		(c)=(a)-(b)				(d)=Sch Avg		=52.91-37.27	=52.91-22.89
2013	$27.45	$34.06	$23.98	($6.61)		$3.47		$27.05			
2014	$27.04	$34.52	$25.18	($7.48)	-	$1.86	-	$27.57	-	$15.63	$30.02
2015	$27.63	$35.41	$25.95	($7.78)	-	$1.68	-	$28.09	-	$15.63	$30.02
2016	$28.57	$36.21	$26.61	($7.64)	-	$1.96	-	$28.62	-	$15.63	$30.02
2017	$28.90	$37.62	$27.85	($8.72)	-	$1.05	-	$29.16	-	$15.63	$30.02
2018	$29.83	$39.92	$29.47	($10.09)	-	$0.36	-	$29.71	-	$15.63	$30.02
2019	$30.76	$44.78	$35.14		($14.02)		($4.38)		$30.27		
2020	$31.74	$48.88	$40.35		($17.14)		($8.61)		$30.85		
2021	$33.49	$53.50	$44.32		($20.01)		($10.83)		$31.44		
2022	$34.33	$60.40	$50.94		($26.07)		($16.61)		$32.04		
2023	$35.21	$63.20	$53.38		($27.99)		($18.17)		$32.65		
2024	$35.74	$63.67	$54.33		($27.93)		($18.59)		$33.27		
2025	$36.23	$63.62	$54.27		($27.39)		($18.04)		$33.90		
2026	$37.67	$66.54	$56.94		($28.87)		($19.27)		$34.54		
2027	$38.55	$67.78	$58.03		($29.23)		($19.48)		$35.20		
2028	$41.83	$69.54	$60.06		($27.71)		($18.23)		$35.87		
2029	$41.80	$64.40	$55.59		($22.60)		($13.79)		$36.55		
2030	$43.12	$64.27	$55.95		($21.15)		($12.83)		$37.24		
2031	$44.26	$68.50	$59.79		($24.24)		($15.53)		$37.95		
2032	$45.45	$72.77	$64.19		($27.32)		($18.74)		$38.67		
2033	$46.67	$73.60	$65.26		($26.93)		($18.59)		$39.40		
20-Year Net Present Value (1)					($152.19)		($93.46)		$216.03	$63.84	$122.58
5-year Nominal Levelized Payment					($37.27)		($22.89)		$52.91	$15.63	$30.02

Notes:
(1) 2014 through 2033 using a 7.154% Discount Rate
(2) Primary/Secondary Losses at 8.56%

Exhibit PAC/201
Schedule 47/48 Transmission
Schedule 296 - Five Year Cost of Service Opt-Out Program
Example Calculation
Assuming Average Market Prices for Electricity and Natural Gas

Year	Schedule 201 - Net Power Costs in Rates	NPC Impact of 175 aMW Leaving System		Transition Adjustment				Schedule 200 - Base Supply		Customer Opt Out Charge	
		HLH	LLH	HLH		LLH				HLH	LLH
	(a)	(b)			(c)			(d)		(e)	
	(a)=Sch Avg	(b)=GRID Study			(c)=(a)-(b)			(d)=Sch Avg		=49.42-37.93	=49.42-24.02
2013	$25.66	$32.94	$23.19	($7.29)		$2.47		$25.25			
2014	$25.28	$33.38	$24.36	($8.10)	-	$0.92	-	$25.73	-	$11.49	$25.41
2015	$25.83	$34.25	$25.10	($8.42)	-	$0.73	-	$26.22	-	$11.49	$25.41
2016	$26.71	$35.02	$25.74	($8.31)	-	$0.97	-	$26.72	-	$11.49	$25.41
2017	$27.02	$36.38	$26.93	($9.36)	-	$0.09	-	$27.23	-	$11.49	$25.41
2018	$27.89	$38.61	$28.50	($10.72)	-	($0.61)	-	$27.75	-	$11.49	$25.41
2019	$28.76	$43.31	$33.99		($14.55)		($5.23)		$28.28		
2020	$29.67	$47.28	$39.03		($17.61)		($9.36)		$28.82		
2021	$31.31	$51.74	$42.86		($20.43)		($11.55)		$29.37		
2022	$32.09	$58.42	$49.27		($26.33)		($17.18)		$29.93		
2023	$32.91	$61.13	$51.63		($28.22)		($18.72)		$30.50		
2024	$33.41	$61.58	$52.55		($28.17)		($19.14)		$31.08		
2025	$33.87	$61.54	$52.49		($27.67)		($18.62)		$31.67		
2026	$35.21	$64.36	$55.07		($29.15)		($19.86)		$32.27		
2027	$36.03	$65.56	$56.13		($29.53)		($20.10)		$32.88		
2028	$39.10	$67.26	$58.09		($28.16)		($18.99)		$33.50		
2029	$39.07	$62.28	$53.77		($23.21)		($14.70)		$34.14		
2030	$40.30	$62.17	$54.11		($21.87)		($13.81)		$34.79		
2031	$41.36	$66.25	$57.83		($24.89)		($16.47)		$35.45		
2032	$42.47	$70.39	$62.08		($27.92)		($19.61)		$36.12		
2033	$43.61	$71.19	$63.12		($27.58)		($19.51)		$36.81		
20-Year Net Present Value (1)					($154.88)		($98.07)		$201.81	$46.93	$103.74
5-year Nominal Levelized Payment					($37.93)		($24.02)		$49.42	$11.49	$25.41

Notes:
(1) 2014 through 2033 using a 7.154% Discount Rate
(2) Transmission Losses at 5.00%

Docket No. UE 267
Exhibit PAC/202
Witness: Gregory N. Duvall

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

PACIFICORP

Exhibit Accompanying Opening Testimony of Gregory N. Duvall

Estimated Cost Shift for Five Year Program

June 2013

Exhibit PAC/202

Schedule 296 Potential Cost Shift
Assuming Average Market Prices for Electricity and Natural Gas

Year	Schedule 201 - Net Power Costs in Rates (a) (a)=Sch Avg	NPC Impact of 175 aMW Leaving System (b) (b)=GRID Study	Transition Adjustment (c) (c)=(a)-(b)	Schedule 200 - Base Supply (d) (d)=Sch Avg	Net Impact of Customer Exiting ($/MWh) (e) (e)=(c)+(d)	Shifted Costs ($ Millions) (f) (f)=(e)x 1.5 M MWH
2013	$26.19	$27.49	($1.30)	$25.79	$24.49	$0.00
2014	$25.80	$28.19	($2.39)	$26.28	$23.89	$0.00
2015	$26.36	$28.97	($2.61)	$26.78	$24.17	$0.00
2016	$27.26	$29.66	($2.40)	$27.29	$24.89	$0.00
2017	$27.58	$30.88	($3.30)	$27.81	$24.51	$0.00
2018	$28.47	$32.75	($4.28)	$28.34	$24.06	$0.00
2019	$29.36	$37.53	($8.17)	$28.88	$20.71	$31.06
2020	$30.29	$41.74	($11.45)	$29.43	$17.98	$26.97
2021	$31.96	$45.74	($13.78)	$29.99	$16.21	$24.32
2022	$32.76	$51.99	($19.23)	$30.56	$11.33	$17.00
2023	$33.60	$54.44	($20.84)	$31.14	$10.30	$15.45
2024	$34.11	$55.16	($21.05)	$31.73	$10.68	$16.02
2025	$34.58	$54.99	($20.41)	$32.33	$11.92	$17.87
2026	$35.95	$57.51	($21.56)	$32.94	$11.38	$17.07
2027	$36.79	$58.67	($21.88)	$33.57	$11.69	$17.53
2028	$39.92	$60.47	($20.55)	$34.21	$13.66	$20.49
2029	$39.89	$55.96	($16.07)	$34.86	$18.79	$28.19
2030	$41.15	$56.02	($14.87)	$35.52	$20.65	$30.98
2031	$42.24	$59.73	($17.49)	$36.19	$18.70	$28.05
2032	$43.38	$63.73	($20.35)	$36.88	$16.53	$24.79
2033	$44.55	$64.57	($20.02)	$37.58	$17.56	$26.33
20-Year Net Present Value (2014-2033) 7.154% Discount Rate						$144.46