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A DIVISION OF PACIFICORP

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August 8, 2011

VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Attention: David W. Danner
Executive Director and Secretary

RE: In the Matter of WUTC v. PacifiCorp d/b/a Pacific Power & Light Company
Docket UE-100749

Pursuant to Washington Utilities and Transportation Commission (Commission) Prehearing Conference Order 08 in the above referenced docket and WAC 480-07-460(2), PacifiCorp, dba Pacific Power & Light Company, (PacifiCorp or the Company) transmits for filing an original and seventeen (17) copies of the Phase II direct testimony and exhibits of Company witnesses Andrea L. Kelly, Stacey J. Kusters, and R. Bryce Dalley. One copy of the testimony and exhibits in electronic format is also included.

Please note that certain testimony and exhibits are marked as "confidential" and are provided confidentially in accordance with the requirements of WAC 480-07-160(3). The confidential exhibits in this case are as follows: Stacey J. Kusters (SJK-1CT; SJK-2C; SJK-3C; SJK-4C); R. Bryce Dalley (RBD-27C). The confidential testimony and exhibits are being filed in accordance with Order 03 in this docket. Pursuant to paragraph 10 of Order 08 and paragraph 17 of Order 04, PacifiCorp has also enclosed an original plus one copy of the redacted testimony and exhibits.

The Company respectfully requests that all formal correspondence and data requests regarding this matter be addressed to:

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Sincerely,

Andrea L. Kelly

Andrea L. Kelly
Vice President, Regulation

Enclosures

Cc: ALJ Patricia Clark

CERTIFICATE OF SERVICE

I certify that I have cause to be served the foregoing document, via E-mail and Overnight Delivery, to the following:

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DATED this 8th day of August, 2011

Carrie Meyer
Coordinator, Regulatory Operations

Exhibit No.___(ALK-1T)
Docket UE-100749
Witness: Andrea L. Kelly

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	
	)	Docket UE-100749
Complainant,	)	
vs.	)	
PACIFICORP dba Pacific Power & Light Company	)	
Respondent.	)	

PACIFICORP

PHASE II DIRECT TESTIMONY OF ANDREA L. KELLY

August 2011

Q. Please state your name, business address and position with PacifiCorp or "the Company".

A. My name is Andrea L. Kelly. My business address is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232. I am employed by PacifiCorp as Vice President of Regulation.

Q. Please summarize your education and business experience.

A. I hold a Bachelor's degree in Economics from the University of Vermont and an MBA in Environmental and Natural Resource Management from the University of Washington. After graduate school, I joined the Staff of the Washington Utilities and Transportation Commission. In 1995, I became employed by PacifiCorp as a Senior Pricing Analyst in the Regulation Department and advanced through positions of increasing responsibility. From 1999 through 2005, I led major strategic projects at PacifiCorp including the Multi-State Process (MSP) and the regulatory approvals for the Mid-American-PacifiCorp transaction. In March 2006, I was appointed Vice President of Regulation.

Purpose of Testimony

Q. What is the purpose of your testimony?

A. My testimony provides a discussion of the background and history leading up to the Company's May 24, 2011 compliance filing. My testimony supports the Company's compliance filing and specifically presents the Company's policy-based arguments against a Commission decision to retroactively credit to customers revenues related to the sales of renewable energy credits (RECs). I also introduce the Company's other witnesses in this phase of the proceeding.

Background and History

Q. Please provide a brief summary of the background and history related to the Company's May 24, 2011 compliance filing.

A. The Company submitted this filing to comply with the Washington Utilities and Transportation Commission's (Commission) Order 06 in this docket (Order). The Order directed the Company to make certain filings within 60 days of the Order related to proceeds from sales of RECs. The relevant paragraphs from the Order are as follows:

Paragraph 206 of the Order requires:

> "that the Company prepare and file within 60 days following the date of this Order a detailed accounting of all REC proceeds received during the period January 1, 2009, to the most recent date for which data are available. The report must include any updated forecast of PacifiCorp's REC sales for the rate year. We direct the company to work cooperatively with Commission Staff as to the form and content of this filing so that it will prove most beneficial to the Commission."

Paragraph 208 of the Order requires:

> "the Company to file within 60 days after the date of this Order a detailed proposal for operation of the tracking mechanism going forward. This proposal should be developed in consultation with Staff and any other parties who wish to participate. The proposal must include a detailed discussion of the allocation method(s) the Company uses, or proposes to use, when allocating and reporting REC proceeds to Washington. If other parties disagree with PacifiCorp as to the details of the tracking mechanism or the allocation and reporting method(s) PacifiCorp uses or proposes to use, they may file alternative proposals."

Paragraph 384 of the Order states:

> "PacifiCorp must file within sixty days of this Order a detailed accounting of Renewable Energy Credit (REC) revenues received since January 1, 2009, and a detailed proposal for the REC tracking mechanism as required in Section II.C.2 of this Order. These filings, as well as additional filings required to be made in connection with the REC tracker, as discussed in the body of this Order, must be made in this docket as compliance filings

> or reports, as required under WAC 480-07-880(1) and (3)."

Paragraph 207 of the Order states:

> "We require this detailed accounting, in part, considering the disputed question of whether PacifiCorp should be required to include, in what we here describe as a tracker account, REC proceeds received during the periods after the test year, including those received during the pendency of this proceeding. Staff proposed that REC proceeds received after January 1, 2010, be accounted for and established as a regulatory liability on the Company's books, the rate treatment of which could be determined in a future proceeding. Another possible starting date for such an account might be the date on which PacifiCorp made its initial filing in this proceeding, which put the rate and accounting treatment of REC revenues in issue. Other possible dates are conceivable, including the start of the rate year. We do not finally resolve these questions in this Order. We require additional briefing on the subject, and may require additional evidence. We will establish process and schedule for this by subsequent notice."

2010 REC Revenues

Q. What starting date does the Company propose for its REC tracking mechanism?

A. As indicated in the Company's compliance filing, the Company recommends that the REC tracking mechanism operate on a forward-looking basis only, consistent with the April 2011 effective date for new rates in this case. Including prior REC revenues in the REC tracking mechanism is inequitable to the Company for the reasons I discuss below.

Q. Have REC revenues for 2010 already been reflected in rates?

A. Yes. As noted in Order 09 in Docket UE-090205, the stipulated revenue requirement approved by the Commission included in base rates an adjustment for projected REC sales in the 2010 rate period of $657,755.

Q. Did the Stipulation approved in Docket UE-090205 contain other provisions relevant to the issue of REC revenues?

A. Yes. The approved Stipulation required the Company to provide periodic REC reports to the parties to promote "transparency in the Company's management of these credits." Order 09 at 22. In support of this provision, ICNU noted that REC reporting provides "the Parties the practical ability to file for deferred accounting or request that the Commission take another action regarding PacifiCorp's Washington-allocated RECs." Order 09 at 15. The Company has been providing these REC reports since December 2009.

Q. What are the Company's concerns about retroactively crediting to customers additional REC revenues for 2010?

A. I have been advised by counsel that an adjustment to refund REC revenues from an historic base period constitutes retroactive ratemaking, which is illegal under Washington law. From a policy perspective, the prospect of retroactively crediting additional 2010 REC revenues introduces significant risks, creates an unpredictable regulatory environment for the Company, and discourages future actions by the Company to take the initiative to improve its earnings. In addition, as discussed below, this action would be particularly punitive in light of the fact that the Company's actual earnings did not approach its authorized rate of return even accounting for the incremental REC revenues.

Q. Please explain.

A. The Company operates its regulated utility business based on the policies and practices that have long been established and upheld in each of its regulatory jurisdictions. In Washington, these policies include:

(1) setting rates that are designed to allow the Company an opportunity to recover its prudently incurred costs of providing safe and reliable electric service, including an opportunity to earn its allowed return on investment;

(2) adhering to an approach to ratemaking that is grounded in the matching principle; and

(3) relying on both legal and policy-driven precedent that provides utilities with predictability and removes uncertainty.

From the Company's perspective, a retroactive "tracking" of historic REC revenues places each of these policies into question.

Q. What was the Company's earned return on equity for calendar year 2010?

A. As discussed in the phase II direct testimony of Company witness R. Bryce Dalley, the Company earned a return on equity of 6.69 percent, including the impact of the REC revenues. Without the impact of the REC revenues, the Company's earned return on equity would fall by approximately 128 basis points to 5.41 percent, as compared to the then-current authorized return on equity of 10.2 percent. At this point, there is nothing that the Company can do to improve its earnings in 2010 since retroactive ratemaking prevents the Company from seeking to recover additional costs that it incurred in 2010 as compared to those included in the UE-090205 test period. Furthermore, if the Commission orders any additional revenue credit to customers related to 2010, the Company will need to take an additional one-time adjustment against earnings in the year in which the order is received. The risk of a large one-time adjustment to earnings related to prior periods creates a significant disincentive for taking initiatives to manage costs and revenues as an integrated business – especially when the adjustment could exceed the full amount of the rate increase authorized for 2010 in UE-090205.

Q. Was there an alternative available to parties during 2010 with respect to REC revenues?

A. Yes. The traditional approach of filing for deferred accounting was available to parties. However, no party filed a request for deferred accounting related to REC revenues, even though the parties expressly reserved their right to do so in the Stipulation approved in UE-090205. Had this traditional approach been followed, the Company then would have had a similar opportunity to file for deferred accounting related to increases in costs. This approach is consistent with the matching principle which does not look at a single ratemaking item in isolation and considers both costs and revenues in a consistent manner.

Q. Why is the 2010 REC revenue baseline from the UE-090205 Stipulation significant for this proceeding?

A. It is clear from the UE-090205 Stipulation that all parties were agreeing to a specific baseline for REC revenues in calendar year 2010. However, certain parties now argue that this next rate case, UE-100749 should be used to set a baseline for REC revenues in calendar year 2009, as a defense against retroactive ratemaking. This after-the-fact change in position is particularly concerning.

In Order 06, the Commission authorized a base rate increase designed to provide the Company the opportunity to earn its authorized return on equity based on the 2009 historic test period with known and measurable changes. If additional REC revenues are justified and returned to customers through the REC tracker based on the use of the 2009 historic test year, the end result would be to deny the Company the opportunity to earn what has recently been found to be fair, just and reasonable by this Commission.

Q. Would it have been reasonable for the Company to interpret the Puget Sound Energy order in Docket UE-070725 to now allow for retroactive ratemaking?

A. No. As noted by the Commission, the Puget Sound Energy (PSE) order stands for the proposition that customers are generally entitled to a revenue credit for REC revenues. The Company does not contest this premise, as illustrated by the REC revenue adjustment already in its rates. There is nothing in the PSE order, however, that supports the proposition that normal ratemaking principles should be disregarded when calculating a REC revenue adjustment. The PSE order did not result in a regulatory accounting order that operates incrementally to an adjustment to base rates, nor did parties in that case make any argument to track REC revenues that pre-dated PSE's filing for a regulatory accounting order.

Q. If the Commission had approved the Stipulation in Docket UE-090205 subject to a balancing account for incremental REC revenues, would the Company have agreed to be bound by the Stipulation's terms?

A. No. A balancing account for REC revenues was explicitly not included in the Stipulation and the Company would have seen this additional condition as a material departure from the terms of the Stipulation. Once again, however, the

Company cannot now take any actions that would change the terms of the Stipulation.

Q. Will other parties argue that the REC tracking mechanism should reach back to 2009?

A. Yes. Based on discussions leading up to the Company's May 24, 2011 compliance filing, as well as Commission Staff's Approach for Allocating RECs, filed on May 24, 2011, it is apparent that Commission Staff (and potentially other parties) will seek a retroactive credit for REC revenues related to 2009. In the Company's opinion, this is inconsistent with the plain reading of paragraph 207 which specifically relates to "REC proceeds received during the periods after the test year, including those received during the pendency of this proceeding".

Q. How was the REC revenue credit in the balancing account calculated?

A. As it has been in the Company's past general rate cases, the REC revenues are tied to the forecast of net power costs for the rate effective period – April 3, 2011 through April 2, 2012. This is also noted in the Order stating: "At the end of the rate year, PacifiCorp will be required to submit a full accounting of REC proceeds actually received during the preceding 12 months." The Commission further noted that it "will authorize a true-up of the initial credits." (paragraph 205)

Q. What is the Company's response to the argument that the REC tracking mechanism should include 2009 REC revenues?

A. First, the time period is more remote—beginning 32 months from the date of this filing. Second, the Company's return on equity in 2009 was lower than in 2010 (5.28 percent including incremental REC revenues, or 4.52 percent if these revenues were retroactively credited). Third, the adjustment to earnings would impact a time period for which the Company's books have now been closed for several years—underlining the unfairness of such an approach.

Q. Is there another important example of how this docket has created uncertainty for the Company?

A. Yes. Commission Staff's Approach for Allocating RECs, filed on May 24, 2011, proposed an entirely new <u>methodology</u> for allocating REC revenues to Washington, and further proposed that this new methodology be used to determine the retroactive REC revenue credit. This new methodology was first introduced by Staff in its May 24, 2011 filing. This issue is discussed in more detail by Mr. Dalley.

Q. Please summarize your testimony.

A. As presented above, the Company believes that the retroactive crediting to customers of REC revenues prior to April 3, 2011 is illegal, inadvisable and unfair. Such a dramatic departure from long-standing Commission legal precedent and policies is unwarranted, especially in light of the Company's persistent under-earnings in the state of Washington.

Q. Who are the other Company witnesses in this phase of the proceeding?

A. The other Company witnesses are:

Stacey J. Kusters, Director of Origination in Commercial and Trading, provides background on the Company's policy toward REC sales and the uncertain and volatile REC market. Ms. Kusters also explains the detailed accounting of REC revenues for 2009 and 2010, the REC sales forecast and the approach for allocation of resources to specific REC sales contracts.

R. Bryce Dalley, Manager of Revenue Requirement, testifies on the Company's earned returns in 2009 and 2010 and its inter-jurisdictional allocation methodology for RECs and REC revenues. Mr. Dalley also sponsors the Company's REC tracking mechanism proposal included in the Company's May 24, 2011, compliance filing.

Q. Does this conclude your testimony?

A. Yes.

CONFIDENTIAL
Exhibit No.___(SJK-1CT)
Docket UE-100749
Witness: Stacey J. Kusters

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, vs. PACIFICORP dba Pacific Power & Light Company Respondent.	)))))))))))	Docket UE-100749

PACIFICORP

REDACTED PHASE II DIRECT TESTIMONY OF STACEY J. KUSTERS

August 2011

Q. Please state your name, business address and position with PacifiCorp or "the Company".

A. My name is Stacey J. Kusters. My business address is 825 NE Multnomah Street, Suite 600, Portland, Oregon 97232. I am Director of Origination in Commercial and Trading for the Company.

Q. Please describe your education and business background.

A. I hold a B.A. in political science from Simon Fraser University and an EMBA from the University of British Columbia. I joined PacifiCorp Energy in January 2001 as a manager of origination and assumed my current position as Director of Origination in 2006. From 1996 to 2001, I was employed at Powerex, the marketing arm for BC Hydro in Vancouver, British Columbia as the marketing manager to develop the Northwest and California regions. I held various positions at Powerex, which included business development, energy trading and origination. In addition to my positions, I also represented Powerex on the board of both the California Independent Operator (CAISO) and the California Power Exchange (CalPX) from 1999 through January 1, 2001.

Q. Please explain your responsibilities as PacifiCorp's Director of Origination.

A. I manage the procurement of new generation resources, contract administration, market forecast group, the integrated resource plan (IRP), and structuring and pricing. Most relevant to this docket, I manage PacifiCorp's renewable energy credit (REC or RECs) portfolio (also known as the "green book"), including the sale of RECs in excess of compliance requirements.

Purpose of Testimony

Q. What is the purpose of your testimony?

A. My testimony addresses four key areas:

- First, I present general background on the sales of RECs and the Company's policy governing such sales.
- Second, I explain the market dynamics for REC sales from 2009 to the present, and explain the challenges REC markets face going forward.
- Third, I sponsor and explain three Confidential Exhibits that provide the detailed accounting of REC revenues beginning January 1, 2009. These Exhibits were also attachments to the Company's May 24, 2011 compliance filing.
- Fourth, I explain the Company's methodology for allocating RECs to contracts, including after-the-fact matching from the green book to the contracts.

Background and Policy on REC Sales

Q. Please provide general background on how RECs are marketed and sold.

A. In general, REC sales are completed in one of two ways: 1) the sale of a bundled product (firm system energy and RECs); or 2) an unbundled product (REC only without energy, firm or contingent). Typically, the sale of a bundled product requires lengthy negotiations due to the highly structured nature of such transactions. REC sales made on a forward looking basis are typically more lucrative than after-the-fact REC sales from inventory, but also carry a higher degree of risk for the seller due to the potential for liquidated damages if the forward delivery is not completed (often as high as $50 per MWh). Historically, the Company has executed primarily bundled product forward sales, which allow the Company and its customers to receive the highest value for RECs.

Q. Please describe some of the challenges in executing forward REC sales.

A. The ability to realize forward REC sales is highly dependent on: 1) the actual volumes of generation from variable energy resources (*i.e.*, wind and hydro resources); 2) the willingness of a limited pool of counterparties to transact at any given point in time; and 3) the willingness of applicable regulators to approve transactions. In addition to the fact that wind and hydro resources are weather-dependent, operational factors can also result in production variances (*i.e.*, curtailments by the transmission provider and/or planned and unplanned outages).

Q. Has the Company developed a policy for REC sales to facilitate such sales, while managing risk?

A. Yes. The Company's policy allows for sale of RECs within clearly defined limits. The Company may sell on a firm forward basis no more than 75 percent of the forward estimated output of production of RECs generated by company assets. The Company may sell up to 100 percent of the estimated output on a production contingent basis (unit contingent), provided that on a monthly basis, any sales of unit contingent output are subtracted from the forward estimated output that is subject to the 75 percent restriction for firm forward sales. These limitations are designed to protect against the risk of non-delivery and associated liquidated damages penalties attendant in the forward sales of RECs.

Q. Are there other risk-related limitations on the Company's sale of RECs?

A. Yes. The Company's policy does not permit transactions that cause the REC position in the green book to be short (*i.e.* where RECs sales exceed RECs generated). If the REC position becomes passively short (due, for example, to a generation forecast change, variance from predicted to actual generation, or a change to or new REC program or applicable law), the position must be brought back into balance within 60 calendar days.

Analysis of REC Markets

Q. Please provide an overview of the REC market.

A. The REC market has been and continues to be volatile and unpredictable. The overall REC market has limited market depth with little to no price transparency. REC transactions are usually completed bilaterally and not via an established trading platform, such as a broker, where specific, timely market information can be obtained. Additionally, REC buyers and sellers are not typically engaged in seeking transactions at the same level throughout the year, but rather transact only a few times each year. This means the REC market is mostly opportunistic. REC market volatility is also caused by uncertain or changing state renewable portfolio standard (RPS) policy developments in California, as I describe in more detail below.

Q. What is the primary market for REC sales in the Western Electric Coordinating Council (WECC)?

A. The primary market for REC sales is the California compliance market. There is a small voluntary market in which the Company has made some sales, but such sales are limited and are at a lower price than the California compliance market.

Q. Has the California REC market undergone recent and significant changes?

A. Yes. In March 2010, the California Public Utilities Commission (CPUC) stayed approval of any REC contracts by the California investor-owned utilities (IOUs) for use of out of state resources. Throughout 2010 and into early 2011, the CPUC issued several decisions on the use of out of state resources by compliance entities, including all California IOUs and energy service providers.

In April 2011, Senate Bill No. 2 ("SB 2x") was enacted, revising California's RPS. SB 2x will become effective on the 91st day following close of the First Extraordinary Session, a date that is not yet known.

Guidelines for REC sales into the California market have remained uncertain throughout this time period and transactions involving out of state RECs have stalled.

Q. Did the Company execute REC sales in the California REC market prior to March 2010?

A. Yes. These sales contracts were structured as a bundled product that required the Company to schedule system energy bundled with a REC. The Company's contracts in 2009 with San Diego Gas and Electric (SDG&E), Pacific Gas and Electric (PG&E) and Southern California Edison (SCE) were approved prior to the issuance of the CPUC approval moratorium, and are all grandfathered as bundled product transactions.

Q. In the current California REC market, would these same sales be considered bundled sales?

A. No. If executed today, such contracts would be deemed as a non-bundled product or a tradable renewable energy credit (TREC) sale pursuant to applicable CPUC rulings, because the generation resource is outside of California, and energy delivery can be met with replacement energy that is not dynamically scheduled or located in California. Under currently applicable rules, all resources under contract that are not grandfathered and are from resources located outside of California are deemed to be TRECs.

Q. Why is this important?

A. Under current regulations and under SB 2x, California IOUs have limitations on the amount of TRECs that can be used for RPS compliance. From the information the Company has reviewed, all three of the California IOUs have reached their TREC limitation through 2015, limiting the demand for RECs from resources outside of California in the California compliance market.

Q. What is required to implement SB 2x and what are the associated timelines?

A. The legislation requires implementation by the California Energy Commission (CEC), the California Air Resources Board (CARB) and the CPUC. The full implementation process is anticipated to take approximately 18 months to two years.

Q. How will SB 2x impact the California REC market in the near-term?

A. SB 2x and most particularly its pending effective date and the three separate state agency rulemakings with respect to its implementation, have continued the disruption of the California REC market ongoing since March 2010. Even though the rulemakings at the three state agencies are now underway, they are proceeding under a cloud of uncertainty given SB 2x's not-yet-effective status. It is impossible for market participants to reliably predict the timing and substance of final implementation decisions.

Q. Do the three California IOUs have pending Request For Proposals for renewable resources?

A. Yes. However, due to the uncertainty around the effective date of SB 2x and the outcome of pending rulemakings, there is some reason to believe that the request for proposals (RFPs) will be more informational for the California IOUs than real, at least for the near future. While the Company is participating in these RFPs, it is not optimistic that any transactions will occur under the RFPs until the later part of 2012.

Q. If the Company cannot participate in the California market, in which markets will it participate?

A. The voluntary market for REC sales is likely to be the only other market available to the Company. Prevailing prices in this market are currently between [redacted] and [redacted] per megawatt hour. The Company's REC revenue forecast in Confidential Exhibit No.___(SJK-4C) for 2011 and 2012 reflects a combination of current market dynamics and prices, as well as the effects of the grandfathered contracts discussed above.

Q. Are there other opportunities beyond the broker market?

A. Not at this time. The REC market has very few participants, is not transparent, and transactions are on either a bilateral basis or through responding to requests for proposals issued by other utilities. The Company is participating in all potential sales opportunities as they arise, but these are currently quite limited.

Q. Did the Company also transact with Nevada Power for the sales of RECs?

A. Yes. The Company initially contracted with Nevada Power in December 2009 and again in February 2011. However, the Nevada Power (NV Energy) contract is limited to a pool of resources that are located only on the east side – resources that are not included in rate base in Washington.

Q. Why does the NV Energy Contract limit the pool of resources to only east side resources?

A. NV Energy requires that the company deliver system energy that is scheduled from a PacifiCorp Balancing Authority area (BAA) to a NV Energy intertie point, and on an after the fact basis is deemed to be generated by a pool of eligible renewable resources located in the same BAA. NV Energy's requirements limited PacifiCorp's contract system energy deliveries to only the east side intertie points. The contract requires monthly reconciliation of metered data to match the generation output from the thirty-four renewable resources in the pool of resources only on the east side.

Detailed Accounting of REC Revenues

Q. Please explain Confidential Exhibit No.___(SJK-2C).

A. Confidential Exhibit No.___(SJK-2C) provides a detailed accounting of REC revenues received for calendar year 2009. It contains three tables. Page 1 provides a summary table of actual REC revenues by month and by resource for calendar year 2009. This information is provided on a total company basis for all of the Company's RECs sales, including sales related to renewable resources that are not included in the Company's Washington rates under the West Control Area (WCA) allocation methodology. The table provides the resource subtotals by control area and then as allocated to Washington which is further discussed in the phase II direct testimony of Company witness R. Bryce Dalley.

Page 2 provides a summary table of the actual number of RECs sold by month and by resource for calendar year 2009. The table's format matches that of Page 1 and provides megawatt-hours on a total company basis, a control area basis and a Washington-allocated basis.

Pages 3 through 11 provide transaction details by contract by month for calendar year 2009, including the contract number, the name of the entity who is the counter party, the resource from which the REC was generated, the location and type of resource by control area, the vintage of the REC that was sold, the month in which the transaction was recorded in the Company's accounting system, the REC price, the quantity of RECs sold, and the total dollars from the transactions.

Q. Please explain Confidential Exhibit No.___(SJK-3C).

A. This Exhibit provides a detailed accounting of REC revenues received for calendar year 2010. It contains the same information as described above.

Q. Please explain Confidential Exhibit No.___(SJK-4C).

A. This Exhibit provides a forecast of REC Revenues received from January 1, 2011 through March 31, 2012 (although the rate effective period technically ends on

April 2, 2012, for practical reasons, the Company rounded the forecast to the end of March 2012).

The Confidential Exhibit contains two tables. Page 1 provides the total forecast REC revenues by month and by resource. The estimated sales volumes are based on the number of RECs generated each month that are forecasted to be sold at some time during the calendar year. Given the complexities of the contracts and the variability of generation, it is not possible for the Company to precisely forecast in which month the REC will be sold and/or the REC revenue realized. Page 2 provides the total forecast number of RECs sold by month and by resource. The table format and approach matches that of Page 1.

Mr. Dalley sponsors Confidential Exhibit No.___(RBD-27C), which provides the forecast of REC revenues on a Washington-allocated basis for the period January 1, 2011 through March 31, 2012. The updated forecast was developed based on the terms and conditions of the executed contracts, as well as a "best guess" on future potential sales during the forecast period, given all of the REC market uncertainties I outlined above.

Allocation of RECs to Sales Contracts

Q. How does the Company allocate resources to supply its REC sales contracts?

A. The allocation of resources to RECs sales contract occurs after the fact in the Company's green book. The Company's overall philosophy is to allocate RECs from resources on a prorated basis to contracts regardless of price. However, because the counterparty often imposes restrictions on what resources can and cannot be included in a resource pool, an optimization of those resources is required in order to fill specific contract pools. The Company uses a waterfall approach by resource.

Q. Please explain.

A. In allocating Company RECs to contracts, the Company first looks at the resource pools that are available in each contract. For example in 2009, the original pool of resources was established because only four resources at the time were certified as eligible renewable resources by the CEC. These four resources were initially allocated to the SDG&E contract. As additional resources were approved as eligible by the CEC, they were allocated to the SCE and the PG&E resource pool contracts providing as much flexibility from the Company's perspective to maximize use of as many CEC-approved resources.

The allocation of RECs in 2009 through 2010 went to the SDG&E contract first (since the pool of resources was limited to four). Next, eligible east-side RECs were allocated to the NV Energy contract. The eligible remaining RECs were optimized and applied to each of the SCE and PG&E transactions. These two contracts were executed after the SDG&E contract, and additional resources had been certified, allowing the pool for each of these contracts to include more resources.

After the RECs are allocated to these three California contracts, the rest of the contracts are optimized with the remaining RECs from the eligible marketable resources. Starting in 2011,the SDG&E contract expired and therefore the methodology changed to allocating east-side RECs to the NV Energy contract first, and then to RECs to the SCE and PG&E contracts, from each of eligible resource pools associated with each of the contracts.

Allocations are made to the NV Energy contract first because unlike the PG&E and SCE contracts, the NV Energy contract is restrictive, allowing only RECs generated by the pool of resources in the same month as the system energy delivered. RECs deliveries for the PG&E and SCE contracts can use RECs that are generated in the same year as the delivered energy although limited to the timelines associated with Western Renewable Energy Generation Information System (WREGIS). After allocating the RECs for these three contracts, the Company allocates the RECs to comply with any remaining contracts.

Q. Does this conclude your testimony?

A. Yes.

CONFIDENTIAL
Exhibit No.___(SJK-2C)
Docket UE-100749
Witness: Stacey J. Kusters

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	
Complainant,	)	Docket UE-100749
vs.	)	
PACIFICORP dba Pacific Power & Light Company	)	
Respondent.	)	

PACIFICORP

CONFIDENTIAL EXHIBIT OF STACEY J. KUSTERS

CY 2009 Renewable Energy Credits – Revenue REDACTED

August 2011

CY 2009 Renewable Energy Credits - Revenue

Resource	Control Area/Type	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
Ashton	Low Impact Hydro - East													
Bend	West Hydro													
Big Fork	East Hydro													
Blundell I	Blundell I													
Blundell II	Blundell II													
Clearwater 1	Low Impact Hydro - West													
Clearwater 2	Low Impact Hydro - West													
Condit	West Hydro													
Cutler	Low Impact Hydro - East													
Eagle Point	West Hydro													
East Side	West Hydro													
Fish Creek	Low Impact Hydro - West													
Foote Creek I	East Wind													
Fountain Green	East Hydro													
Glenrock I	East Wind													
Glenrock III	East Wind													
Goodnoe Hills	West Wind													
Granite	East Hydro													
Gunlock	East Hydro													
High Plains	East Wind													
Last Chance	Low Impact Hydro - East													
Leaning Juniper	West Wind													
Marengo	West Wind													
Marengo II	West Wind													
McFadden Ridge	East Wind													
Mountain Wind I	East Wind													
Mountain Wind II	East Wind													
Olmstead	East Hydro													
Oneida	Low Impact Hydro - East													
Paris	East Hydro													
Pioneer	East Hydro													
Prospect 1	West Hydro													
Prospect 3	Low Impact Hydro - West													
Prospect 4	West Hydro													
Rock River I	East Wind													
Rolling Hills	Rolling Hills													
Sand Cove	East Hydro													
Seven Mile Hill I	East Wind													
Seven Mile Hill II	East Wind													
Slide Creek	Low Impact Hydro - West													
Snake Creek	East Hydro													
Soda	Low Impact Hydro - East													
Soda Springs	Low Impact Hydro - West													
Stairs	East Hydro													
Veyo	East Hydro													
Viva Naughton	East Hydro													
Wallowa Falls	West Hydro													
Weber	East Hydro													
Wolverine Creek	East Wind													
Grand Total														$ 51,006,690

Resource Subtotals	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
East Wind													
Rolling Hills													
East Hydro													
Blundell I													
Blundell II													
Low Impact Hydro - East													
Subtotal East													$ 28,693,426
West Wind													
West Hydro													
Low Impact Hydro - West													
Subtotal West													$ 22,313,263
Grand Total													**$ 51,006,690**

CY 2009 Total Reflected on Company's Financial Reports $ 50,793,765
Variance (primarily attributable to accrual-based accounting) $ (212,924)

Washington Allocation of West Revenues

WA_CAGW		**$ 4,939,889**
Washington CAGW CY 2009	22.1388%	

CY 2009 Renewable Energy Credits - MWh

Resource	Control Area/Type	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
Ashton	Low Impact Hydro - East													
Bend	West Hydro													
Big Fork	East Hydro													
Blundell I	Blundell I													
Blundell II	Blundell II													
Clearwater 1	Low Impact Hydro - West													
Clearwater 2	Low Impact Hydro - West													
Condit	West Hydro													
Cutler	Low Impact Hydro - East													
Eagle Point	West Hydro													
East Side	West Hydro													
Fish Creek	Low Impact Hydro - West													
Foote Creek I	East Wind													
Fountain Green	East Hydro													
Glenrock I	East Wind													
Glenrock III	East Wind													
Goodnoe Hills	West Wind													
Granite	East Hydro													
Gunlock	East Hydro													
High Plains	East Wind													
Last Chance	Low Impact Hydro - East													
Leaning Juniper	West Wind													
Marengo	West Wind													
Marengo II	West Wind													
McFadden Ridge	East Wind													
Mountain Wind I	East Wind													
Mountain Wind II	East Wind													
Olmstead	East Hydro													
Oneida	Low Impact Hydro - East													
Paris	East Hydro													
Pioneer	East Hydro													
Prospect 1	West Hydro													
Prospect 3	Low Impact Hydro - West													
Prospect 4	West Hydro													
Rock River I	East Wind													
Rolling Hills	Rolling Hills													
Sand Cove	East Hydro													
Seven Mile Hill I	East Wind													
Seven Mile Hill II	East Wind													
Slide Creek	Low Impact Hydro - West													
Snake Creek	East Hydro													
Soda	Low Impact Hydro - East													
Soda Springs	Low Impact Hydro - West													
Stairs	East Hydro													
Veyo	East Hydro													
Viva Naughton	East Hydro													
Wallowa Falls	West Hydro													
Weber	East Hydro													
Wolverine Creek	East Wind													
Grand Total														

Resource Subtotals	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Total
East Wind													
Rolling Hills													
East Hydro													
Blundell I													
Blundell II													
Low Impact Hydro - East													
Subtotal East													
West Wind													
West Hydro													
Low Impact Hydro - West													
Subtotal West													
Grand Total													

Washington Allocation of West Revenues

WA_CAGW	
Washington CAGW CY 2009	22.1388%

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2009 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CONFIDENTIAL
Exhibit No.___(SJK-3C)
Docket UE-100749
Witness: Stacey J. Kusters

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	
	)	Docket UE-100749
Complainant,	)	
vs.	)	
PACIFICORP dba Pacific Power & Light Company	)	
Respondent.	)	

PACIFICORP

CONFIDENTIAL EXHIBIT OF STACEY J. KUSTERS

CY 2010 Renewable Energy Credits – Revenue REDACTED

August 2011

CY 2010 Renewable Energy Credits - Revenue

Resource	Control Area/Type	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
Ashton	Low Impact Hydro - East													
Bend	West Hydro													
Big Fork	East Hydro													
Blundell I	Blundell I													
Blundell II	Blundell II													
Campbell Hill	East Wind													
Chevron Casper Wind	East Wind													
Clearwater 1	Low Impact Hydro - West													
Clearwater 2	Low Impact Hydro - West													
Condit	West Hydro													
Copco 1	West Hydro													
Copco 2	West Hydro													
Cutler	Low Impact Hydro - East													
Eagle Point	West Hydro													
East Side	West Hydro													
Fall Creek	West Hydro													
Fish Creek	Low Impact Hydro - West													
Foote Creek I	East Wind													
Fountain Green	East Hydro													
Glenrock I	East Wind													
Glenrock III	East Wind													
Goodnoe Hills	West Wind													
Granite	East Hydro													
Gunlock	East Hydro													
High Plains	East Wind													
Iron Gate	West Hydro													
Last Chance	Low Impact Hydro - East													
Leaning Juniper	West Wind													
Marengo	West Wind													
Marengo II	West Wind													
McFadden Ridge	East Wind													
Mountain Wind I	East Wind													
Mountain Wind II	East Wind													
Olmstead	East Hydro													
Oneida	Low Impact Hydro - East													
Paris	East Hydro													
Pioneer	East Hydro													
Prospect 1	West Hydro													
Prospect 3	Low Impact Hydro - West													
Prospect 4	West Hydro													
Rock River I	East Wind													
Rolling Hills	Rolling Hills													
Sand Cove	East Hydro													
Seven Mile Hill I	East Wind													
Seven Mile Hill II	East Wind													
Slide Creek	Low Impact Hydro - West													
Snake Creek	East Hydro													
Soda	Low Impact Hydro - East													
Soda Springs	Low Impact Hydro - West													
Stairs	East Hydro													
Veyo	East Hydro													
Viva Naughton	East Hydro													
Wallowa Falls	West Hydro													
Weber	East Hydro													
Wolverine Creek	East Wind													
Grand Total													$	99,863,591

Resource Subtotals	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
East Wind													
Rolling Hills													
East Hydro													
Blundell I													
Blundell II													
Low Impact Hydro - East													
Subtotal East												$	65,362,472
West Wind													
West Hydro													
Low Impact Hydro - West													
Subtotal West												$	34,501,120
Grand Total												$	99,863,591

CY 2010 Total Reflected on Company's Financial Reports	$	101,136,015
Variance (primarily attributable to accrual-based accounting)	$	1,272,424

Washington Allocation of West Revenues

WA_CAGW	$	7,663,079

Washington CAGW CY 2010 22.2111%

CY 2010 Renewable Energy Credits - MWh

Resource	Control Area/Type	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
Ashton	Low Impact Hydro - East													
Bend	West Hydro													
Big Fork	East Hydro													
Blundell I	Blundell I													
Blundell II	Blundell II													
Campbell Hill	East Wind													
Chevron Casper Wind	East Wind													
Clearwater 1	Low Impact Hydro - West													
Clearwater 2	Low Impact Hydro - West													
Condit	West Hydro													
Copco 1	West Hydro													
Copco 2	West Hydro													
Cutler	Low Impact Hydro - East													
Eagle Point	West Hydro													
East Side	West Hydro													
Fall Creek	West Hydro													
Fish Creek	Low Impact Hydro - West													
Foote Creek I	East Wind													
Fountain Green	East Hydro													
Glenrock I	East Wind													
Glenrock III	East Wind													
Goodnoe Hills	West Wind													
Granite	East Hydro													
Gunlock	East Hydro													
High Plains	East Wind													
Iron Gate	West Hydro													
Last Chance	Low Impact Hydro - East													
Leaning Juniper	West Wind													
Marengo	West Wind													
Marengo II	West Wind													
McFadden Ridge	East Wind													
Mountain Wind I	East Wind													
Mountain Wind II	East Wind													
Olmstead	East Hydro													
Oneida	Low Impact Hydro - East													
Paris	East Hydro													
Pioneer	East Hydro													
Prospect 1	West Hydro													
Prospect 3	Low Impact Hydro - West													
Prospect 4	West Hydro													
Rock River I	East Wind													
Rolling Hills	Rolling Hills													
Sand Cove	East Hydro													
Seven Mile Hill I	East Wind													
Seven Mile Hill II	East Wind													
Slide Creek	Low Impact Hydro - West													
Snake Creek	East Hydro													
Soda	Low Impact Hydro - East													
Soda Springs	Low Impact Hydro - West													
Stairs	East Hydro													
Veyo	East Hydro													
Viva Naughton	East Hydro													
Wallowa Falls	West Hydro													
Weber	East Hydro													
Wolverine Creek	East Wind													
Grand Total														

Resource Subtotals	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
East Wind													
Rolling Hills													
East Hydro													
Blundell I													
Blundell II													
Low Impact Hydro - East													
Subtotal East													
West Wind													
West Hydro													
Low Impact Hydro - West													
Subtotal West													
Grand Total													

Washington Allocated

WA_CAGW		
Washington CAGW CY 2010	22.2111%	

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CY 2010 Renewable Energy Credits Transaction Detail

TT/Contract#	Entity	Resource	Control Area/Type	Control Area	Vintage	SAP Account Month (Accrued)	Tag Price	Tag Qty Booked	Total Dollars

CONFIDENTIAL
Exhibit No.___(SJK-4C)
Docket UE-100749
Witness: Stacey J. Kusters

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, vs. PACIFICORP dba Pacific Power & Light Company Respondent.	)	Docket UE-100749

PACIFICORP

CONFIDENTIAL EXHIBIT OF STACEY J. KUSTERS

Forecast of REC Sales Revenue REDACTED

August 2011

Forecast of REC Sales Revenues

January 2011 Through March 2012

Resources	Control Area	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
GEOTHERMAL																
BLUNDELL I	EAST															
BLUNDELL II	EAST															
SMALL NON CA HYDRO																
ASHTON	EAST															
CUTLER	EAST															
FOUNTAIN GREEN	EAST															
GRANITE	EAST															
GUNLOCK	EAST															
LAST CHANCE	EAST															
OLMSTED	EAST															
ONEIDA	EAST															
PARIS	EAST															
PIONEER	EAST															
SAND COVE	EAST															
SNAKE CREEK	EAST															
SODA	EAST															
STAIRS	EAST															
VEYO	EAST															
VIVA NAUGHTON	EAST															
WIND																
CAMPBELL HILL-THREE BUTTES	EAST															
CHEVRON CASPER WIND FARM	EAST															
DUNLAP I	EAST															
FOOTE CREEK I	EAST															
GLENROCK WIND I	EAST															
GLENROCK WIND III	EAST															
GOODNOE HILLS	WEST-WCA															
HIGH PLAINS	EAST															
LEANING JUNIPER I	WEST-WCA															
MARENGO	WEST-WCA															
MARENGO II	WEST-WCA															
MCFADDEN RIDGE	EAST															
MOUNTAIN WIND POWER	EAST															
MOUNTAIN WIND POWER II	EAST															
ROCK RIVER I	EAST															
ROLLING HILLS WIND	EAST															
SEVEN MILE HILL WIND I	EAST															
SEVEN MILE HILL WIND II	EAST															
TOP OF THE WORLD	EAST															
WOLVERINE CREEK	EAST															

Forecast of REC Sales MWh

January 2011 Through March 2012

Resources	Control Area	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
GEOTHERMAL																
BLUNDELL I	EAST															
BLUNDELL II	EAST															
SMALL NON CA HYDRO																
ASHTON	EAST															
CUTLER	EAST															
FOUNTAIN GREEN	EAST															
GRANITE	EAST															
GUNLOCK	EAST															
LAST CHANCE	EAST															
OLMSTED	EAST															
ONEIDA	EAST															
PARIS	EAST															
PIONEER	EAST															
SAND COVE	EAST															
SNAKE CREEK	EAST															
SODA	EAST															
STAIRS	EAST															
VEYO	EAST															
VIVA NAUGHTON	EAST															
WIND																
CAMPBELL HILL-THREE BUTTES	EAST															
CHEVRON CASPER WIND FARM	EAST															
DUNLAP I	EAST															
FOOTE CREEK I	EAST															
GLENROCK WIND I	EAST															
GLENROCK WIND III	EAST															
GOODNOE HILLS	WEST-WCA															
HIGH PLAINS	EAST															
LEANING JUNIPER I	WEST-WCA															
MARENGO	WEST-WCA															
MARENGO II	WEST-WCA															
MCFADDEN RIDGE	EAST															
MOUNTAIN WIND POWER	EAST															
MOUNTAIN WIND POWER II	EAST															
ROCK RIVER I	EAST															
ROLLING HILLS WIND	EAST															
SEVEN MILE HILL WIND I	EAST															
SEVEN MILE HILL WIND II	EAST															
TOP OF THE WORLD	EAST															
WOLVERINE CREEK	EAST															

Exhibit No.___(RBD-25T)
Docket UE-100749
Witness: R. Bryce Dalley

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	Docket UE-100749
Complainant,	)	
vs.	)	
PACIFICORP dba Pacific Power & Light Company	)	
Respondent.	)	

PACIFICORP

PHASE II DIRECT TESTIMONY OF R. BRYCE DALLEY

August 2011

Q. Are you the same R. Bryce Dalley that previously provided testimony in this docket?

A. Yes.

Q. What is the purpose of your testimony?

A. My testimony addresses three key areas. First, I present the Company's earned returns for calendar years 2009 and 2010 as reported to the Washington Utilities and Transportation Commission (the Commission) in the Company's annual Commission Basis Reports. Second, I discuss the Company's methodologies for allocating renewable energy credits (RECs) and associated revenues. Finally, I sponsor and explain the Company's proposal for a REC tracking mechanism going forward.

Overview of Company's Washington Commission Basis Reports

Q. Please describe the Company's earnings as reported in the 2009 and 2010 Commission Basis Reports.

A. As shown in Exhibit No.___(RBD-26), in 2009 and 2010 the Company's return on equity (ROE) in Washington was 5.28 percent and 6.69 percent respectively.[1] These returns are significantly less than the current authorized ROE of 9.8 percent established by the Commission in Order 06 (Order) in this docket.

Q. Do these earning levels include the impact of REC revenues?

A. Yes. The 2009 and 2010 earnings referenced above reflect approximately $4.8 million and approximately $7.8 million of Washington-allocated REC revenues

[1] ROEs shown above are reflected on a restated basis, which include Commission ordered adjustments. The Company's reported per books ROE in Washington in 2009 and 2010 was 6.13 percent and 4.59 percent respectively.

respectively.[2]

Q. What would be the impact on the Company's Washington's earnings of removing REC revenues from the 2009 and 2010 results?

A. Removing $4.8 million of Washington-allocated REC revenues from the 2009 results would reduce the ROE by approximately 79 basis points to 4.49 percent. Similarly, removing $7.8 million of Washington-allocated REC revenue from the 2010 results would reduce the ROE by approximately 128 basis points to 5.41 percent.

Allocation of REC revenues

Q. Please explain how the Company allocates RECs and REC revenue among its six states.

A. Each PacifiCorp state receives an allocation of the RECs generated by Company-owned renewable resources or acquired through power purchase agreements for the resources reflected in rates in the state. RECs are allocated using the System Generation (SG) factor under the Revised Protocol allocation methodology and the Control Area Generation West (CAGW) factor under the West Control Area (WCA) methodology.

Q. Please explain the rationale for the use of these factors.

A. This allocation ensures that the allocation of RECs is consistent with the allocation of resource costs. Under both the Revised Protocol and the WCA, the SG and CAGW factors are used to allocate the fixed and variable costs of

[2] The Washington-allocated REC revenues reflected in these periods were calculated by applying Washington's CAGW factor to revenues from REC sales from west control area resources. This allocation methodology is consistent with the 2009 and 2010 allocation of revenues provided by Company witness Stacey J. Kusters in Confidential Exhibit No.___(SJK-2C) and Confidential Exhibit No.___(SJK-3C).

renewable resources. Initially, PacifiCorp uses forecast allocation factors to approximate the allocation of RECs to each state. Forecast allocation factors are updated to actual historical factors during the second quarter of the following year, once actual load data is finalized.

Q. What allocation methodology does the Company use in Washington?

A. PacifiCorp employs the WCA inter-jurisdictional allocation methodology for the purpose of allocating its costs and revenues to customers in the state of Washington. The Commission approved the WCA allocation methodology in Order 08, in Docket UE-061546. The west control area includes California, Oregon and Washington. Generation assigned to the west control area includes resources located within the west control area or with physical capability to deliver energy into the west control area.

Consistent with this methodology, revenues from RECs generated by renewable resources that have been found prudent and used and useful for service to Washington customers are allocated to Washington based on the CAGW factor. As such, Washington does not receive an allocation of RECs or REC revenues associated with renewable resources that have not been included in rates in Washington - those located in the east control area.[3]

Q. What allocation methodology does the Company use in its other five jurisdictions?

A. PacifiCorp employs the Revised Protocol inter-jurisdictional allocation methodology for purpose of allocating its costs to PacifiCorp customers in

[3] Similarly, Oregon does not receive an allocation of RECs or REC revenues associated with the Rolling Hills wind resource because it is not included in rate base in Oregon.

California, Idaho, Oregon, Utah, and Wyoming. RECs associated with all renewable resources are allocated to these states based on the SG factor.

Q. What are the implications for RECs due to the use of a different allocation methodology in Washington as compared to the rest of the states?

A. The application of different allocation methodologies results in an over-allocation of RECs and REC revenue associated with resources in the west control area and an under-allocation of RECs and REC revenue associated with resources in the east control area. Although the different allocation methods among states require additional tracking, consistent with the Western Renewable Energy Generation Information System (WREGIS) and state renewable portfolio standard (RPS) requirements, under no circumstances will any RECs be double-counted as adherence to the WREGIS Operating Rules eliminates that possibility.

Q. How long has the Company employed the use of the West Control Area allocation methodology described above?

A. For purposes of determining Washington's share of REC revenues, the Company has applied Washington's CAGW percentage to actual REC revenues from the sale of RECs from west control area resources. This method was first applied in the December 31, 2009, Quarterly REC Revenue Report, and was applied in each subsequent Quarterly REC Revenue Report.[4] In addition, this allocation method was applied in the 2009 Commission Basis Report filed April 30, 2010 and the 2010 Commission Basis Report filed April 29, 2011, discussed above. Finally,

[4] Subsequent reports were provided to the staff of the Washington Utilities and Transportation Commission (Staff), the Public Counsel Section of the Washington State Attorney General's Office (Public Counsel) and the Industrial Customers of Northwest Utilities (ICNU) on July 28, 2010, October 29, 2010, February 1, 2011, April 29, 2011 and July 29, 2011.

this allocation method was applied in the Company's rebuttal filing in this docket.

Additionally, an explanation of the allocation method was previously provided to Staff, Public Counsel, and ICNU on December 31, 2009, in compliance with the following term of the Stipulation adopted in the Company's 2009 general rate case, Docket UE-090205:

> "The Company agrees to provide a report prior to January 1, 2010 that includes: (1) an explanation of how Renewable Energy Credits ("RECs") and associated costs and/or revenues are allocated among PacifiCorp's six states; (2) an explanation of how the Company determines proper disposition of RECs on a total-company and state-by-state basis; and (3) a detailed accounting of the total-company RECs that were sold and the total-company RECs that were retained for each year from calendar year 2005 through June 2009."

Q. Has any party ever taken issue with this allocation approach?

A. No. Although it appears Staff is now proposing an alternative allocation of historical revenues based on its filing with the Commission on May 24, 2011.

REC Proceeds After January 1, 2010

Q. Have you applied the allocation methodology described above as part of the detailed accounting of REC revenues sponsored by Ms. Kusters?

A. Yes. The allocation methodology discussed above is applied to the subtotal of actual REC revenues from west control area resources to calculate Washington's allocated share of 2010 REC revenues. This is shown on the final line of Confidential Exhibit No.___(SJK-3C).

REC Revenue Tracking Mechanism Going Forward

Q. Please provide an overview of the Company's proposal for a REC tracking mechanism going forward.

A. The Company's detailed proposal for operation of the REC tracking mechanism going forward focuses on two key elements: (1) the annual process for reconciliation, and (2) the method for calculating Washington-allocated REC revenues.

Q. What does the Company propose with respect to the reconciliation process?

A. Paragraphs 205 and 206 of the Order provide direction to the Company with respect to the reconciliation process:

> "At the end of the rate year, PacifiCorp will be required to submit a full accounting of REC proceeds actually received during the preceding 12 months. This accounting will be considered in light of other information to determine if the amount of credits that should have been returned to customers exceeds or fall short of the estimated $4.8 million upon which the initial bill credits are based. In other words, the Commission will authorize a true-up of the initial credits that can be reconciled as credits are paid during the following 12 months.
>
> At the end of the rate year and each subsequent annual period after the end of the rate year, PacifiCorp will be required to provide an estimate of the REC proceeds it expects to receive during the following 12 months. This is the amount on which credits during that period will be based. As at the conclusion of the initial period there will be a true-up at the end of each subsequent 12 month period."

Although the Order ties the annual true-up to the rate year in this proceeding (April 3, 2011 through April 2, 2012), the Company respectfully requests that the Commission modify the Order to allow REC accounting and tracker true-ups to be based on a calendar year beginning in 2012.

Q. What would be the timing of the Company's reconciliation filings?

A. The Company proposes the following:

- By May 1, 2012, PacifiCorp will submit a full accounting of REC revenues actually received from April 1, 2011 through December 31, 2011. In each subsequent year, the accounting of actual REC revenues will be provided for the full calendar year.

- By May 1, 2012, PacifiCorp will also provide an estimate of the REC proceeds it expects to receive for calendar year 2012. In each subsequent year, an estimate for that subsequent calendar year will be provided.
- The Company proposes to accrue interest on any positive or negative balance in the tracker at the Company's authorized weighted average cost of capital (WACC). Under the Order, this results in a 7.81 percent interest rate.

Q. How would rate changes be implemented?

A. The Company proposes to file an advice letter on May 1 of each year to increase or decrease the renewable energy revenue adjustment credit in Schedule 95 to reflect the true-up for the prior period and the estimate of future proceeds. The advice letter filing would then be reviewed by parties and approved at a Commission public meeting.

Q. Please explain the Company's proposal for the calculation of Washington-allocated REC revenues going forward.

A. Beginning in 2011, the Company will hold RECs for compliance with the Washington RPS, which means that fewer Washington-allocated RECs will be available for sale. As discussed above, the difference between the Revised Protocol and WCA allocation methodologies also creates complexities. For RPS compliance, a REC cannot be used more than once, or for more than one state. While in the past, the Company was not restricted from over-allocating REC <u>revenues</u>, under state RPS requirements, it is precluded from over-allocating the actual RECs. The calculation of revenues to be allocated to Washington under the REC tracking mechanism is designed to address this restriction. A sample calculation of the REC tracking mechanism is provided in Confidential Exhibit No.___(RBD-27C).

Q. Please describe this Confidential Exhibit.

A. Page 2 and 3 of the Confidential Exhibit provide the calculation of Washington-allocated REC revenues associated with west control area resources that are eligible for compliance with the Washington RPS. Pages 4 and 5 of the Confidential Exhibit provide the calculation of Washington-allocated REC revenues associated with west control area resources that are not eligible for compliance with the Washington RPS. A small portion of these resources are eligible for compliance with the Oregon and/or California RPS. Due to the difference between the rate period and the calendar year, for 2011 and 2012, the data is reflected in two columns for each year; a three-month period from January to March and a nine-month period from April to December.

Q. How are the RPS-Eligible RECs treated under the Company's proposal?

A. Page 2, lines 1-5 show the total forecast generation and RECs from Washington RPS-eligible resources. Lines 7-11 apply Washington's CAGW allocation factor to the forecast generation to calculate the Washington-allocated RECs from Washington RPS-eligible resources by year. Washington's RPS requires utilities to provide three percent of the average prior two years retail sales from eligible renewable resources by January 1st of compliance years 2012 through 2015. Line 13 shows the RPS requirements based on load forecasts shown in the tables at the bottom of the page. Line 15 shows the actual RECs that are available to be allocated to Washington for Washington RPS-eligible resources based on the Revised Protocol. To ensure compliance with the RPS, the Company will make a below-the-line purchase for the difference between the Washington RPS compliance requirement and the estimated Washington eligible RECs using the Revised Protocol allocation method (SG Factor), as shown on line 16. Line 19 shows the Company's estimates of Washington's allocation of "pseudo RECs"[5] in excess of its annual compliance targets for 2012 through 2015. The percentage of Washington's pseudo excess RECs "sold" is determined by taking the actual eligible west control area RECs sold divided by the total eligible west control area RECs available for sale. This percentage is then applied to Washington's pseudo excess RECs. The percentage of actual RECs sold is calculated on Page 3. The total Washington revenue credit from eligible resources is computed using the actual average REC price from west control area eligible resources (also calculated on Page 3) multiplied by the calculated pseudo excess RECs sold. This calculation is shown on lines 19-26.

Q. How is the Company proposing to treat RPS Non-Eligible RECs?

A. To the extent the Company is able to make sales of Washington RPS non-eligible RECs in the future, the calculation of Washington's allocated share of the revenues will be done in the same manner as described above for RPS eligible RECs. As discussed in the testimony of Ms. Kusters, due to the limited size of

[5] As discussed above, because the Company cannot allocate more than 100 percent of actual RECs, pseudo RECs are the difference between Washington's allocation of RECs using the SG factor and the CAGW factor.

the market for RPS non-eligible RECs, at this time, the Company does not forecast any sales in the future.

Q. Does this conclude your testimony?

A. Yes.

Exhibit No.___(RBD-26)
Docket UE-100749
Witness: R. Bryce Dalley

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, vs. PACIFICORP dba Pacific Power & Light Company Respondent.	)))))))))))	Docket UE-100749

PACIFICORP

EXHIBIT OF R. BRYCE DALLEY

Summary of 2009 and 2010 Commission Basis Reports

August 2011

PACIFICORP
State of Washington - Electric Utility
Actual, Adjusted & Normalized Results of Operations - West Control Area
Twelve Months Ended December 2009

		(1) Unadjusted Results	(2) Restating Adjustments	(3) Total Restated Actual Results	(4) Pro Forma Adjustments	(5) Total Normalized Results
1	Operating Revenues:					
2	General Business Revenues	266,100,835	(6,737,566)	259,363,269	12,402,155	271,765,425
3	Interdepartmental	-	-	-	-	-
4	Special Sales	78,908,399	3,812,559	82,720,957	-	82,720,957
5	Other Operating Revenues	12,582,931	665,132	13,248,063	(1,731,977)	11,516,086
6	Total Operating Revenues	357,592,165	(2,259,875)	355,332,290	10,670,178	366,002,468
7						
8	Operating Expenses:					
9	Steam Production	48,503,263	(1,305,776)	47,197,487	221,675	47,419,162
10	Nuclear Production	-	-	-	-	-
11	Hydro Production	6,363,918	1,968	6,365,886	95,345	6,461,231
12	Other Power Supply	125,637,415	2,192,093	127,829,507	116,213	127,945,720
13	Transmission	25,422,824	(119,541)	25,303,283	82,465	25,385,748
14	Distribution	13,621,607	6,963	13,628,570	342,694	13,971,264
15	Customer Accounting	8,025,975	4,462	8,030,438	216,216	8,246,653
16	Customer Service & Info	5,423,426	(4,858,857)	564,569	10,034	574,603
17	Sales	-	-	-	-	-
18	Administrative & General	12,185,227	(60,537)	12,124,690	(459,197)	11,665,493
19	Total O&M Expenses	245,183,655	(4,139,226)	241,044,429	625,446	241,669,876
20	Depreciation	36,759,649	(416,154)	36,343,495	193,140	36,536,635
21	Amortization	4,025,425	(170,648)	3,854,777	(182,716)	3,672,060
22	Taxes Other Than Income	17,755,139	(42,191)	17,712,948	141,073	17,854,020
23	Income Taxes - Federal	(14,117,718)	1,812,408	(12,305,309)	(1,155,469)	(13,460,779)
24	Income Taxes - State	-	-	-	-	-
25	Income Taxes - Def Net	22,352,715	4,140,003	26,492,718	(535,240)	25,957,478
26	Investment Tax Credit Adj.	-	-	-	-	-
27	Misc Revenue & Expense	(342,392)	(202,930)	(545,322)	-	(545,322)
28	Total Operating Expenses:	311,616,474	981,262	312,597,736	(913,767)	311,683,969
29						
30	Operating Rev For Return:	45,975,691	(3,241,137)	42,734,554	11,583,945	54,318,498
31						
32	Rate Base:					
33	Electric Plant In Service	1,400,968,641	8,189,229	1,409,157,870	11,480,901	1,420,638,771
34	Plant Held for Future Use	37,398	-	37,398	-	37,398
35	Misc Deferred Debits	6,685,195	(2,720,715)	3,964,481	15,826,136	19,790,617
36	Elec Plant Acq Adj	-	-	-	-	-
37	Nuclear Fuel	-	-	-	-	-
38	Prepayments	2,855,497	(2,855,497)	(0)	-	(0)
39	Fuel Stock	3,534,647	-	3,534,647	-	3,534,647
40	Material & Supplies	7,769,071	12,589	7,781,661	-	7,781,661
41	Working Capital	13,627,858	(2,741,111)	10,886,747	79,881	10,966,629
42	Weatherization	2,046,740	-	2,046,740	-	2,046,740
43	Misc Rate Base	270,292	(310,403)	(40,111)	-	(40,111)
44	Total Electric Plant:	1,437,795,340	(425,907)	1,437,369,432	27,386,919	1,464,756,351
45						
46	Rate Base Deductions:					
47	Accum Prov For Deprec	(503,938,825)	16,040,263	(487,898,562)	(312,694)	(488,211,256)
48	Accum Prov For Amort	(34,655,736)	-	(34,655,736)	-	(34,655,736)
49	Accum Def Income Tax	(128,568,113)	(6,481,266)	(135,049,379)	(5,923,963)	(140,973,342)
50	Unamortized ITC	(1,096,753)	144,386	(952,367)	-	(952,367)
51	Customer Adv For Const	(334,913)	23,394	(311,519)	-	(311,519)
52	Customer Service Deposits	-	(2,980,496)	(2,980,496)	-	(2,980,496)
53	Misc Rate Base Deductions	(4,875,144)	(3,243,769)	(8,118,913)	-	(8,118,913)
54						
55	Total Rate Base Deductions	(673,469,483)	3,502,511	(669,966,972)	(6,236,657)	(676,203,629)
56						
57	Total Rate Base:	764,325,856	3,076,604	767,402,460	21,150,262	788,552,722
58						
59	Return on Rate Base	6.02%		5.57%		6.89%
60	Return on Equity	6.13%	-0.857%	5.28%	2.53%	7.81%
61						
62	TAX CALCULATION:					
63	Operating Revenue	54,210,688	2,711,274	56,921,963	9,893,235	66,815,198
64	Other Deductions					
65	Interest (AFUDC)	(4,607,429)	217,373	(4,390,055)	-	(4,390,055)
66	Interest	25,278,043	(3,762,841)	21,515,202	592,977	22,108,180
67	Schedule "M" Additions	64,588,851	(2,569,782)	62,019,068	2,879,761	64,898,829
68	Schedule "M" Deductions	138,465,261	(1,491,350)	136,973,911	1,906,456	138,880,366
69	Income Before Tax	(40,336,336)	5,178,309	(35,158,027)	10,273,563	(24,884,463)
70						
71	State Income Taxes	-	-	-	-	-
72	Taxable Income	(40,336,336)	5,178,309	(35,158,027)	10,273,563	(24,884,463)
73						
74	Federal Income Taxes + Other	(14,117,718)	1,812,408	(12,305,309)	(1,155,469)	(13,460,779)

PACIFICORP
State of Washington - Electric Utility
Actual, Adjusted & Normalized Results of Operations - West Control Area
Twelve Months Ended December 2010

		(1) Unadjusted Results	(2) Restating Adjustments	(3) Total Restated Actual Results	(4) Pro Forma Adjustments	(5) Total Normalized Results
1	Operating Revenues:					
2	General Business Revenues	256,639,553	14,216,926	270,856,479	24,011,600	294,868,079
3	Interdepartmental	-	-	-	-	-
4	Special Sales	73,640,695	1,133,544	74,774,239	(36,595,002)	38,179,237
5	Other Operating Revenues	25,046,405	(9,192,972)	15,853,433	(9,458,156)	6,395,278
6	Total Operating Revenues	355,326,653	6,157,498	361,484,151	(22,041,558)	339,442,593
7						
8	Operating Expenses:					
9	Steam Production	54,287,893	(1,466,788)	52,821,105	4,105,469	56,926,574
10	Nuclear Production	-	-	-	-	-
11	Hydro Production	6,968,540	19,008	6,987,548	60,055	7,047,603
12	Other Power Supply	117,981,627	9,076,318	127,057,946	(24,960,001)	102,097,945
13	Transmission	28,772,918	(61,305)	28,711,613	537,298	29,248,911
14	Distribution	11,983,586	9,445	11,993,032	482,638	12,475,669
15	Customer Accounting	8,088,803	6,739	8,095,543	(976,283)	7,119,259
16	Customer Service & Info	9,439,582	(8,853,773)	585,809	7,316	593,125
17	Sales	-	-	-	-	-
18	Administrative & General	10,190,424	627,756	10,818,180	(352,131)	10,466,049
19	Total O&M Expenses	247,713,374	(642,599)	247,070,774	(21,095,639)	225,975,136
20	Depreciation	37,558,469	(213,885)	37,344,583	131,062	37,475,645
21	Amortization	3,960,534	(170,502)	3,790,032	(413,821)	3,376,211
22	Taxes Other Than Income	17,136,992	(45,917)	17,091,075	2,470,873	19,561,948
23	Income Taxes - Federal	(13,085,188)	155,147	(12,930,041)	(8,690,012)	(21,620,052)
24	Income Taxes - State	-	-	-	-	-
25	Income Taxes - Def Net	22,648,410	(1,845,899)	20,802,511	8,873,344	29,675,855
26	Investment Tax Credit Adj.	-	-	-	-	-
27	Misc Revenue & Expense	(383,131)	10,074	(373,057)	(698,903)	(1,071,960)
28	Total Operating Expenses:	315,549,459	(2,753,581)	312,795,878	(19,423,095)	293,372,783
29						
30	Operating Rev For Return:	39,777,194	8,911,080	48,688,273	(2,618,463)	46,069,811
31						
32	Rate Base:					
33	Electric Plant In Service	1,451,993,675	42,700,947	1,494,694,621	11,402,691	1,506,097,312
34	Plant Held for Future Use	37,520	-	37,520	-	37,520
35	Misc Deferred Debits	21,783,996	(2,340,798)	19,443,198	(3,451,104)	15,992,094
36	Elec Plant Acq Adj	-	-	-	-	-
37	Nuclear Fuel	-	-	-	-	-
38	Prepayments	2,219,824	(2,219,824)	(0)	-	(0)
39	Fuel Stock	4,926,077	(4,926,077)	(0)	-	(0)
40	Material & Supplies	7,402,009	(7,402,009)	(0)	-	(0)
41	Working Capital	3,072,277	(3,072,277)	-	-	-
42	Weatherization	2,010,466	-	2,010,466	-	2,010,466
43	Misc Rate Base	100,063	(100,063)	(0)	-	(0)
44	Total Electric Plant:	1,493,545,908	22,639,898	1,516,185,806	7,951,586	1,524,137,392
45						
46	Rate Base Deductions:					
47	Accum Prov For Deprec	(529,443,219)	(10,601,500)	(540,044,719)	5,753,002	(534,291,716)
48	Accum Prov For Amort	(36,066,634)	-	(36,066,634)	-	(36,066,634)
49	Accum Def Income Tax	(158,169,562)	(901,140)	(159,070,702)	(23,488,366)	(182,559,068)
50	Unamortized ITC	(876,653)	103,982	(772,671)	-	(772,671)
51	Customer Adv For Const	(1,006)	(294,011)	(295,017)	-	(295,017)
52	Customer Service Deposits	-	(3,291,206)	(3,291,206)	-	(3,291,206)
53	Misc Rate Base Deductions	(4,599,675)	1,169,865	(3,429,810)	(3,229,094)	(6,658,905)
54						
55	Total Rate Base Deductions	(729,156,750)	(13,814,009)	(742,970,759)	(20,964,458)	(763,935,217)
56						
57	Total Rate Base:	764,389,158	8,825,889	773,215,047	(13,012,871)	760,202,175
58						
59	Return on Rate Base	5.20%		6.30%		6.06%
60	Return on Equity	4.59%	2.102%	6.69%	-0.46%	6.23%
61						
62	TAX CALCULATION:					
63	Operating Revenue	49,340,415	7,220,328	56,560,744	(2,435,130)	54,125,613
64	Other Deductions					
65	Interest (AFUDC)	(5,357,549)	237,222	(5,120,327)	-	(5,120,327)
66	Interest	22,768,961	(1,095,135)	21,673,826	(364,761)	21,309,065
67	Schedule "M" Additions	69,277,426	(4,980,926)	64,296,500	(155,903)	64,140,597
68	Schedule "M" Deductions	125,841,426	(792,363)	125,049,064	22,602,333	147,651,396
69	Income Before Tax	(24,634,997)	3,889,678	(20,745,319)	(24,828,605)	(45,573,924)
70						
71	State Income Taxes	-	-	-	-	-
72	Taxable Income	(24,634,997)	3,889,678	(20,745,319)	(24,828,605)	(45,573,924)
73						
74	Federal Income Taxes + Other	(13,085,188)	155,147	(12,930,041)	(8,690,012)	(21,620,052)

CONFIDENTIAL
Exhibit No.___(RBD-27C)
Docket UE-100749
Witness: R. Bryce Dalley

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, vs. PACIFICORP dba Pacific Power & Light Company Respondent.	)	Docket UE-100749

PACIFICORP

CONFIDENTIAL EXHIBIT OF R. BRYCE DALLEY

Renewable Energy Credit Tracking Mechanism REDACTED

August 2011

Renewable Energy Credit Tracking Mechanism
Summary of Forecast Revenue Credit

		Forecast	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*Forecast*	
	Total Washington Revenue Credit	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
1	REC Revenue Credit - RPS Eligible Resources							Page 2, Line 26
2								
3	REC Revenue Credit - RPS Non-Eligible Resources							Page 4, Line 43
4								
5	**Total Revenue Credit**							Line 1 + Line 3

Rate Year (UE 100749)	

Renewable Energy Credit Tracking Mechanism

Calculation of Revenue Credit From Washington RPS Eligible Resources

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	West Control Area Eligible Generation	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
1	LEANING JUNIPER I							
2	GOODNOE HILLS							
3	MARENGO							
4	MARENGO II							
5	**Total Generation**							
6								
7	**West Control Area Allocation Factor (CAGW)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
8	Washington							
9								
10	**Allocation of Generated RECs (WCA - CAGW Factor)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
11	Washington							Line 5 * Line 8
12								
13	Washington RPS Compliance Requirement (1)							Table Below
14								
15	Actual RECs Available (Revised Protocol)							Page 3, Line 20
16	Required Below-the-Line Purchase to Meet Compliance							Line 18 - Line 20
17	**Actual RECs Available for Washington Compliance**							
18								
19	**Pseudo RECs in Excess of Compliance Req.**							Line 11 - Line 17
20								
21	**Calculation of Revenue Credit to Customers**							
22	% of RECs Available for Sale Actually Sold (2)							Page 3, Line 69
23								
24	Pseudo Excess RECs Considered Sold							Line 19 * Line 22
25	Average Price per MWh (2)							Page 3, Line 68
26	**REC Revenue Credit - RPS Eligible Resources**							Line 24 * Line 25

Washington Retail Sales	**MWh**
Calendar Year 2010 (Actual)	3,984,631
Calendar Year 2011 (Forecast)	
Calendar Year 2012 (Forecast)	
Calendar Year 2013 (Forecast)	
Calendar Year 2014 (Forecast)	

Washington RPS Compliance Requirements	**MWh**	**Reference**
1/1/12 - 3% (2011 Generation Eligible for Compliance)		3% of Average 2010 and 2011 Retail Sales
1/1/13 - 3% (2012 Generation Eligible for Compliance)		3% of Average 2011 and 2012 Retail Sales
1/1/14 - 3% (2013 Generation Eligible for Compliance)		3% of Average 2012 and 2013 Retail Sales
1/1/15 - 3% (2014 Generation Eligible for Compliance)		3% of Average 2013 and 2014 Retail Sales

Notes:

1. The 2011 and 2012 RPS compliance requirements shown on line 13 have been split on a pro rata basis by the number of months reflected in each of the respective columns. For example, the "Jan-Mar 2011" column reflects 3/12ths of the January 1, 2012 compliance requirement.

2. The percentage of sales (line 22) and average price per REC (line 25) shown in the 2013 and 2014 columns have been calculated based on the forecast averages for CY 2012. These amounts are shown in the table above for illustrative purposes only. Prices in this period are uncertain and extremely speculative.

Renewable Energy Credit Tracking Mechanism

REC Transaction Summary from Washington RPS Eligible Resources

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	West Control Area RPS Eligible Generation (MWh)	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
1	LEANING JUNIPER I							
2	GOODNOE HILLS							
3	MARENGO							
4	MARENGO II							
5	**Total Generation**							
6								
7	**Revised Protocol (RP) Allocation Factors (SG)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
8	California							
9	Oregon							
10	**Washington**							
11	Idaho							
12	Utah							
13	Wyoming							
14	FERC							
15	**Total**	**100.0000%**	**100.0000%**	**100.0000%**	**100.0000%**	**100.0000%**	**100.0000%**	
16								
17	**State Alloc. of RPS Eligible RECs (MWh) - (RP)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
18	California							Line 5 * Line 8
19	Oregon							Line 5 * Line 9
20	**Washington**							Line 5 * Line 10
21	Idaho							Line 5 * Line 11
22	Utah							Line 5 * Line 12
23	Wyoming							Line 5 * Line 13
24	FERC							Line 5 * Line 14
25	**Total**							
26								
27	**RECs Eligible for State RPS (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
28	California							Line 18
29	Oregon							Line 19
30	**Washington**							Line 20
31	Idaho							
32	Utah							
33	Wyoming							
34	FERC							
35	**Total**							
36								
37	**RECs Available for Sale (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
38	California							Line 18 - Line 28
39	Oregon							Line 19 - Line 29
40	**Washington**							Line 20 - Line 30
41	Idaho							Line 21 - Line 31
42	Utah							Line 22 - Line 32
43	Wyoming							Line 23 - Line 33
44	FERC							Line 24 - Line 34
45	**Total**							
46								
47	**Forecast RECs Sales (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
48	California							
49	Oregon							
50	**Washington**							
51	Idaho							
52	Utah							
53	Wyoming							
54	FERC							
55	**Total**							SJK-4C, Page 2 (WCA)
56								
57	**RECs Retained (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
58	California							Line 38 - Line 48
59	Oregon							Line 39 - Line 49
60	**Washington**							Line 40 - Line 50
61	Idaho							Line 41 - Line 51
62	Utah							Line 42 - Line 52
63	Wyoming							Line 43 - Line 53
64	FERC							Line 44 - Line 54
65	**Total**							
66								
67	**Total Revenues from REC Sales (1)**							SJK-4C, Page 1 (WCA)
68	**Average Price**							Line 67 / Line 55
69	**% of RECs Available for Sale Actually Sold**							Line 55 / Line 45

Note:
1. The revenues shown in the 2013 and 2014 columns have been calculated based on the forecast average for CY 2012. These amounts are shown in the table above for illustrative purposes only. Prices in this period are uncertain and extremely speculative.

Renewable Energy Credit Tracking Mechanism

Calculation of Revenue Credit From Washington RPS Non-Eligible Resources

		Forecast	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*Forecast*	
	West Control Area RPS Non-Eligible Generation	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
1	BEND							
2	CLEARWATER 1							
3	CLEARWATER 2							
4	CLINE FALLS							
5	CONDIT							
6	COPCO 1							
7	COPCO 2							
8	EAGLE POINT							
9	EAST SIDE							
10	FALL CREEK							
11	FISH CREEK							
12	IRON GATE							
13	JC BOYLE							
14	LEMOLO 1							
15	LEMOLO 2							
16	MERWIN							
17	PROSPECT 1							
18	PROSPECT 2							
19	PROSPECT 3							
20	PROSPECT 4							
21	POWERDALE							
22	ROSEBURG FOREST PRODUCTS							
23	SLIDE CREEK							
24	SODA SPRINGS							
25	SWIFT 1							
26	TOKETEE							
27	WALLOWA FALLS							
28	WEST SIDE							
29	YALE							
30	**Total Generation**							
31								
32	**West Control Area Allocation Factor (CAGW)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
33	Washington							
34								
35	**Allocation of Generated RECs (WCA - CAGW Factor)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
36	Washington							Line 30 * Line 33
37								
38	**Calculation of Revenue Credit to Customers**							
39	% of Non-Eligible RECs Available for Sale Actually Sold							Page 5, Line 100
40								
41	Washington Allocation Considered Sold							Line 36 * Line 39
42	Average Price per MWh							Page 5, Line 99
43	**REC Revenue Credit - RPS Non-Eligible Resources**							Line 41 * Line 42

Renewable Energy Credit Tracking Mechanism

REC Transaction Summary from Washington RPS Non-Eligible Resources

		Forecast	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*Forecast*	
	West Control Area RPS Non-Eligible Generation	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
1	BEND							
2	CLEARWATER 1							
3	CLEARWATER 2							
4	CLINE FALLS							
5	CONDIT							
6	COPCO 1							
7	COPCO 2							
8	EAGLE POINT							
9	EAST SIDE							
10	FALL CREEK							
11	FISH CREEK							
12	IRON GATE							
13	JC BOYLE							
14	LEMOLO 1							
15	LEMOLO 2							
16	MERWIN							
17	PROSPECT 1							
18	PROSPECT 2							
19	PROSPECT 3							
20	PROSPECT 4							
21	POWERDALE							
22	ROSEBURG FOREST PRODUCTS							
23	SLIDE CREEK							
24	SODA SPRINGS							
25	SWIFT 1							
26	TOKETEE							
27	WALLOWA FALLS							
28	WEST SIDE							
29	YALE							
30	**Total Generation**							
37								
38	**Revised Protocol (RP) Allocation Factors (SG)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
39	California							
40	Oregon							
41	**Washington**							
42	Idaho							
43	Utah							
44	Wyoming							
45	FERC							
46	**Total**	**100.0000%**	**100.0000%**	**100.0000%**	**100.0000%**	**100.0000%**	**100.0000%**	
47								
48	**State Alloc. of RPS Eligible RECs (MWh) - (RP)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
49	California							Line 30 * Line 39
50	Oregon							Line 30 * Line 40
51	**Washington**							Line 30 * Line 41
52	Idaho							Line 30 * Line 42
53	Utah							Line 30 * Line 43
54	Wyoming							Line 30 * Line 44
55	FERC							Line 30 * Line 45
56	**Total**							
57								
58	**RECs Eligible for State RPS (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
59	California							State Specific RPS Elig.
60	Oregon							State Specific RPS Elig.
61	**Washington**							
62	Idaho							
63	Utah							
64	Wyoming							
65	FERC							
66	**Total**							
67								
68	**RECs Available for Sale (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
69	California							Line 49 - Line 59
70	Oregon							Line 50 - Line 60
71	**Washington**							Line 51 - Line 61
72	Idaho							Line 52 - Line 62
73	Utah							Line 53 - Line 63
74	Wyoming							Line 54 - Line 64
75	FERC							Line 55 - Line 65
76	**Total**							
77								
78	**Forecast RECs Sales (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
79	California							
80	Oregon							
81	**Washington**							
82	Idaho							
83	Utah							
84	Wyoming							
85	FERC							
86	**Total**							SJK-4C, Page 2 (WCA)
87								
88	**RECs Retained (MWh)**	**Jan - Mar 2011**	**Apr - Dec 2011**	**Jan - Mar 2012**	**Apr - Dec 2012**	**2013**	**2014**	
89	California							Line 69 - Line 79
90	Oregon							Line 70 - Line 80
91	**Washington**							Line 71 - Line 81
92	Idaho							Line 72 - Line 82
93	Utah							Line 73 - Line 83
94	Wyoming							Line 74 - Line 84
95	FERC							Line 75 - Line 85
96	**Total**							
97								
98	**Total Revenues from REC Sales**							SJK-4C, Page 1 (WCA)
99	**Average Price**							Line 98 / Line 86
100	**% of RECs Available for Sale Actually Sold**							Line 86 / Line 76