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02/01/2006 04:33 PM

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Subject RE: Williams testimony

Dear Judge Rendahl and Mace:

Public Counsel concurs in the objection filed by Staff to oral testimony by Mr. Williams. In the event that Mr. Williams is given leave to testify, Public Counsel would request that Public Counsel witness Steve Hill be allowed the opportunity for oral testimony in response at his scheduled time on Friday, February 3.

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-----Original Message-----

From: Bob Cedarbaum [mailto:bcedarba@wutc.wa.gov]
Sent: Wednesday, February 01, 2006 4:18 PM
To: Keyes, Jason B.
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Subject: Re: Williams testimony

Dear Judge Rendahl and Judge Mace:

Please be advised that Commission Staff objects to the Company's proposal to bring Mr. Williams back to the stand to testify on Point 1 listed in Mr. Keyes e-mail. The Company's proposal goes beyond the scope of permitted oral rebuttal testimony. In that regard, I direct you to transcript page 526, line 13 through page 527, line 12. There, Mr. Wood clearly agreed that live rebuttal testimony would be allowed to respond only to "new adjustments" and that "new adjustments" meant only new accounting adjustments, not adjustments relating to double leverage or the impact of the MEHC acquisition of PacifiCorp on capital structure and cost of capital. Judge Rendahl affirmed that limited scope and meaning.

Moreover, in Docket No. UE-051090, the MEHC acquisition docket, Staff presented a double leverage adjustment in Exhibit No. 187 (KLE-7). The methodology and mechanics of the adjustment are very similar to the adjustment Staff presents in this case in Exhibit No. (KLE-8). Thus, not only is the Company's proposal beyond the scope of allowed oral rebuttal testimony, it seeks to address a subject matter that the Company could clearly have anticipated in testimony filed on January 19, 2006 in this docket concerning double leverage.

Finally, if the Commission allows Mr. Williams to testify as proposed by the Company, the Commission should require Mr. Williams to testify before Staff and should also allow Staff to provide live testimony to respond to Mr. Williams. Any other procedure would be unfair and prejudicial to Staff.

Thank you.

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02/01/2006 03:50
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Subject

Williams testimony

Judge Rendahl and Judge Mace,

We understand that PacifiCorp witnesses are allowed to address orally new numbers submitted in the January 27 testimony.

We accordingly will need to call Mr. Bruce Williams back to the stand for limited oral testimony, addressing the following:

1. In rebuttal testimony, Mr. Williams presented the rating metrics of the company based on what was then staff's and intervenors' cost of capital recommendations. Those recommendations were changed in the January 27 testimony, and Mr. Williams needs to update the resulting ratings metrics for the new numbers.

2. Mr. Gorman recommended that after an MEHC acquisition of PacifiCorp, for purposes of calculating PacifiCorp's rating metrics that the cost of imputed debt should be reduced because of the elimination of two long-term contracts. Mr. Williams will provide the impact on imputed debt of the proposed adjustments.

The testimony will be brief and should be completed in 5 minutes or so. We would propose that Mr. Williams be added to the short day of testimony tomorrow, February 2, following Mr. Elgin.

Thank you.

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