



February 10, 2006

Carole Washburn  
Executive Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive, SW  
Olympia, WA 98504-7250

Re: Docket No. UE 050684  
WUTC Bench Staff Data Requests 14-25

Please find enclosed one original and eighteen copies of PacifiCorp's 1<sup>st</sup> Supplemental response to WUTC Bench Data Request 22.

If you have any questions, please call Shay LaBray at (503) 813-6176.

Sincerely,

A handwritten signature in black ink that reads "Shay LaBray". The signature is fluid and cursive, written over a light blue horizontal line.

Shay LaBray  
Regulation

Enclosure

cc: Donald T. Trotter/WUTC (3 copies)  
Simon ffitth/Public Counsel  
Steven Johnson/ATG  
Melinda Davison/ICNU  
Randall Falkenberg/ICNU  
Ralph Cavanagh/NRDC  
Brad Purdy/Energy Project  
Marcus Wood/Stoel Rives

**WUTC Bench Data Request 22**

Please compare and Contrast the PCAM proposed by the Company in this general rate case to the PCA mechanisms proposed by the Company in other jurisdictions and explain why they are different.

**1<sup>st</sup> Supplemental Response to WUTC Bench Data Request 22**

On February 2, 2006 the parties from Wyoming Docket 20000-230-ER-05 filed an all party settlement of the Company's case. The settlement included the adoption of a Power Cost Adjustment Mechanism. The Mechanism is described in the following:

CALCULATIONS:

- (1) Deferred NPC Adjustment = (((Adjusted Actual NPC – (Base NPC x Revenue Variation Adjustment)) +/- Dead Band) x Sharing Proportion) x Wyoming Allocated Share) + Symmetrical Interest.
- (2) ECD Adjustment = (Wyoming Actual Adjusted ECD – (Wyoming ECD Base x Revenue Variation Adjustment))

Table 1:

Adjusted Actual Total NPC Layer	Customer Proportion	Company Proportion
Over \$200 million above Base	Company recovers 90% from Customers	Company absorbs 10%
Over \$100 million and up to \$200 million above Base	Company recovers 85% from Customers	Company absorbs 15%
Over \$40 million and up to \$100 million above Base	Company recovers 70% from Customers	Company absorbs 30%
\$40 million above Base (Dead Band)	Company recovers 0% from Customers	Company absorbs 100%
\$40 million below Base (Dead Band)	Company returns 0% to Customers	Company retains 100%
Over \$40 million and up to \$100 million below Base	Company returns 70% to Customers	Company retains 30%
Over \$100 million and up to \$200 million below Base	Company returns 85% to Customers	Company retains 15%
Over \$200 million below Base	Company returns 90% to Customers	Company retains 10%

DEFINITIONS:

*Adjusted Actual NPC –*

The Company's Actual NPC report, excluding cost items not modeled in the Company's production cost model GRID, excluding prior period

accounting adjustments and including adjustments for Wyoming Commission cost disallowances.

*Base NPC –*

The most recent Wyoming Commission approved total Company NPC as a result of a stipulation agreement or Wyoming general rate case.

*Dead Band –*

The symmetrical range of +/- \$40M between the Adjusted Actual NPC and the Base NPC. There is no deferral or accrual of interest for costs falling within the Dead Band. On a Washington only basis this dead band is equal to \$3.4 million using an 8.5% allocation factor for Washington.

*Deferred NPC Adjustment –*

The monthly difference between the Adjusted Actual NPC and the Base NPC in rates for the corresponding month.

*NPC Comparison Period –*

The five-month historic period beginning July 1, 2006 through November 30, 2006 in the first PCAM application filed on February 1, 2007. In each succeeding PCAM application, the NPC Comparison Period shall be the historic 12-month period beginning December 1st and extending through November 30th prior to the NPC Rate Effective Period.

*NPC Rate Effective Period –*

The 12-month period beginning April 1, 2007 and extending through March 31, 2008 in the first PCAM application filed on or before February 1, 2007. In each succeeding PCAM application, the NPC Rate Effective Period shall be the 12-month period beginning April 1st and extending through March 31st following the NPC Comparison Period. The Company may file and the Commission may approve PCAM applications with amortization periods for deferred amounts longer than 12 months to reflect extraordinary circumstances.

*Revenue Variation Adjustment –*

The ratio of actual Wyoming monthly kWh to the Wyoming monthly kWh assumed in the Base NPC load forecast.

*Sharing Proportions –*

The symmetrical proportion of Deferred NPC Adjustment eligible for recovery (repayment) by the Company from (to) customers. There will be no deferral or accrual of interest for costs included in the Company Proportion. See Table 1 above.

*Symmetrical Interest –*

Applied to the net accrued monthly Deferred NPC Adjustment balance. Paid to customers in case of over-recovery and collected by the Company in case of under-recovery. Determined by the Commission pursuant to Rule 241, Customer Deposits.

*Wyoming Allocated Share –*

Calculated using the Wyoming Allocation Factors prescribed for allocation of net power costs by the Revised Protocol methodology or

UE-050684/PacifiCorp  
February 10, 2006  
WUTC Bench Data Request 22 1<sup>st</sup> Supplemental

current Commission approved interjurisdictional allocation methodology as approved in the most recent general rate case.

*Wyoming Actual Adjusted ECD –*

Calculated for each NPC Comparison Period. The Wyoming Actual Adjusted ECD will be calculated in the same manner that the Wyoming ECD Base was calculated except only for cost items included in the definition of the Adjusted Actual NPC and associated megawatt hours for the NPC Comparison Period.

*Wyoming ECD Base –*

The sum of the ECD adjustments included in the Wyoming revenue requirement as most-recently approved by the Commission either through a stipulation or as a result of a general rate case.

Responder: Mark Widmer  
Witness: Mark Widmer