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STOEL RIVES LLP

ATTORNEYS

STANDARD INSURANCE CENTER
900 SW FIFTH AVENUE, SUITE 2600
PORTLAND, OREGON 97204-1268
Phone (503) 224-3380 Fax (503) 220-2480
TDD (503) 221-1045
Internet: www.stoel.com

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

March 30, 2000

GEORGE M. GALLOWAY
Direct Dial
(503) 294-9306
gmgalloway@stoel.com

Filed via Fax and Overnight UPS

Ms. Carole J. Washburn, Secretary
Washington Utilities & Transportation Commission
1300 S Evergreen Park Drive, SW
PO Box 47250
Olympia, WA 98504-7250

**Re: Application of PacifiCorp re Sale of Centralia
WUTC Docket No. UE-991262
[and related Dockets No. UE-991255; UE-991409]**

Dear Ms. Washburn:

Enclosed for filing in this docket are the original and nineteen copies of PacifiCorp's Answer to Petitions for Reconsideration.

Very truly yours,



James C. Paine,
for George M. Galloway

GMG:dc
Encls.
cc w/encls: Service List

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of

AVISTA CORPORATION

DOCKET NO. UE-991255

for Authority to Sell Its Interest in the
Coal-Fired Centralia Power Plant

In the Matter of the Application of

PACIFICORP

DOCKET NO. UE-991262

for an Order Approving the Sale of its
Interest in (1) The Centralia Steam
Electric Generating Plant, (2) The
Ratebased Portion Of the Centralia Coal
Mine, and (3) Related Facilities; For a
Determination of the Amount of and the
Proper Ratemaking Treatment of the
Gain Associated with the Sale; and for
an EWG Determination

In the Matter of the Application of

PUGET SOUND ENERGY, INC.

DOCKET NO. UE-991409

for (1) Approval of the Proposed Sale of
PSE's Share of the Centralia Power
Plant and Associated Transmission
Facilities, and (2) Authorization to
Amortize Gain Over a Five-Year Period

PACIFICORP'S ANSWER
TO PETITIONS
FOR RECONSIDERATION

All three Applicants, Staff and Public Counsel filed petitions for reconsideration or
clarification of the Commission's Second Supplemental Order ("Order") in this consolidated
proceeding. All of these petitions (including PacifiCorp's) seek further explanation of
calculations underlying various numerical references in the Order so that the parties can divine

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ATTORNEYS AT LAW
1111 COMMERCIAL
PORTLAND, OR 97204

1 the Commission's intent in regard to matters of interest to them. While PacifiCorp does not agree
2 with some of the specific assertions made in the petitions of Staff and Public Counsel, it concurs
3 with all of the petitions to the extent they seek greater clarity with respect to the Order.

4 PacifiCorp's specific responses to some of the Staff and Public Counsel comments are as
5 follows:

6 1. Staff's suggestion that each of the Applicants be required to "match each element of
7 its estimated sales proceeds to the corresponding cost that the proceeds were designed to
8 recover" is unworkable because the sale of the Plant and Mine were not structured in that
9 fashion. With the exception of the understanding that PacifiCorp would receive a share of the
10 proceeds from the sale sufficient to cover its book breakeven investment in the Mine, none of the
11 sale proceeds were otherwise allocated to costs associated with the Plant.
12

13 2. The Staff asserts that on Table 5 (page 31 of the Order) the "ratepayer total" amount
14 for PacifiCorp is shown incorrectly as "13.29," whereas the correct value is "13.89" (12.88 plus
15 1.01). While at first blush this would appear to be the case, on closer review of the earlier tables,
16 it appears that it is the "12.88" value that was incorrectly calculated. In Table 4, the
17 Accumulated Depreciation (pre-tax) value is "18.88". Although Table 5 purports to apply a 35%
18 tax rate, there is an apparent error between Tables 4 and 5 to the extent that a 32% tax rate was
19 apparently applied to the "18.88" value. If the 35% tax rate is used, the Accumulated
20 Depreciation value in Table 5 would be "12.27". Adding 12.27 to 1.01 produces the 13.28
21 Ratepayer Total in Table 5. (The difference between 13.28 and 13.29 is likely due to rounding).
22 The modification to Table 5 should therefore be a change to the "Accumulated Depreciation"
23 value rather than the "Ratepayer Total" value, to be consistent with the apparent logic of the
24 Order. As discussed below, the appropriate tax rate should be 37.95% to reflect state taxes.
25
26

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing document on the following named person(s) on the date indicated below by mailing with postage prepaid to said person(s) a true copy thereof, contained in a sealed envelope, addressed to said person(s) at their last-known address(es) indicated below:

Michael T. Brooks
Melinda J. Davison
Duncan Weinberg, et al
1300 SW Fifth Ave., Suite 2915
Portland, OR 97201-5636

Robert Lavitt
Elizabeth Ford
Schwerin Campbell Barnard LLP
18 West Mercer St., Suite 400
Seattle, WA 98119

Lincoln Wolverton
East Fork Economics
35011 North Fork Road
PO Box 620
La Center, WA 98629

John Bishop
[IBEW Local 125]
Bennett, Hartman & Reynolds
851 SW Fifth Ave.
Portland, OR 97204

Robert Cedarbaum
Assistant Attorney General
Washington Utilities and
Transportation Commission
1400 S. Evergreen Park Drive, SW
PO Box 40128
Seattle, WA 98504-0128

Nancy Hirsh
NW Energy Coalition
219 First Ave., South, Suite 100
Seattle, WA 98104

Simon J. ffitch
Assistant Attorney General
Public Counsel Section
Office of the Attorney General
900 Fourth Ave., Suite 2000
Seattle, WA 98164-1012

Christy Omohundro
Director of Regulation
Puget Sound Energy, Inc.
411 108th Avenue NE, Suite 300
Bellevue, WA 98004

Ronald L. McKenzie
Sr. Rate Accountant
Avista Corporation
1411 East Mission
PO Box 3727
Spokane, WA 99220-3727

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Matthew Harris
Summit Law Group
1505 Westlake Avenue N, Suite 300
Seattle, WA 98104

Matthew Wright
Vice President, Regulation
PacifiCorp
825 NE Multnomah, Ste. 800
Portland, OR 97232

Gary R. Dahlke
R. Blair Strong
Paine, Hamblen, Coffin, Brooke &
Miller, LLP
717 West Sprague Ave., Suite 1200
Spokane, WA 99201-3505

DATED: March 30, 2000.

George M. Galloway
James C. Paine
Of Attorneys for PacifiCorp